

News Release

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NEW SCHWAB DATA INDICATES USE OF ADVICE AND PROFESSIONALLY-MANAGED PORTFOLIOS RESULTS IN HIGHER RATE OF RETURN FOR 401(k) PARTICIPANTS

Younger Participants Have the Most to Gain

SAN FRANCISCO, Nov. 28, 2007 — Charles Schwab today released data showing that 401(k) participants who receive some type of assistance with choosing their investment line-up, whether through advice services, target-date retirement funds, or plan-sponsored asset allocation models, receive a significantly greater rate of return than those who choose to go it alone.

For example, participants using Schwab Personal Retirement Planning^{TM1}, an advice tool provided by an independent investment adviser GuidedChoiceTM, which Schwab offers at no additional cost to employers or employees, earned an average 14.11 percent rate of return in 2006.² Participants who did not take advantage of advice or target-date retirement funds earned only an 11.11 percent average rate of return during the same period.³

Schwab saw similar results in 2005, with 401(k) participants who received advice through GuidedChoice earning an average rate of return of 9.20 percent², nearly three percent greater than the 6.60 percent average return earned by those who did not use advice or target-date retirement funds.³

“It’s common knowledge that not contributing enough to receive the full 401(k) dollar match from your employer is the same as leaving money on the table, but employees are also potentially missing out on a valuable benefit if they are offered professional advice at no additional cost and do not take advantage of it,” said Jim McCool, executive vice president of Schwab Corporate & Retirement Services.

The differences are most pronounced among younger employees, where the benefits of advice and getting off to a good start can have a significant impact on total retirement savings, because younger retirement plan participants often elect to invest too conservatively for their age. Participants under the age of 25 who received plan-sponsored advice earned a 14.06 percent average rate of return in 2006, nearly five percent better than those in the same age group who elected not to receive plan-sponsored advice.

Broken down by age group, the 2006 data shows:

Participant Segment	Non-Target Non-Advice Participant Rate of Return	Advice Participants (>1 year) Rate of Return
Ages 25 or under	9.33%	14.06%
Ages 26-35	11.08%	14.45%
Ages 36-45	11.40%	14.32%
Ages 46-55	11.27%	14.01%
Ages 56-65	10.75%	13.29%

*Past performance is no guarantee of future results

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“It’s not surprising that people using advice are more likely to earn higher returns, but it is remarkable to see how much better they are doing, particularly among young people. Even a few percentage points make a big difference over time,” McCool added.

Participants in 401(k) plans administered by Schwab Retirement Plan Services have access to personalized advice at no additional cost either online, by phone or in person, including recommendations specific to the core investment fund choices available in their retirement plan and specific recommended savings rates. Advice services include the automatic rebalancing of participant accounts to maintain proper asset allocations.

Target Funds Also Benefiting Plan Participants

There is also a significant difference in returns for participants using Schwab Managed Retirement Trust Funds™⁴, the target-date retirement collective trust funds offered through The Charles Schwab Trust Company for investment by retirement plan participants, versus participants who elect to choose their own plan investment line-up without using target-date funds or advice.

As with advice, the differences are most significant for younger retirement plan participants. Employees age 35 and under would have earned a 14.65 percent average rate of return in 2006 by electing to invest through the Schwab Managed Retirement Trust 2040 Fund, compared to 10.87 percent for participants in the same age group who did not use a target-date fund or advice. Participants ages 36-45 would have earned a 13.42 percent average rate of return by electing to invest in the Schwab Managed Retirement 2030 Trust Fund, as compared to 11.40 percent for participants in the same age group who did not use a target-date fund or advice.

The table below shows overall rate of return for the past three years for participants across all age groups who did not use a target-date fund or advice, compared to the rate of return for the 2010, 2020, 2030 and 2040 Schwab Managed Retirement Trust Funds. It is important to note that older workers invested in the 2010 target-date retirement fund experienced returns in line with the fund’s strategy of shifting to a more conservative investment allocation as they approach retirement.

	2004 Rate of return	2005 Rate of return	2006 Rate of return
Non-Target & Non-Advice Participants ⁵	9.52%	6.60%	11.11%
Schwab Managed Retirement Trust 2010	9.46%	5.00%	8.53%
Schwab Managed Retirement Trust 2020	12.30%	6.38%	11.52%
Schwab Managed Retirement Trust 2030	13.97%	7.22%	13.42%
Schwab Managed Retirement Trust 2040	15.12%	7.74%	14.65%

*Past performance is no guarantee of future results

Professionally-Managed Allocations Also Performing Better than Do-It-Yourselfers

The 401(k) Company, a Charles Schwab company that focuses on serving very large retirement plans, is seeing similar rate of return results in its risk-based asset allocation models, which are professionally-managed retirement plan investment portfolios based on employees’ risk tolerance and retirement date. Over the past three years, all the asset allocation models, other than the conservative and moderate models, performed better than portfolios of employees who chose their own investment line-up. It is important to note that the conservative and moderate models are designed to produce more conservative returns that are in line with workers’ specific risk tolerance level.

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The table below outlines the rate of return for participants in one of The 401(k) Company's four risk-based asset allocation models, as compared to those who selected investments on their own.

	2004 Rate of return	2005 Rate of return	2006 Rate of return
Participant-structured portfolios ⁶	11.28%	8.61%	12.76%
Risk-based asset allocation models ⁷			
Conservative Model	6.85%	5.21%	8.05%
Moderate Model	10.12%	7.29%	11.44%
Moderate Aggressive Model	12.70%	9.15%	13.98%
Aggressive Model	15.03%	10.95%	16.43%

*Past performance is no guarantee of future results

"It is becoming clear that a significant number of Americans are underestimating how much they will need to save for retirement," said McCool. "If there is one key takeaway from this rate of return data, it is that employers are on the right track in making professional advice available to employees to help them save more effectively."

About Schwab Corporate & Retirement Services

Schwab Corporate & Retirement Services provides a broad range of investing services through the workplace, including through employer-sponsored retirement plans direct to corporations or through a nationwide network of more than 300 retirement Third Party Administrators (TPAs). The enterprise also offers the Schwab Personal Choice Retirement Account® and provides employee equity compensation plan services and corporate brokerage services, in addition to a range of recordkeeping, custodial and trustee services, which are available through The Charles Schwab Trust Company. Schwab Corporate & Retirement Services also includes Charles Schwab Clearing Services (CSCS), which provides mutual fund trading, settlement, and related clearing services to a small number of banks, brokerage firms and trust companies. As of September 30, 2007, assets held in Schwab Corporate & Retirement Services stood at \$235.2 billion.

About Charles Schwab

The Charles Schwab Corporation (Nasdaq: SCHW) is a leading provider of financial services, with more than 300 offices and 7.0 million client brokerage accounts, 1.2 million corporate retirement plan participants, 229,000 banking accounts, and \$1.5 trillion in client assets. Through its operating subsidiaries, the company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC, <http://www.sipc.org>), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through its Schwab Institutional division. The Charles Schwab Bank, N.A. (member FDIC) provides banking and mortgage services and products. CyberTrader®, Inc. (member SIPC, <http://www.sipc.org>) is an electronic trading technology and brokerage firm providing services to highly active, online traders. More information is available at www.schwab.com. (1107-7141)

¹ Schwab Personal Retirement Planning™ investment advice is formulated and provided by GuidedChoice Asset Management, Inc. ("GuidedChoice"). GuidedChoice is not affiliated with, nor is it an employee or agent of, Charles Schwab & Co., Inc. ("CS&Co.") or Schwab Retirement Plan Services, Inc. ("SRPS"). The GuidedChoice service is available to participants enrolled in plans that use the recordkeeping and related services of SRPS. Availability is subject to regulatory requirements. Plan sponsors must elect to make the GuidedChoice service available. Participant access to the GuidedChoice service is facilitated through SRPS's affiliate, CS&Co. Neither

CS&Co. nor SRPS supervises, makes recommendations with respect to, or takes responsibility for monitoring the advice provided to participants by GuidedChoice. Advice services representatives are employees of CS&Co. and not of GuidedChoice. CS&Co., its advice services representatives and SRPS do not supervise, make recommendations with respect to, or take responsibility for monitoring the advice provided to participants by GuidedChoice, and do not provide financial planning services to participants. "At no additional cost" or "no additional charge" means that there is no cost for this service outside of the standard fees paid to SRPS and CS&Co. for recordkeeping and related services, including trustee and custodial fees paid to The Charles Schwab Trust Company.

² 2006 results based on 263 plans using advice, 7,000 SRPS participants using advice for greater than 1 year. 2005 results based on 137 plans, 2,000 participants using advice for greater than 1 year.

³ 2006 results based on 732 plans, 355,000 SRPS participants, average age of 43. 2005 results based on 490 plans, 265,000 SRPS participants, average age of 43. Rate of return calculated by weighting overall portion of non-target fund assets vs. target fund assets held by participants.

⁴ The Schwab Managed Retirement Trust Funds™, the Schwab Institutional Trust Funds®, and the Charles Schwab Stable Value Fund™ are collective trust funds distributed by The Charles Schwab Trust Company ("CSTC"), a California state-chartered, non-depository trust company. CSTC acts as trustee and manager of the Funds. The Funds are not mutual funds, and their units are not registered under the 1933 Act, as amended or applicable securities laws of any state or other jurisdiction. The Funds are not registered under Investment Company Act of 1940, as amended, or other applicable law, and unit holders are not entitled to the protections of the 1940 Act. The Funds are not insured by CSTC, any of its affiliates, the FDIC or any other person. As defined in the Funds' Declaration of Trust and Participation Agreement documents, the Funds are available for investment by eligible, qualified retirement plan trusts only. The unit value of the Funds will fluctuate, and investors may lose money. Various asset classes of the underlying funds, such as small-cap and international, may carry additional risks.

⁵ 2006 results based on 732 plans, 355,000 participants, average age of 43. 2004 & 2005 results based on 490 plans, 265,000 participants, average age of 43. 2004 & 2005 rate of return calculated by weighting overall portion of non-target fund assets vs. target fund assets held by participants.

⁶ 2006 results based on 36 plans and 126,593 participants. 2005 results based on 19 plans and 132,643 participants. 2004 results based on 16 plans and 132,624 participants.

⁷ 2006 results based on 136 plans and 92,374 participants. 2005 results based on 139 plans and 86,225 participants. 2004 results based on 141 plans and 73,128 participants.

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