

Schwab Personal Choice Retirement Account® (PCRA)

What is Schwab PCRA?

Schwab Personal Choice Retirement Account® (PCRA) is a self-directed brokerage account (SDBA) designed to supplement your Texa\$aver Program core fund choices and give you access to thousands of additional investment choices.

Who should choose to invest through PCRA?

Schwab PCRA is for *knowledgeable* investors who understand the risks associated with many of the investment choices available through PCRA and who are committed to staying invested for the long-term. PCRA is designed for individuals who seek more flexibility, increased diversification and a greater role in managing their retirement savings.

How does PCRA differ from a typical brokerage account?

PCRA is different because it is funded only through transfers from your Texa\$aver core funds or directly through your salary deferral election. You cannot make any other direct transfers into this account or execute withdrawals. You can move money back to your Texa\$aver core funds. If you have any other accounts with Schwab, such as an Individual Retirement Account (IRA), you cannot transfer assets between such accounts and PCRA. PCRA is regulated by Section 401(k) and 457 of the Internal Revenue Code, and all restrictions imposed on your Texa\$aver core account apply to the money transferred to PCRA.

What investments are available through PCRA?

Through PCRA, you may access more than 4,700 mutual funds from over 400 well known fund families. Over 2,700 mutual funds are available with no-loads and no-transaction fees¹, including over 1,100 load-waived funds typically available only to institutional clients. Investments may also include individual stocks from all the major exchanges, bonds and other fixed income investments, exchange-traded funds² and money market funds.

Note: Investors should carefully consider information contained in the prospectus, including investment objectives, risks, charges and expenses. You can request a prospectus by calling Schwab's dedicated PCRA Call Center at 1-888-393-PCRA (7272). You may also request a prospectus online at Schwab.com. Please read the prospectus carefully before investing.

How do I open my PCRA?

1. Complete and sign the Schwab PCRA Limited Power of Attorney (LPOA) Application For a Participant form located at www.texasaver.com. (Click Forms, then Self-Directed Brokerage Account Application). The LPOA form is used to open your account and gives you the authority to trade within your PCRA.
2. Return the completed PCRA LPOA form to: ING, ATTN: State of Texas, P.O. Box 55223, Boston, MA 02205-5223.
3. You will receive a PCRA Welcome Kit from Schwab after your account is established, as well as a letter containing your new account number.
4. Click the Login button on Schwab.com and then click the link for New User.
5. You can now begin researching investment opportunities.

How do I transfer money into my PCRA?

Once your Schwab PCRA is established, you fund your PCRA by transferring money from your core retirement investments in a three-step process:

1. Determine from which of your core retirement investments you want to transfer money.
2. Decide on the amount to transfer.
3. Contact your Texa\$aver Representative at 1-800-634-5091 and follow the steps to initiate a transfer, or transfer assets online at www.texasaver.com.

How do I place trades and manage my PCRA balance?

- Log into www.schwab.com to manage your PCRA and place trade orders.
- Call 1-888-393-PCRA (7272) to access Schwab's dedicated PCRA Call Center, TeleBroker® touch tone service, or Schwab by Phone™ voice recognition service.

What does it cost?

- Transaction fees and commissions are outlined in the *SCRS Pricing Guide* provided in your PCRA Welcome Kit.
- Please note that there is no fee to open a PCRA. However, keep in mind the Texa\$aver asset-based fee also applies to your PCRA.

What information is available to help me learn about and select investments?

- Powerful proprietary research tools on Schwab.com, including Schwab Equity Ratings™ and *Schwab Mutual Fund OneSource Select List*®, in addition to third-party research from leading providers such as Credit Suisse, Argus Research, Standard & Poor's, Morningstar®, Reuters, and Marketedge®.
- Equity, mutual fund, exchange-traded fund and fixed income screener tools to help you choose your investments.
- Knowledgeable PCRA Call Center representatives who can help with investing information.
- Online or in-person investing workshops led by Schwab investment professionals covering timely topics.
- Once logged into your PCRA on Schwab.com, view the "PCRA Educational Webcast," as well as other helpful information contained in the "PCRA Resources" section.
- Over 300 Schwab branch offices nationwide to help with assets outside of your PCRA.

How do I invest the money in my PCRA?

Money transferred from your core retirement investments into your PCRA will be automatically allocated to your Schwab sweep money market fund within approximately two business days. Use these assets to purchase other investments in your PCRA.

Note: An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

Can I make direct payroll contributions to my PCRA?

Yes, direct deferrals will be transferred directly into your Schwab sweep money market fund in your PCRA, where they will remain until you purchase other investments.

How do I transfer money from my PCRA back to the other core funds in my Texa\$aver account?

Visit Schwab.com or call the PCRA Call Center to liquidate securities, if required, to make cash available for transfer. As soon as settled cash is available in your Schwab sweep money market fund, you may transfer the assets back to your Texa\$aver core funds. Contact your Texa\$aver Representative at 1-800-634-5091 and follow the steps to initiate a transfer, or transfer assets online at www.texasaver.com.

Who provides my PCRA statements?

Schwab will send you a PCRA statement each month. You can enroll in Schwab's Paperless Service and electronically receive your statements, trade confirms and other regulatory materials via email.

Is there a minimum transfer required?

There is no minimum transfer required. You may transfer all or part of your Texa\$aver account balance into your PCRA.

¹Trades in no-load funds available through Schwab's Mutual Fund OneSource service (including Schwab Funds), as well as certain other funds, are available without transaction fees when placed through Schwab.com or our automated phone channels. For each of these trade orders placed through a broker, a \$25 service charge applies. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds.

Charles Schwab & Co., Inc. receives remuneration from fund companies participating in the Mutual Fund OneSource® service for recordkeeping and shareholder services, and other administrative services. Schwab's short-term redemption fee of \$49.95 will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fee) and held for 90 days or less. Funds are also subject to management fees and expenses.

²Exchange-traded funds (ETFs) are subject to risks similar to those of stocks.

Schwab Personal Choice Retirement Account® (PCRA) is offered through Charles Schwab & Co., Inc., a registered broker-dealer which also provides other brokerage and custody services to its customers.

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Pricing Summary—Effective February 2008

At Charles Schwab, we provide a broad range of value-added services, some of which have associated fees. The following provides you with a summary of the standard commissions and fees for trade orders placed in the Schwab Personal Choice Retirement Account® (PCRA)¹. This pricing supersedes prior pricing summaries and notices that you may have received. Schwab reserves the right to change or waive fees at our discretion.

This summary applies only to clients with accounts held at Charles Schwab, and includes:

- Schwab PCRA established on behalf of retirement plan participants

You can obtain more information about PCRA pricing by:

- Calling Schwab's dedicated PCRA Call Center at 1-888-393-PCRA (7272), Monday through Friday, 9:00 am through 7:30 pm (ET)
- Viewing the *Schwab Corporate and Retirement Services Pricing Guide* dated April 2008, for a more complete description of fees

Definition of Electronic Trades: Trades placed through one of Schwab's electronic channels, including online (e.g., www.schwab.com) and Schwab's automated phone services (e.g., Schwab by Phone™ or TeleBroker®). Certain securities may not be available through all electronic trading channels.

For all trade orders placed: For purchase, we require cleared funds in the account. When selling, we require securities on deposit.

Note: Your PCRA is a cash-up-front account. It is your responsibility to avoid overspending your account. If your account becomes overspent, Schwab reserves the right to liquidate a portion of your account to cover the debit balance. Broker-assisted fees will apply.

Schedule of Commissions and Transaction Fees²

Stocks³

Commissions per Executed Trade (includes Exchange-Traded Funds)		
Trading Channel	Less than 120 trades* and less than \$1,000,000 in PCRA Balance	120 or more trades* or \$1,000,000 or more in PCRA Balance
Electronic Stocks priced at \$1 per share or more	\$12.95 for the first 1,000 shares, plus \$0.015 ⁴ for each additional share	\$8.95
Stocks priced under \$1 per share	\$12.95	\$8.95
Broker-Assisted	Electronic commission, plus \$25	Electronic commission, plus \$25

*0-29 trades in current calendar quarter or 0-119 trades over the prior 12 months

⁴\$30 or more trades in current calendar quarter or 120 or more trades over the prior 12 months

Mutual Funds

No-Transaction-Fee (NTF) Mutual Funds: Trades in no load funds available through Schwab's Mutual Fund OneSource⁵ service (including Schwab Funds), as well as certain other funds, are available without transaction fees when placed through Schwab.com or our automated phone channels. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds.

Transaction-Fee Mutual Funds:

Trading Channel	Transaction Fee	Minimum/Maximum
Electronic	0.56% of principal*	Minimum \$35 Maximum \$49.95
Broker Assisted	0.7% of principal	Minimum \$39 Maximum \$74.95

*Transaction-fee mutual fund trades placed through one of Schwab's electronic channels receive a 20% discount off the stated Broker-Assisted commissions or transaction fees, as illustrated above.

All electronic trades are subject to an overriding \$35 minimum and a \$49.95 maximum. Minimum transaction amounts apply for initial and subsequent purchases.

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, trading policies, charges and expenses. You can request a prospectus by calling Schwab's dedicated PCRA Call Center at 1-888-393-PCRA (7272). You may also request a prospectus at www.schwab.com. Please read the prospectus carefully before investing.

Options⁶

Trading Channel	Commissions per Executed Trade
Electronic	\$8.95, plus \$0.75 per contract
Broker-Assisted	Electronic commission, plus \$25

Options trading in PCRA is limited to covered calls and protective puts.

Fixed Income Investments⁷

Product Type	Electronic Commission	Broker-Assisted Fee
New issues, including Certificates of Deposit (CDs)	\$0 (a selling concession is included in the original offering price)	
Treasuries at Auction and Secondary Treasuries, including Treasury Bonds, Treasury Bills, Treasury Notes and TIPS	\$0	\$25
Other Secondary Fixed Income trades, including CDs, Exchange-Traded Corporate Bonds, Municipal Bonds, Zero-Coupon Treasury Bonds, STRIPS and Mortgage-Backed Securities	\$1 per bond (\$10 min/ \$250 max)	Electronic commission, plus \$25
Government Agencies (such as Non-Pass-Through Bonds from FNMA, FHLB, etc.)	\$1 per bond (\$10 min/ \$250 max)	Electronic commission, plus \$25
Unit Investment Trusts	n/a	Sales charge applies; see prospectus
Commercial Paper, Foreign Bonds and other bonds	These are specialty products—please call us for information	
Preferred Stocks, Debts or REITs	Stock commissions and minimums apply for secondary transactions	

Note: The commissions and markups may be slightly less than what is shown above due to rounding.

Schwab reserves the right to act as principal on any fixed income transaction, public offering or securities transaction. When Schwab acts as agent, a commission will be charged on the transaction. When Schwab acts as principal, the markup is included in the bond price.

¹ Schwab Personal Choice Retirement Account® (PCRA) is offered through Charles Schwab & Co., Inc. Charles Schwab & Co., Inc. also provides other brokerage and custody services to its customers. Schwab Retirement Plan Services, Inc. and The 401(k) Company, Inc. provide recordkeeping and related services with respect to retirement plans. The Charles Schwab Trust Company, a division of Charles Schwab Bank, provides trust and custody services with respect to retirement and other benefit plans, including Individual Retirement Accounts (IRAs).

² Excluding mutual funds, commissionable trades that execute over more than one day will be charged a separate commission for each additional day; each separate commission will apply to the portion of the trade executed on the corresponding additional day. Electronic Trade orders which price or quantity are changed by the client, and as a result execute over multiple trades on the same day, are each charged a separate commission.

³ Includes all stocks listed on U.S. or Canadian exchanges, as well as foreign stocks not listed on those exchanges. Foreign stock transactions (stocks not listed on U.S. or Canadian exchanges) are subject to the greater of the broker-assisted trade schedule, \$100 or 0.5% of principal. No maximum applies. Not applicable to American Depositary Receipts.

⁴ Half-cent increments are rounded up.

⁵ Charles Schwab & Co., Inc. receives remuneration from fund companies participating in the Schwab Mutual Fund OneSource® service for recordkeeping and shareholder services, and other administrative services. Schwab's short-term redemption fee of \$49.95 will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fee) and held for 90 days or less. Funds are also subject to management fees and expenses.

⁶ Options carry a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options through Schwab. Please read the Options Disclosure Document titled "Characteristics and Risks of Standardized Options" before considering any option transaction. Call your local Schwab office or write Charles Schwab & Co., Inc. 101 Montgomery Street, San Francisco, CA 94104 for a current copy.

⁷ For fixed income trades placed through one of Schwab's electronic channels, discounts may apply.