

## **Schwab and TD Waterhouse Join Forces to Build New UK Market Making Firm**

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- Companies to Acquire Glasgow, Scotland-Based Aitken Campbell To Form Foundation of New Joint Venture

**LONDON and NEW YORK, Jan. 31 /CNW/** -- The Charles Schwab Corporation and TD Waterhouse Group, Inc., whose subsidiaries are two of the UK's largest online retail brokers, today announced they have formed a new market making joint venture focusing on UK stock dealing. In addition, the two firms have reached an agreement to acquire Glasgow, Scotland-based market maker Aitken Campbell from Abbey National plc as the foundation for their UK market making operation. Schwab and TD Waterhouse will each have an equal stake in the proposed joint venture. The purchase price is approximately 60 million pounds sterling (pounds) subject to closing adjustments. The transactions are subject to various regulatory approvals, which are expected by the second quarter of 2001.

The joint venture will also operate under the Aitken Campbell name and be based in Glasgow, where Aitken Campbell has approximately 40 employees and makes a market in approximately 250 UK securities. Lon Gorman, a Vice Chairman of The Charles Schwab Corporation and president of the firm's Capital Markets enterprise, and Bharat Masrani, Vice Chairman of TD Waterhouse Group, Inc., will serve as co-chairmen of the new joint venture and members of the Board. Shelley Bays, Senior Vice President, Exchange Trading and Support Services for Schwab's Capital Markets area, will serve as COO and Senior Executive Officer (SEO). Archie McSparran will continue to serve as managing director of Aitken Campbell.

This UK joint venture is not the first time these two firms have worked together. In November 1999, Schwab and TD Waterhouse, along with other US brokerage and venture capital firms, formed Epoch Partners, an online investment bank, to respond to online investor demand for new issues of equity securities.

Both firms' subsidiaries have a strong presence in the UK. TD Waterhouse is the largest execution-only broker in the UK based on trading volume. Schwab's subsidiary, Charles Schwab Europe, is the UK's leading nominee and online stockbroker and was the first to introduce online dealing in 1998.

Market Makers are Exchange member firms that act as dealers in individual securities, providing liquidity by buying and selling the specific stocks they trade. Schwab has extensive experience in market making in the United States, having entered the industry in 1991 by acquiring Mayer & Schweitzer, renamed Schwab Capital Markets LP, which is the second largest Nasdaq market maker based on volume.

According to Gorman, Schwab's participation in the venture is a continuation of its commitment to market making as an important vehicle for ensuring high quality execution of client orders. "We've learned that the more involved we are in the trading process, the better we can serve our clients," said Gorman. "Our goal is to apply Schwab's market making 'best practices,' client focus, technological expertise and liquidity to maximize best execution for our clients around the world. The UK is the first stop in Europe." "

This joint venture provides TD Waterhouse with the opportunity to expand in a new strategic direction that will further our goal of diversifying our revenue streams," said Steve McDonald, CEO of TD Waterhouse. Mr. Masrani added: "This joint venture illustrates our commitment to

providing our clients with the highest quality service, and allows us to vertically integrate our businesses in the UK." According to McSporrán, Aitken Campbell's existing business complements the type of securities and services that are of interest to Schwab and TD Waterhouse's clients. "

Joining forces with Schwab and TD Waterhouse provides Aitken Campbell with an unparalleled opportunity for innovation and growth," said McSporrán. "We look forward to leveraging their extensive knowledge and resources to expand our services for the benefit of UK investors."

The Charles Schwab Corporation (NYSE: SCH), through Charles Schwab & Co., Inc. (member SIPC/NYSE), U.S. Trust Corporation, CyBerCorp Holdings, Inc., and its other operating subsidiaries, is one of the largest financial services firms in the United States, serving 7.5 million active accounts with \$872 billion in client assets through 418 domestic offices, 5 regional client telephone service centers and automated telephonic and online channels. The Schwab, U.S. Trust and CyBerCorp Web sites can be reached at [www.schwab.com](http://www.schwab.com), [www.ustrust.com](http://www.ustrust.com) and [www.cybercorp.com](http://www.cybercorp.com), respectively.

TD Waterhouse Group, Inc. (NYSE: TWE; TSE), also known as "TD Waterhouse," provides investors with a broad range of brokerage, mutual fund, banking and other consumer financial products on an integrated basis. Worldwide, TD Waterhouse currently services 4.4 million customer accounts in the United States, Canada, the United Kingdom, Australia, and Hong Kong. The firm also services customers in Japan and India through joint ventures in those countries. TD Waterhouse can be found on the Internet at [www.TDWaterhouse.com](http://www.TDWaterhouse.com) and on America Online at Keyword: TD Waterhouse. In the United States, brokerage services are provided by TD Waterhouse Investor Services, Inc. Member NYSE/SIPC.

TD Waterhouse's majority owner is TD Bank (NYSE: TD; TSE), which holds 88.6% of the outstanding share capital of TD Waterhouse, and is headquartered in Toronto, Canada. With offices around the world, TD Bank Financial Group offers a full range of financial products and services to approximately 13 million customers worldwide. On February 1, 2000, TD Bank Financial Group announced the completion of its CDN \$8 billion acquisition of CT Financial Services Inc., catapulting it from the fifth largest Canadian bank to a leader in most of its retail businesses.

Charles Schwab Europe, TD Waterhouse Investor Services (Europe) and Aitken Campbell are all regulated by the SFA.

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