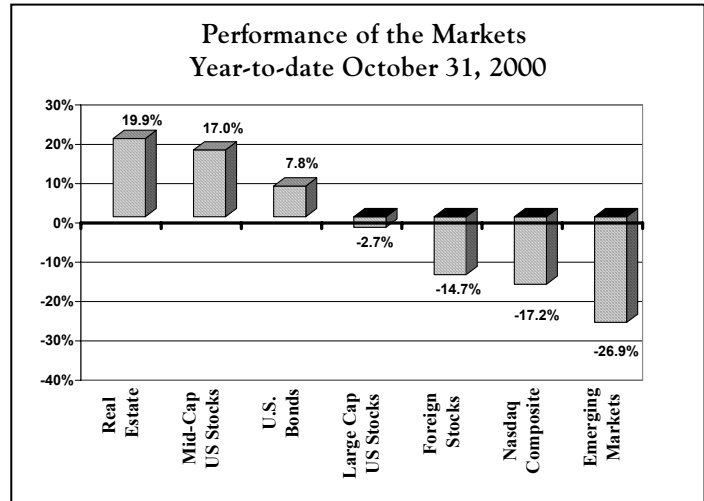


November 15, 2000

Last year's high flying growth stocks have taken a beating so far this year while real-estate and undervalued mid-cap securities reversed their poor returns from the prior year. The Internet and telemarketing sectors are down about 40% for the year while bonds and the once unpopular utility sector are up 8% and 43%, respectively. Volatility is the highest in recent memory.



While concerned about signs of inflation (which have appeared), many economists are fairly optimistic about the overall economy. During periods of uncertainty we can usually expect volatility and its unsettling effect on the short-term investor. Changes often happen very quickly and gains can occur in a relatively few days. All the more reason to keep a long-term perspective and stay invested with a diversified portfolio.

In light of all the turmoil in the capital markets we thought you might appreciate an update on how you are doing with your Schwab accounts. Here's a summary of your overall returns as of the end of October:

Year to date (12/31/99 through 10/31/00)	4.61%
12-month return (10/31/99 through 10/31/00)	11.15%
Last calendar year (12/31/98 through 12/31/99)	11.39%

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These performance numbers¹ are fairly pleasing considering that the Nasdaq Composite Index lost 17.2%, the Dow Jones Industrial average lost 4.6% and the MSCI EAFE International Index lost 14.7% from the beginning of the year through October.

We trust you will agree with our assessment that your results are encouraging in the context of the broader capital markets. Please call us if you have any thoughts or questions about your financial picture.

Very truly yours,

A handwritten signature in black ink, appearing to read "Scott Rhodes", written in a cursive style.

SCOTT RHODES

¹ These performance figures for the investments in your Schwab accounts are computed on actual time-weighted total return net of advisory fees and costs. Without factoring in the fees you paid us the total return would be higher, but we want you to have a “bottom line” summary of performance. Performance calculations do not reflect investment assets outside of your various Schwab accounts, if any.