

Interim Business Update

July 28, 2010

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CORPORATION

Introduction

Rich
Fowler

Senior Vice President
Investor Relations



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Agenda

Joe Martinetto

EVP and Chief Financial Officer

Walt Bettinger

President & Chief Executive Officer

Q&A

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements that refer to expectations, projections or other characterizations of future events or circumstances and are identified by words such as “believe,” “anticipate,” “expect,” “estimate,” “intend,” “plan,” “will,” “may,” “aim,” “target,” “could,” “should,” “continue,” “build,” “improve,” “growth,” “remains” and other similar expressions. These forward-looking statements relate to the impact of fluctuations in the S&P 500 Index, trading activity and the Fed Funds rate on the company’s results of operations; the launch of new products, services and capabilities; growth; and the company’s improving financial performance. These forward-looking statements, which reflect management’s beliefs, objectives and expectations as of today, are necessarily estimates based on the best judgment of the company’s senior management. Achievement of the expressed beliefs, expectations and objectives is subject to risks and uncertainties that could cause actual results to differ materially from those beliefs, objectives or expectations.

Important factors that may cause such differences are discussed in the company’s filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Other important factors include general market conditions, including the level of interest rates, equity valuations and trading activity; the company’s ability to attract and retain clients, grow client assets/relationships, and sustain expense savings without disrupting operations; the impact of changes in market conditions on money market fund fee waivers, revenue, expenses and pre-tax margins; competitive pressures on rates and fees; the level of client assets, including cash balances; the ability to develop and launch new products, services and capabilities in a timely and successful manner; and the effect of unanticipated adverse developments in litigation or regulatory matters.

The information in this presentation speaks only as of July 28, 2010 (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.

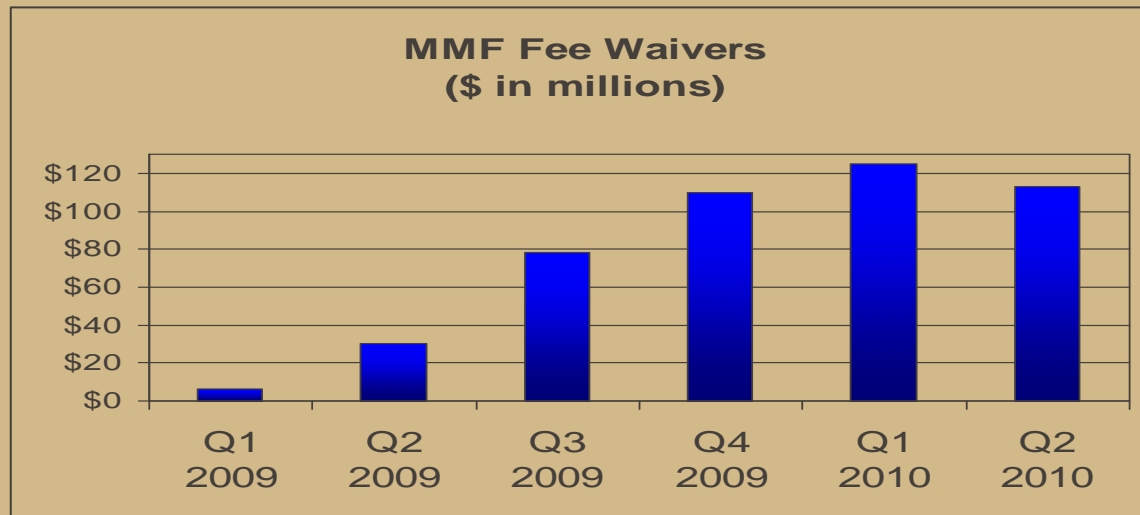
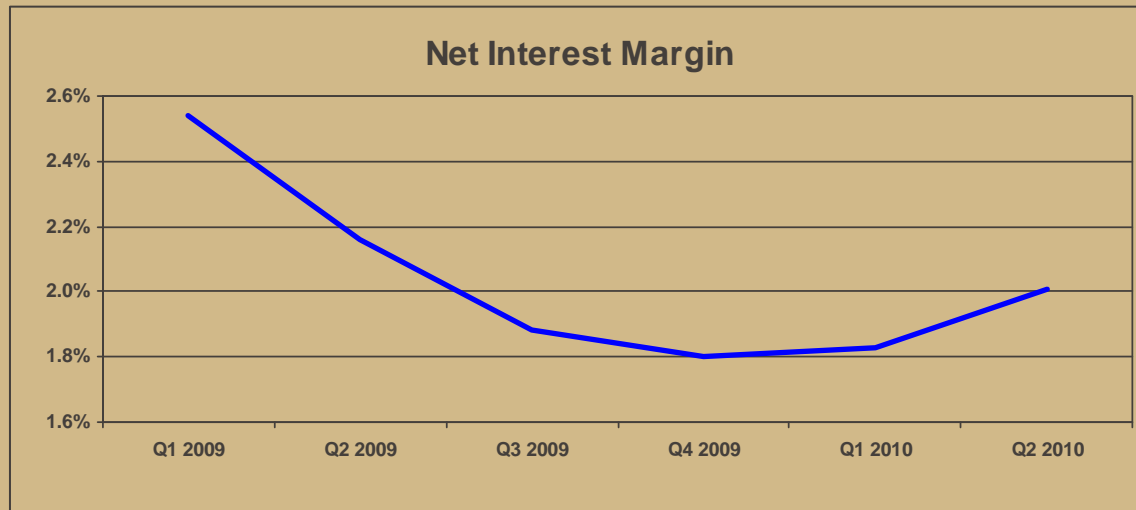
Joe Martinetto

Executive Vice President &
Chief Financial Officer



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Interest rate headwinds have begun to ease...



...and the equity markets remain well above last year's lows.

S&P Performance



Our financial performance has rebounded strongly,...

\$ in millions, except per share amounts

	<u>Q2-09</u>	<u>Q3-09</u>	<u>Q4-09</u>	<u>Q1-10</u>	<u>Q2-10</u>	<u>Q2-10 vs.</u> <u>Q2-09</u>
Net Revenues:						
Asset Mgmt & Admin Fees	\$486	\$451	\$436	\$420	\$437	(10%)
Net Interest Revenue	302	294	305	326	382	26%
Trading	272	241	224	209	233	(14%)
Other	<u>25</u>	<u>25</u>	<u>21</u>	<u>23</u>	<u>28</u>	12%
Total	\$1,085	\$1,011	\$986	\$978	\$1,080	-
Expenses	\$750	\$691	\$720	\$965	\$742	(1%)
Pre-tax Profit Margin \$	\$335	\$320	\$266	\$13	\$338	1%
Pre-tax Profit Margin %	30.9%	31.7%	27.0%	1.3%	31.3%	40 bp
Net Income	\$205	\$200	\$164	\$6	\$205	-
EPS	\$0.18	\$0.17	\$0.14	\$0.00*	\$0.17	(6%)
ROE	18%	17%	13%	N/M	14%	(400 bp)

*Includes \$0.10 per share in class action litigation reserves associated with YieldPlus.

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...our capital & liquidity support continued growth,...

(\$ in millions)	<u>Q2 09</u>	<u>Q3 09</u>	<u>Q4 09</u>	<u>Q1 10</u>	<u>Q2 10</u>
Total Assets	\$62,261	\$67,984	\$75,430	\$78,337	\$82,295
Deposits to Banking Clients	31,705	35,500	38,820	42,055	45,887
Payables to Brokerage Clients	21,601	23,443	26,246	26,435	26,416
Long-term Debt	1,560	1,516	1,512	1,309	1,308
Stockholders' Equity	4,614	4,903	5,073	5,671	5,879
Parent Cash	\$1,469	\$1,405	\$1,294	\$972	\$764
CSC Capital Ratios					
Tier 1	17.2%	17.7%	16.9%	20.0%	19.0%
Leverage	7.9%	7.4%	7.1%	7.3%	7.2%
Tangible Common Equity	6.6%	6.5%	6.1%	6.5%	6.5%

On July 22 we issued \$600 million of 10-year senior notes at a coupon of 4.45%

...and our asset quality remains high.

- Schwab Bank's loan portfolio totals \$7.4 billion (approx. 55% first mortgages/45% HELOCs), up 17% from a year ago.
 - At quarter-end, delinquencies, nonaccrual loans and allowances as a percentage of total loan balances were 0.85%, 0.50% and 0.65%, respectively.
- At \$563 million of amortized cost, Alt-A holdings represent less than 1% of cash and investments.
 - In Q2 2010, we recognized impairment charges of \$8 million on certain securities.

Our YTD performance is consistent with our 2010 scenarios.

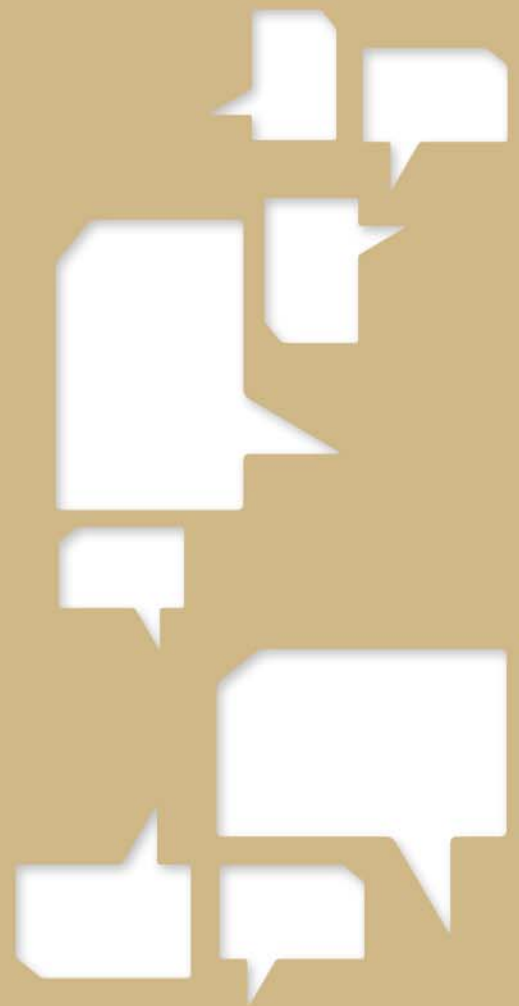
In this environment:	We expect these results*:
<ul style="list-style-type: none">• S&P appreciates 7.5%• Fed Funds between 0-0.25%• DARTs down 2% year-over-year	<ul style="list-style-type: none">• Revenues up around 1%• Expenses up 4%• Pre-tax margin at or above 25%
<ul style="list-style-type: none">• S&P appreciates 7.5%• Fed Funds end the year at 1.0%• DARTs down 2% year-over-year	<ul style="list-style-type: none">• Revenues up around 15%• Expenses up 6%• Pre-tax margin at or above 35%

As of mid-year, revenues are a bit ahead of the base scenario; expenses are on track

*Excludes YieldPlus settlement charges.

Walt Bettinger

President &
Chief Executive Officer



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We've achieved significant growth in our client base since the financial crisis began in 2007...

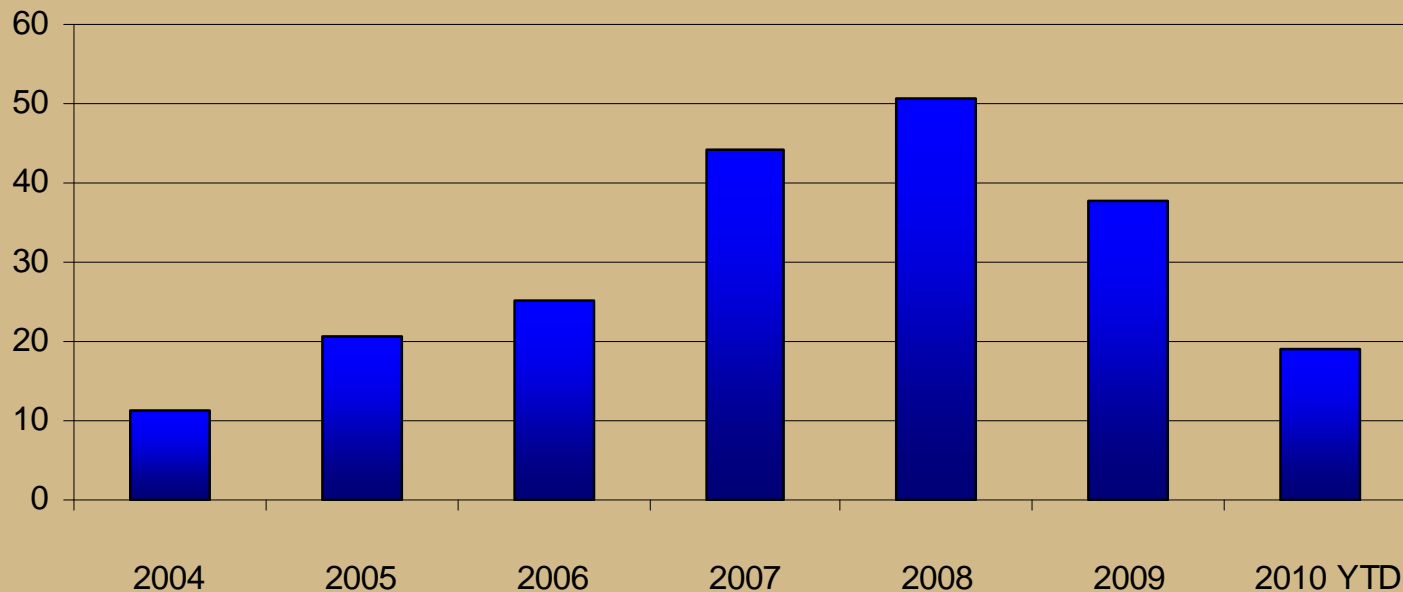
	Q3 07 through Q2 10
Gross new brokerage accounts	2.5 million
Net new brokerage accounts	1.0 million
Growth in banking accounts	626,000
Growth in bundled retirement plan participants	329,000
Net new client assets *	\$315 billion
Growth in average interest-bearing B/S assets	\$41 billion

* Excluding net outflows of \$51.5 billion from the planned deconversion of a Mutual Fund Clearing Services client.

...while continuing to build market share...

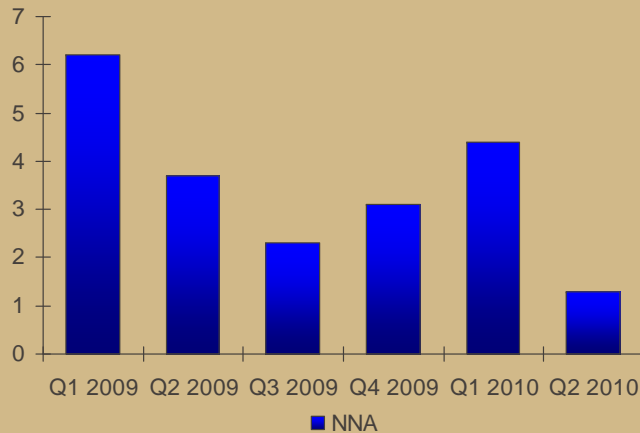
Net Transfer of Assets (Investor Services & Advisor Services)

Billions

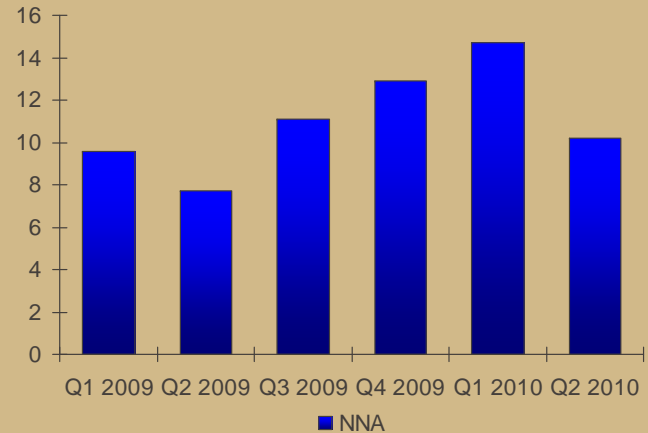


...in the face of a challenging environment.

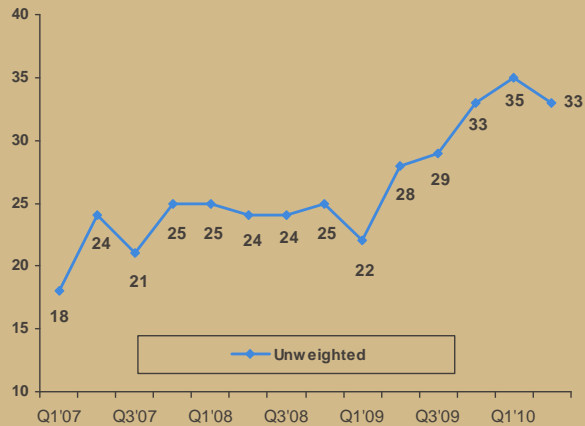
Investor Services NNA



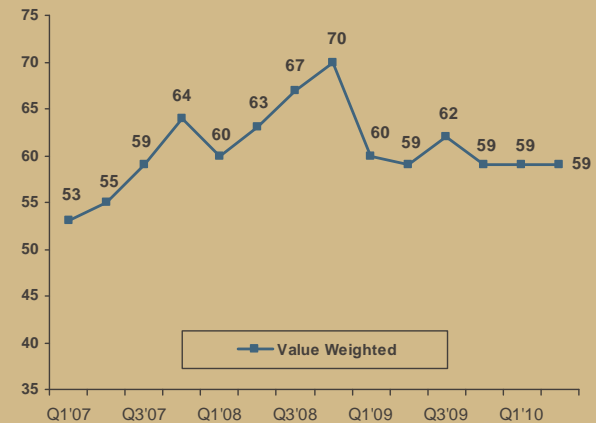
Advisor Services NNA



Investor Services CPS



Advisor Services CPS



Our 2010 initiatives are progressing as scheduled in both Investor Services...

New Products

- [Schwab Exchange Traded Funds \(“ETF”\)](#)
- [Schwab/JPMorgan Expanded New-Issue Muni Bonds](#)
- Retirement Income Solutions

Enhanced Services

- Mobile Capabilities for Bank and Brokerage
- [Simplified Cash Movement](#) & Remote Deposit Capture
- Online Performance Reporting

Improved Platforms

- Active Investor – New StreetSmart Edge Platform
- Expanded Global Research and Trading
- Expanded Live Chat functionality

Expanded Advice Products

- [Schwab Managed Portfolios - ETF](#)
- [PIMCO Managed Municipal Bond Ladders](#)
- Enhanced Equity Compensation Consultations

Underlined initiatives are either completed or significantly advanced.

...and Institutional Services.

New Products

- [Schwab Exchange Traded Funds \(“ETF”\)](#)
- [Schwab/JPMorgan expanded new-Issue Muni bonds](#)
- Multi-bank sweep initiative

Enhanced Services

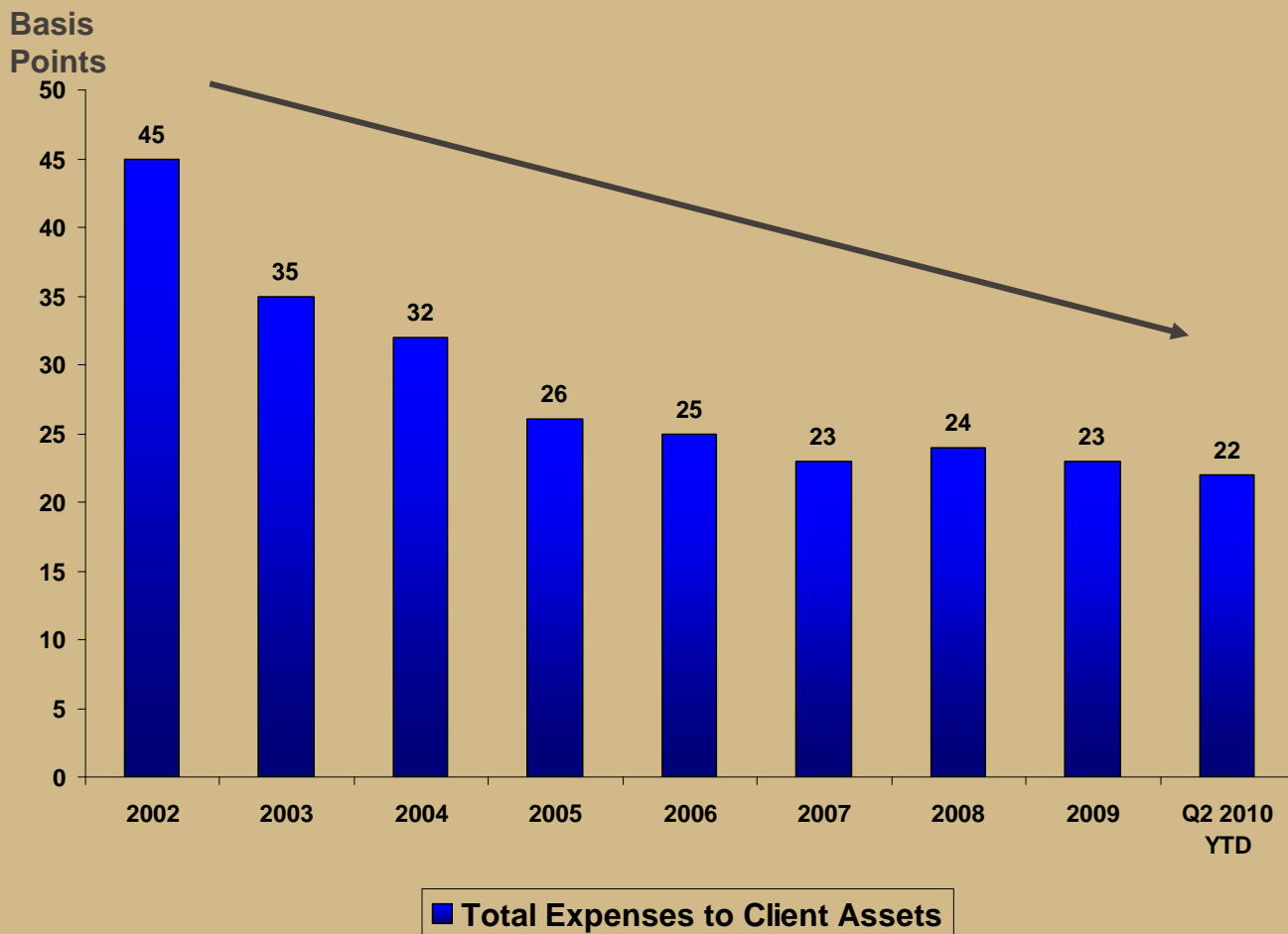
- [Practice management tools](#)
- [eSignature capabilities](#)
- Expanded cost-basis functionality
- Fee disclosure reporting

Improved Platforms

- Schwab Intelligent Integration – optimizing advisor technology and workflow
- [Alternative Investments platform](#)
- Expanded Global Research and Trading
- [Account servicing and trading enhancements](#)
- [Website enhancements](#)

Underlined initiatives are either completed or significantly advanced.

Our expense discipline remains very much in place.



Our 2010 strategic priorities remain unchanged.

- **The Basics**

- Premier client service & trust-based relationships
- Commitment to building brand and communicating differentiation
- Competitive pricing & innovation that benefits clients
- Emphasis on risk management, technology availability and security

Our client focus resonates with investors

- **On Offense**

- Long term growth investments

**Our model is working; profitability is strong and improving
and we continue to take market share**

- **The Environment**

- Profitable growth even if interest rates stay low

**We expect to deliver improving financial performance as
2010 continues**

Q&A



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