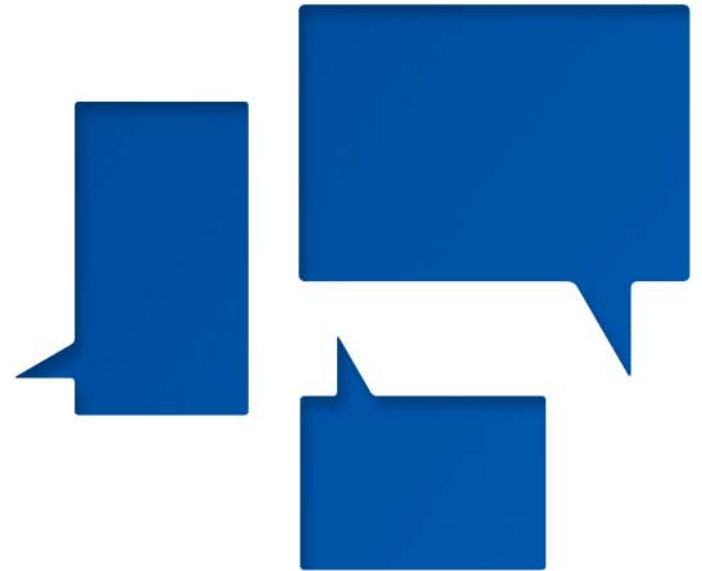


Interim Business Update

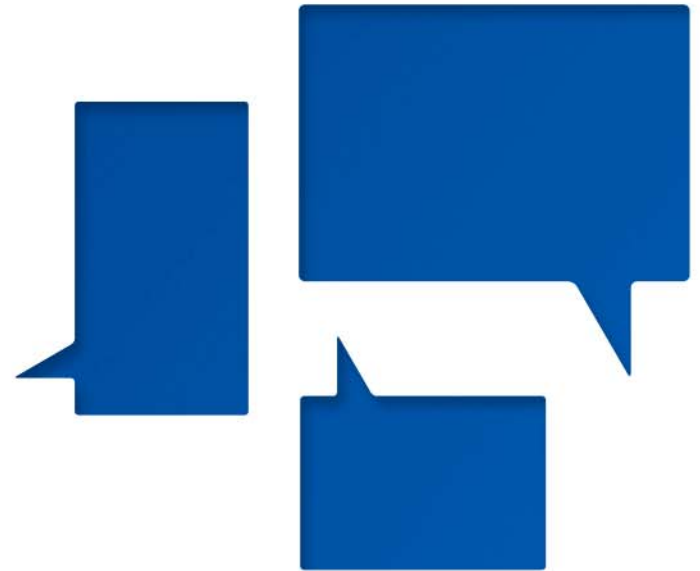
October 27, 2010



Introduction

Rich Fowler

Senior Vice President
Investor Relations



Agenda

Walt Bettinger

President & Chief Executive Officer

Joe Martinetto

EVP & Chief Financial Officer

Q&A

Forward-Looking Statements

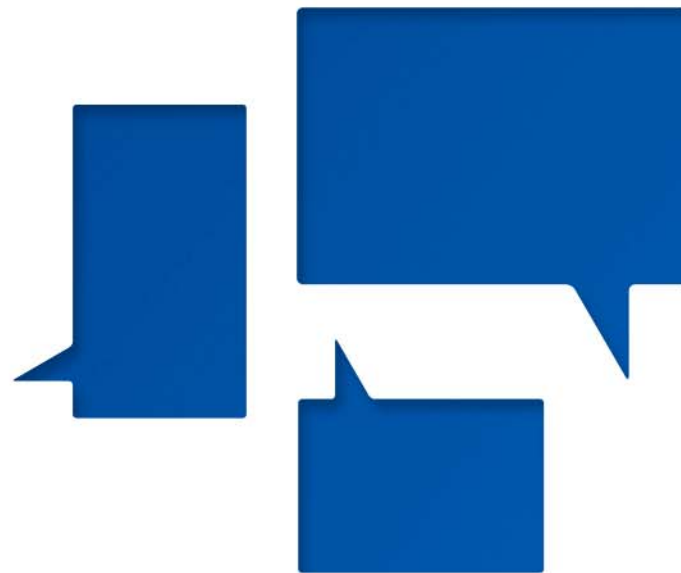
This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements that refer to expectations, projections or other characterizations of future events 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 company’s improving financial performance; growth in revenues, earnings and profits; net interest margin; and the impact of fluctuations in the S&P 500 Index, trading activity and the Fed Funds rate on the company’s results of operations. 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 effect of unanticipated adverse developments in litigation or regulatory matters; and any adverse impact of financial reform legislation and related regulations.

The information in this presentation speaks only as of October 27, 2010 (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.

Walt Bettinger

President &
Chief Executive Officer



We remain focused on the client, while balancing profitability with investing for growth.

- Our unique model is redefining the Full Service Investment Firm category "Through Clients' Eyes."
- Our combination of client focus and operating discipline will yield improving financial performance.
 - Revenue growth when no wind at our back.
 - Operating leverage driven by substantial scale.
 - Significant revenue and EPS growth when rates or the equity markets rise.

Our consistent strategy is based on four pillars: Loyalty, Innovation, Discipline, One Schwab.

Our operating emphasis is on the five primary areas that will yield outsized growth in revenue and profits across market and interest rate cycles:

1. Diversified **Acquisition**
2. Win-Win **Monetization**
3. Long-Term **Retention**
4. Expense **Discipline**
5. Effective **Capital Management**

Diversified Acquisition

- Advertising/Marketing:
 - Can be volatile.
 - Affected by equity market performance and yield spreads.
 - Minimizing promotional acquisition efforts.
- Referrals driven by Client Promoter Score:
 - Fairly stable and consistent.
 - Requires constant diligence.
- Client cross sell via corporate services units:
 - Consistent growth and scale required.
 - Preparing for more aggressive push.

Win-Win Monetization

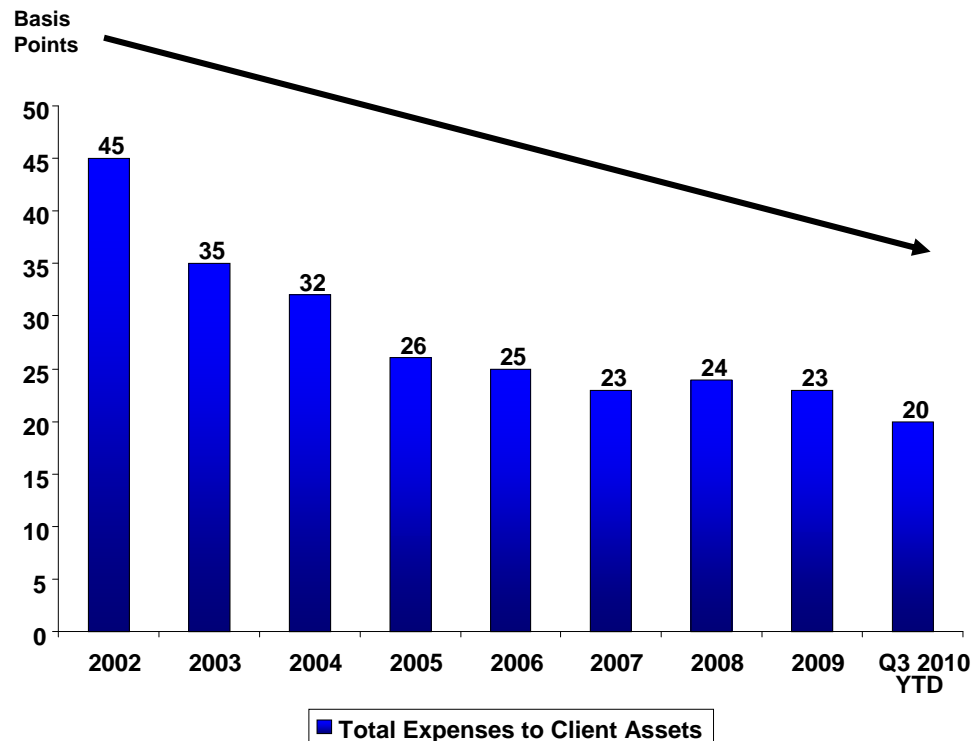
- Fee-based money management:
 - Schwab Managed Portfolios.
 - Managed accounts.
 - Windward acquisition.
 - PIMCO muni managed account.
- Enhanced investing solutions:
 - JP Morgan fixed income access.
 - Portfolio assistance for every client.
 - Mutual funds.
- Cash & borrowing solutions:
 - Broad line up of money market products.
 - Bank deposit products.
 - Bank and brokerage lending solutions.

Long-Term Retention

- Premier service:
 - 24/7/365.
 - Multi channel award winning service.
- Personal relationships:
 - Clients assigned dedicated contact professional.
 - Unmatched overlay experts.
- Technology:
 - World class Web capabilities.
 - “Best in class” trading platform.
 - Ground breaking mobile solutions – integrated brokerage/banking.

Expense Discipline

- Margin expansion:
 - Striving to grow revenues faster than expenses.
 - Diligent trade off decisions.
- Highly scalable model:



Effective Capital Management

- Committed to building stockholder value:
 - Exceptional return on equity through the market and rate cycle.
 - Excess capital goes back to owners.
- Stewards of stockholder's capital:
 - Persistent buyers of stock 17 of past 22 years.
 - Purchased \$6 billion to date.
 - Consistent dividends since 1989 with 19 increases.
 - Dividends have increased at a 23% annual compounded rate.

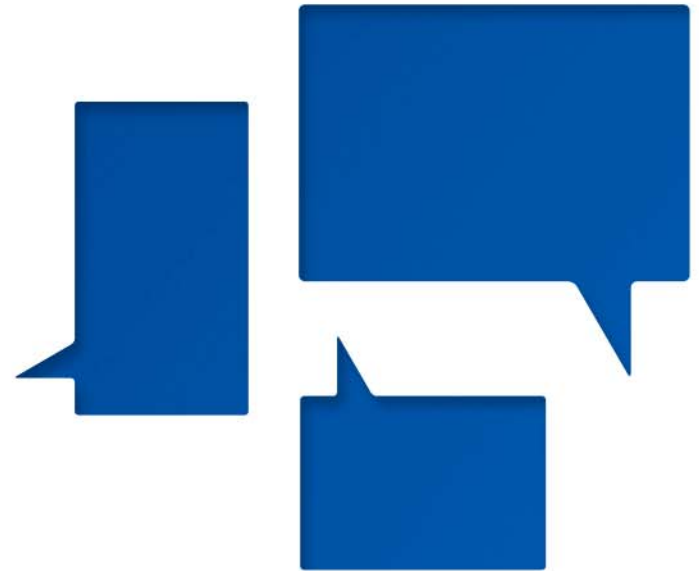
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Joe Martinetto

Executive Vice President &
Chief Financial Officer



Schwab's Financial Strategy

- Combine revenue growth and expense discipline to deliver operating leverage across economic cycles.
- Generate the resources to invest in growth through solid profitability; maintain a healthy balance sheet that can attract capital when necessary.
- Use capital as efficiently as possible, and return excess capital to stakeholders in a timely manner.

In Q3, we achieved year-over-year revenue growth for the first time in two years.

<i>(\$ in millions, except per share amounts)</i>	<u>Q3-09</u>	<u>Q4-09</u>	<u>Q1-10</u>	<u>Q2-10</u>	<u>Q3-10</u>	<u>Q3-10 vs. Q3-09</u>
<u>Excluding Non-Routine Charges (a)</u>						
Net Revenues:						
Asset Management & Admin Fees	\$ 451	\$ 436	\$ 420	\$ 437	\$ 468	4%
Net Interest Revenue	294	305	326	382	384	31%
Trading	241	224	209	233	182	(24%)
Other	25	21	23	28	29	16%
Total	<u>\$ 1,011</u>	<u>\$ 986</u>	<u>\$ 978</u>	<u>\$ 1,080</u>	<u>\$ 1,063</u>	<u>5%</u>
Expenses	\$ 691	\$ 720	\$ 760	\$ 742	\$ 711	3%
Pre-tax Profit Margin \$	\$ 320	\$ 266	\$ 218	\$ 338	\$ 352	10%
Pre-tax Profit Margin %	31.7%	27.0%	22.3%	31.3%	33.1%	1.4 pts

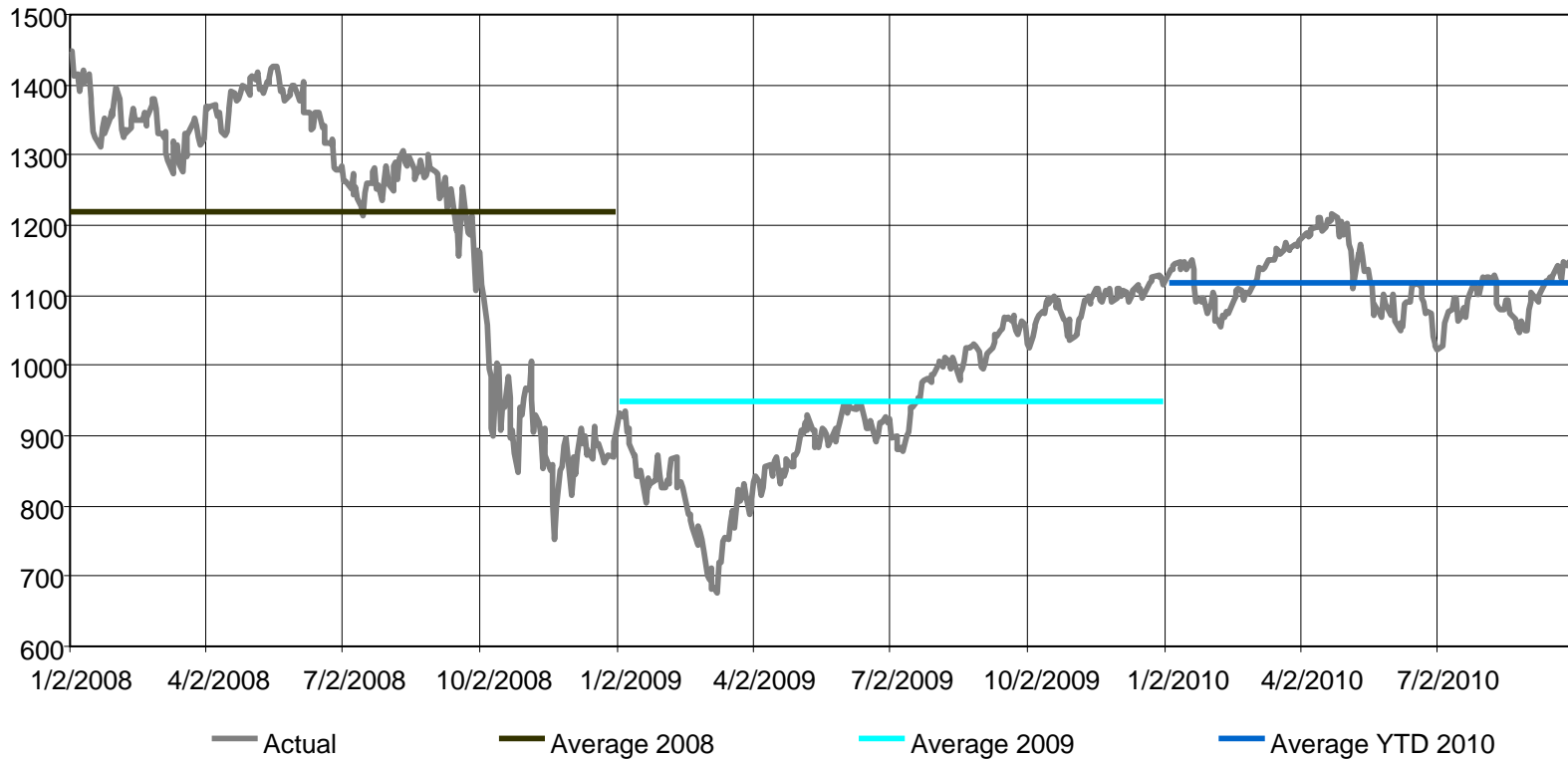
Reported

Net Income	\$200	\$164	\$6	\$205	\$124	(38%)
Earnings Per Share (EPS)	\$0.17	\$0.14	\$0.00	\$0.17	\$0.10	(41%)
Return on Equity (ROE)	17%	13%	0%	14%	8%	(9) pts

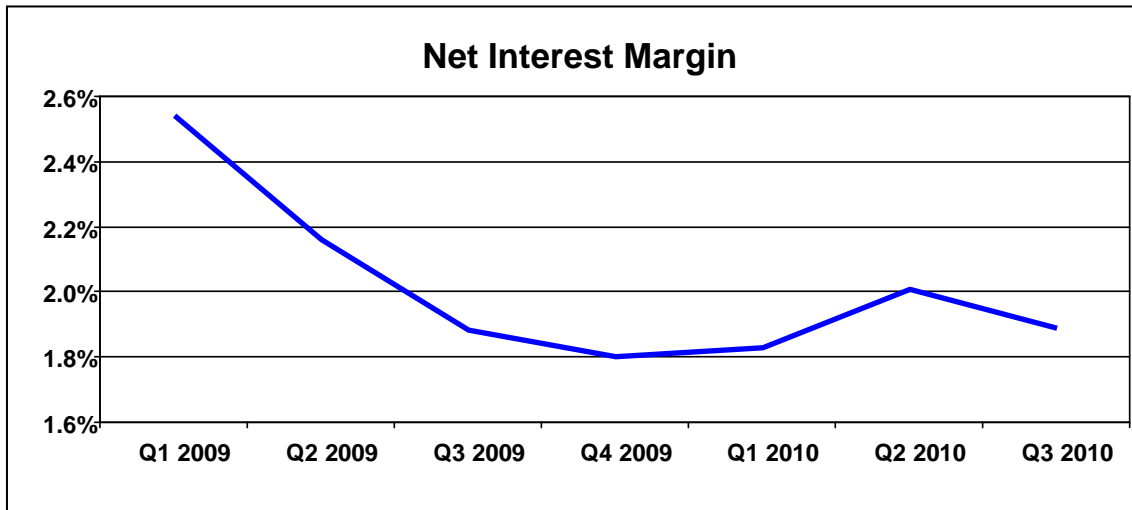
(a) Excludes \$196 million in YieldPlus-related litigation reserves and \$9 million in credit card contract termination fees in Q1-10, and \$132 million in money market fund-related charges and \$21 million in credit card contract termination fees in Q3-10.

While the equity markets improved late in the quarter and remain well above last year's lows...

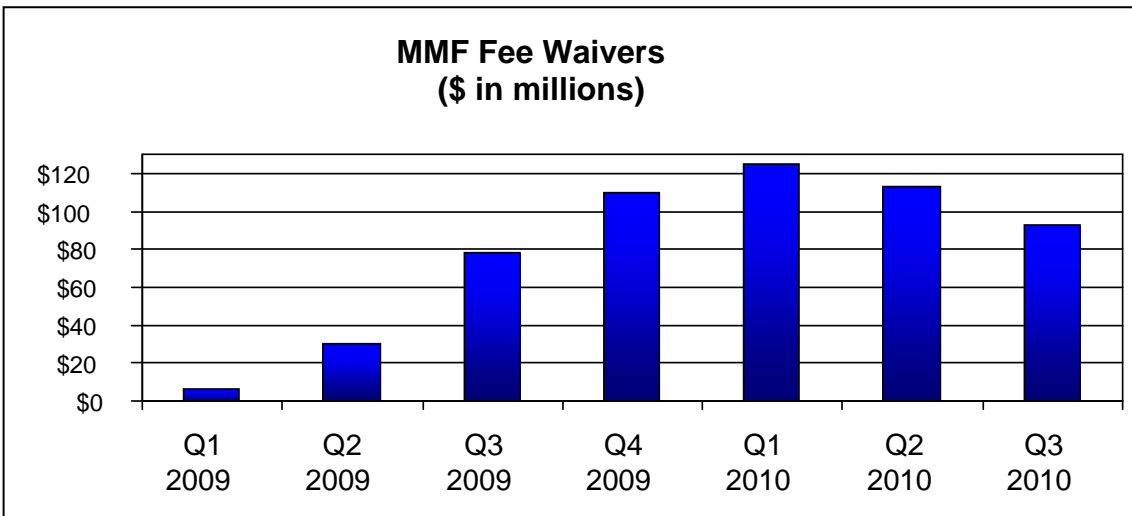
S&P Performance



...we did see some pressure on interest rates.



Given current rate environment and deposit pricing, NIM expected to remain around 180-190 bps during Q4.



Recent backup in short-term rates places some upward pressure on waivers in Q4; continued outflows to other asset classes helps mitigate this effect.

We continue to be conservative with our capital & liquidity...

(\$ in millions)	<u>Q3 09</u>	<u>Q4 09</u>	<u>Q1 10</u>	<u>Q2 10</u>	<u>Q3 10*</u>
Total Assets	\$67,984	\$75,430	\$78,337	\$82,295	\$87,298
Deposits from Banking Clients	35,500	38,820	42,055	45,887	48,836
Payables to Brokerage Clients	23,443	26,246	26,435	26,416	27,676
Long-term Debt	1,516	1,512	1,309	1,308	2,008
Stockholders' Equity	4,903	5,073	5,671	5,879	6,035
Parent Cash	\$1,405	\$1,294	\$972	\$764	\$1,320
CSC Capital Ratios					
Tier 1	17.7%	16.9%	20.0%	19.1%	18.3%
Leverage	7.4%	7.1%	7.3%	7.2%	6.8%
Tangible Common Equity	6.5%	6.1%	6.5%	6.5%	6.3%

*Preliminary

charles SCHWAB
CORPORATION

...and our asset quality remains high.

- Schwab Bank's loan portfolio totals \$7.7 billion (approx. 55% first mortgages/45% HELOCs), up 15% from a year ago.
 - At quarter-end, delinquencies, nonaccrual loans and allowances as a percentage of total loan balances were 0.96%, 0.58% and 0.61%, respectively.
 - Our coverage ratio remains strong at 106%.
- At \$536 million of amortized cost, Alt-A holdings represent less than 1% of cash and investments.
 - In Q3 2010, we recognized impairment charges of \$3 million on certain securities.

As we approach year-end, our YTD performance is in step with with our “no rate change” 2010 scenario.

In this environment:	We expect these results*:
<p>S&P appreciates 7.5%</p> <p>Fed Funds between 0-0.25%</p> <p>DARTs down 2% year-over-year</p>	<p>Revenues up around 1%</p> <p>Expenses up 4%</p> <p>Pre-tax margin at or above 25%</p>
<p>S&P appreciates 7.5%</p> <p>Fed Funds end the year at 1.0%</p> <p>DARTs down 2% year-over-year</p>	<p>Revenues up around 15%</p> <p>Expenses up 6%</p> <p>Pre-tax margin at or above 35%</p>

YTD revenues and expenses (adjusted for one time items in 2010) are down 3% and up 1%, respectively; PTPM% is just under 30.

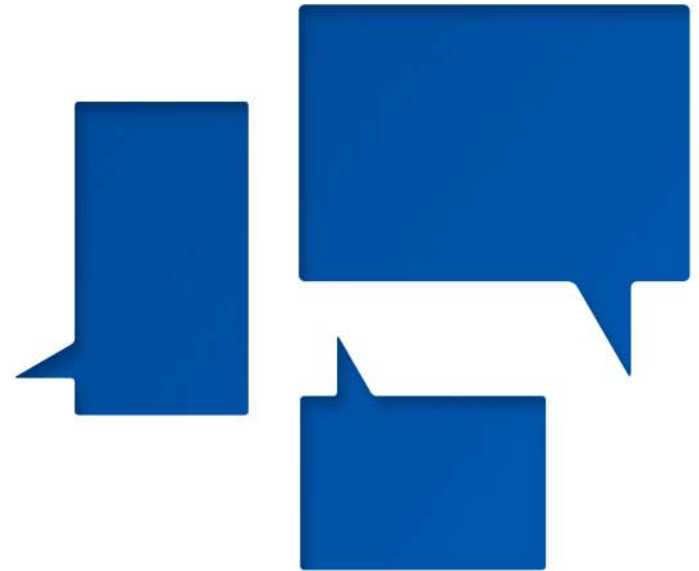
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