

SCHWAB CHARLES CORP

Form 424B7

November 10, 2010

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Filed Pursuant to Rule 424(b)(7)
Registration No. 333-156152

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit⁽¹⁾	Proposed Maximum Aggregate Offering Price⁽¹⁾	Amount of Registration Fee⁽¹⁾
Common Stock, par value \$.01 per share	6,842,678	\$15.49	\$105,993,082	\$7,557

- (1) Calculated in accordance with Rules 457(c) and 457(r) under the Securities Act of 1933, as amended, based upon the average of the high and low sale prices of the common stock of The Charles Schwab Corporation as reported on The New York Stock Exchange on November 9, 2010.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated December 16, 2008)

6,842,678 Shares

The Charles Schwab Corporation

Common Stock

This prospectus supplement relates to the sale, transfer or other disposition of up to 6,842,678 shares of common stock of The Charles Schwab Corporation ("CSC"), \$0.01 par value per share, that some of our stockholders or their transferees may dispose of from time to time. The selling stockholders are those holders identified in the section entitled "Selling Stockholders" of this prospectus supplement. The common stock being offered by this prospectus supplement and the accompanying prospectus was previously issued to the selling stockholders in connection with the acquisition of Windward Investment Management, Inc. by one of our wholly-owned subsidiaries, Windhaven Investment Management, Inc. We will not receive any proceeds from the disposition by the selling stockholders or their transferees of our common stock covered by this prospectus supplement.

The selling stockholders may sell or otherwise dispose of the shares of common stock covered by this prospectus supplement in a number of different ways and at varying prices. More information about how the selling stockholders may sell or otherwise dispose of their shares of common stock is set forth in the section entitled "Plan of Distribution" beginning on page S-6.

The selling stockholders will pay all brokerage fees and commissions and similar expenses. CSC will pay all expenses (except brokerage fees and commissions and similar expenses) relating to the registration of the common stock covered by this prospectus supplement with the Securities and Exchange Commission, or SEC.

CSC's common stock trades on The New York Stock Exchange ("NYSE") under the listing symbol "SCHW". On November 9, 2010, the last reported sale price for our common stock on NYSE was \$15.53 per share.

Investing in our common stock involves risks. Before purchasing any common stock, you should consider carefully the risks referenced under Risk Factors on page S-3 as well as the other information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is November 10, 2010

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the common stock covered under this offering. The second part is the prospectus, which describes more general information, some of which may not apply to this offering. You should read this prospectus supplement and the accompanying prospectus, together with additional information described under "Where You Can Find More Information" in this prospectus supplement.

References in this prospectus supplement to "we," "us," "our," and "CSC" mean The Charles Schwab Corporation. References in this prospectus supplement to the "Company" mean CSC and its majority-owned subsidiaries.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. No one is authorized to give information other than that contained herein and therein. This prospectus supplement may be used only for the purpose for which it has been prepared. CSC has not, and the selling stockholders have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

The representations, warranties and covenants made by CSC in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement and the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of CSC's affairs.

You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. CSC's business, financial condition, results of operations and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus may be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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WHERE YOU CAN FIND MORE INFORMATION

CSC files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. CSC's SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. Copies of certain information filed by CSC with the SEC are also available on CSC's corporate website at <http://www.aboutschwab.com>. The website addresses of the SEC and CSC are included as inactive textual references only, and the information contained on those websites is not a part of this prospectus supplement or the accompanying prospectus. You may also read and copy any document that CSC files at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC allows CSC to incorporate by reference information CSC has filed with the SEC, which means that CSC can disclose important information to you by referring you to other documents. The information incorporated by reference is considered to be a part of this prospectus supplement.

This prospectus supplement incorporates by reference the documents listed below:

Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (including such information from the Proxy Statement filed March 30, 2010 that is incorporated by reference in Part III of such Annual Report);

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010; and

Current Reports on Form 8-K filed on January 21, 2010, February 2, 2010, March 16, 2010, May 18, 2010, July 22, 2010 (as amended by a Current Report on Form 8-K/A filed on August 4, 2010), August 10, 2010, October 15, 2010 and November 8, 2010. You may request a copy of these filings at no cost, by writing, telephoning or sending an email to the following address:

The Charles Schwab Corporation

211 Main Street

San Francisco, California 94105

Attention: Corporate Secretary

Telephone: (415) 667-1959

Email: investor.relations@schwab.com

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, contain not only historical information but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. Forward-looking statements are identified by words such as believe, anticipate, expect, intend, plan, will, may, estimate, aim, target, could and other similar expressions. These statements, which in a variety of ways, including the use of future or present tense language, refer to future events. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements.

These forward-looking statements, which reflect management's beliefs, objectives, and expectations as of the date hereof, or in the case of any documents incorporated by reference, as of the date of those documents, are necessarily estimates based on the best judgment of CSC's senior management. These statements relate to, among other things:

the Company's ability to pursue its business strategy;

the impact of current market conditions on the Company's results of operations;

the impact of changes in the likelihood of indemnification and guarantee payment obligations on the Company's results of operations;

the impact of legal proceedings and regulatory matters;

target capital ratios;

sources of liquidity, capital and level of dividends;

capital expenditures;

the impact of changes in management's estimates on the Company's results of operations;

the impact on the Company's results of operations of recording stock option expense; and

the other risks and uncertainties described in this prospectus supplement.

Achievement of the expressed beliefs, objectives, and expectations described in these statements is subject to certain risks and uncertainties that could cause actual results to differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus supplement or, in the case of documents incorporated by reference, as of the date of those documents.

Important factors that may cause actual results to differ include, but are not limited to:

changes in general economic and financial market conditions;

fluctuations in client asset values due to changes in equity valuations;

the performance of securities available for sale;

the level of interest rates, including yields available on money market mutual fund eligible instruments;

the amount of loans to the Company's brokerage and banking clients;

changes in revenues and profit margin due to changes in interest rates;

adverse developments in litigation or regulatory matters;

the extent of any charges associated with litigation and regulatory matters, including class action litigation and ongoing discussions with state and federal regulators and the Financial Industry Regulatory Authority regarding the Schwab YieldPlus Fund;

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amounts recovered on insurance policies;

the adverse impact of financial reform legislation and related regulations;

the level of the Company's stock repurchase activity;

the level of brokerage client cash balances and deposits from banking clients;

the availability and terms of external financing;

the timing and impact of changes in the Company's level of investments in leasehold improvements and technology; and

potential breaches of contractual terms for which the Company has indemnification obligations.

You should refer to the "Risk Factors" section of this prospectus supplement and to CSC's periodic and current reports filed with the SEC for specific risks which would cause actual results to be significantly different from those expressed or implied by these forward-looking statements. In particular, certain of these factors, as well as general risk factors affecting CSC and its subsidiaries, are discussed in greater detail in "Item 1A Risk Factors" in CSC's Annual Report on Form 10-K for the year ended December 31, 2009 and "Item 1A Risk Factors" in CSC's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, both of which are incorporated by reference into this prospectus supplement and accompanying prospectus.

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SUMMARY

This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus supplement. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in our common stock. You should read this entire prospectus supplement and accompanying prospectus, including the Risk Factors section and the documents incorporated by reference, which are described under Where You Can Find More Information in this prospectus supplement.

The Charles Schwab Corporation

The Charles Schwab Corporation, headquartered in San Francisco, California, was incorporated in 1986 and engages, through its subsidiaries (primarily located in San Francisco except as indicated), in securities brokerage, banking, and related financial services. At September 30, 2010, CSC had \$1.47 trillion in client assets, 7.9 million active brokerage accounts, 1.5 million corporate retirement plan participants, and 665,000 banking accounts.

Significant subsidiaries of CSC include:

Charles Schwab & Co., Inc. (Schwab), which was incorporated in 1971, is a securities broker-dealer with more than 300 domestic branch offices in 45 states, as well as a branch in each of the Commonwealth of Puerto Rico and London, U.K., and serves clients in Hong Kong through one of CSC's subsidiaries

Charles Schwab Bank (Schwab Bank), which commenced operations in 2003, is a federal savings bank located in Reno, Nevada; and

Charles Schwab Investment Management, Inc. is the investment advisor for Schwab's proprietary mutual funds, which are referred to as the Schwab Funds®.

The Company offers a broad range of products to address individuals' varying investment and financial needs. Examples of these product offerings include:

Brokerage an array of asset management accounts including some with check-writing features, debit card and billpay; individual retirement accounts; retirement plans for small to large businesses; 529 college savings accounts; separately managed accounts; designated brokerage accounts; equity incentive plan accounts; and margin loans, as well as access to fixed income securities, equity and debt offerings and exchange traded funds;

Banking first mortgages, home equity lines of credit, pledged-asset loans, certificates of deposit, demand deposit accounts, checking accounts linked to brokerage accounts and savings accounts;

Trust trust custody services, personal trust reporting services and administrative trustee services; and

Mutual funds third-party mutual funds through Mutual Fund Marketplace®, including no-load mutual funds through the Mutual Fund OneSource® service, proprietary mutual funds from two fund families Schwab Funds® and Laudus Funds®, other third-party mutual funds and mutual fund trading and clearing services to broker-dealers.

These products, and the Company's full array of investing services, are made available through its two reportable segments Investor Services and Institutional Services.

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Investor Services

Through the Investor Services segment, the Company provides retail brokerage and banking services to individual investors.

The Company offers research, analytic tools, performance reports, market analysis and educational material to all clients. Clients looking for more guidance have access to online portfolio planning tools, as well as professional advice from Schwab's portfolio consultants who can help develop an investment strategy and carry out investment and portfolio management decisions.

Institutional Services

Through the Institutional Services segment, Schwab provides custodial, trading, technology, practice management, trust asset and other support services to independent investment advisors. To attract and serve independent investment advisors, Institutional Services has a dedicated sales force and service teams assigned to meet their needs.

The Institutional Services segment also provides retirement plan services, plan administrator services, stock plan services and mutual fund clearing services, and supports the availability of Schwab proprietary mutual funds on third-party platforms. The Company serves a range of employer sponsored plans: equity compensation plans, defined contribution plans, defined benefit plans, and other investment related benefits plans.

CSC's common stock is listed and traded on The New York Stock Exchange under the symbol SCHW.

CSC's principal executive office is located at 211 Main Street, San Francisco, California 94105, and CSC's telephone number is (415) 667-7000. CSC's corporate Internet website is www.aboutschwab.com. CSC's website address is included as an inactive textual reference only, and the information contained on CSC's website is not a part of this prospectus supplement or the accompanying prospectus.

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RISK FACTORS

*Your investment in our common stock involves certain risks. You should consult with your own financial and legal advisers as to the risks involved in an investment in our common stock and to determine whether our common stock is a suitable investment for you. Before investing in our common stock, you should carefully consider, among other matters, the information set forth under the heading *Risk Factors* in CSC's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and CSC's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, both of which are incorporated by reference into this prospectus supplement and accompanying prospectus, as the same may be updated from time to time by filings under the Exchange Act that CSC incorporates by reference herein.*

USE OF PROCEEDS

This prospectus supplement covers the sale, transfer or other disposition of common stock by the selling stockholders named herein and their transferees as described in more detail in the section entitled *Plan of Distribution* beginning on page S-6. CSC will not receive any proceeds from any such sale, transfer or disposition.

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SELLING STOCKHOLDERS

This prospectus supplement covers up to 6,842,678 shares of our common stock held by the selling stockholders listed below. The term "selling stockholders" includes the stockholders listed below and their transferees, distributees, pledges, donees or other successors. This prospectus supplement has been filed pursuant to registration rights granted to the selling stockholders in connection with the acquisition of Windward Investment Management, Inc. by one of our wholly-owned subsidiaries, Windhaven Investment Management, Inc., which acquisition was completed on November 9, 2010.

The table below contains information concerning the selling stockholders' beneficial ownership of our common stock as of November 9, 2010. Beneficial ownership is determined in accordance with Rule 13d-3(d) promulgated by the SEC under the Exchange Act. The table below has been prepared based solely on information provided to us by the selling stockholders.

Except for Stephen J. Cucchiaro, who, effective as of November 10, 2010 became Senior Vice President and Chief Investment Officer of Windhaven Investment Management, Inc., neither the selling stockholders nor any of their affiliates have held any position or office or had any other material relationship with us or any of our affiliates within the past three years other than as a result of the ownership of our securities.

Under the terms of the agreements between us and the selling stockholders, we will pay all expenses of the registration of our common stock covered by this prospectus supplement and the accompanying prospectus, including SEC filing fees, except that the selling stockholders will pay all underwriting discounts and selling commissions, expenses of counsel to the selling stockholders and stock transfer taxes, if any. Our expenses for the registration of our common stock covered by this prospectus supplement and the accompanying prospectus are estimated to be \$55,000.

Because the selling stockholders may sell, transfer or otherwise dispose of all, some or none of the shares of common stock covered by this prospectus supplement and the accompanying prospectus, we cannot determine the number of shares of common stock that will be sold, transferred or otherwise disposed of by the selling stockholders. For the purposes of the table below, we assume that the selling stockholders will sell all of the shares of common stock covered by this prospectus supplement and the accompanying prospectus.

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To our knowledge, except as described below and subject to applicable community property laws, the selling stockholders have sole voting and investment power over the shares of common stock listed in the table.

Name and Address of Selling Stockholder	Number of Shares of Common Stock Owned Before the Offering	Number of Shares of Common Stock Being Sold in the Offering	Number of Shares of Common Stock Held After the Offering	Percentage of Common Stock Owned After the Offering ¹
Windward Investment Management, Inc. ² 60 State Street Suite 3600 Boston, MA 02109		4,789,875		*
Stephen J. Cucchiaro 2001 Revocable Trust ² c/o 60 State Street Suite 3600 Boston, MA 02109		2,052,803		*

* Represents less than 1%.

- (1) Percentage ownership after this offering is based on an aggregate of 1,194,827,651 shares of our common stock outstanding as of October 22, 2010.
- (2) Stephen J. Cucchiaro exercises voting and investment control with respect to the shares held by each selling stockholder.

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PLAN OF DISTRIBUTION

The selling stockholders, which as used in this prospectus supplement includes donees, pledgees, transferees, distributees or other successors-in-interest selling shares of common stock received after the date of this prospectus supplement from a selling stockholder as a gift, pledge, distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. The disposition of our common stock covered by this prospectus supplement may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, at negotiated prices or for no consideration. To the extent applicable, transactions made by the selling stockholders must comply with CSC's internal policies.

One of the selling stockholders, Windward Investment Management, Inc., or Windward, has informed us that it intends either to sell to third parties or distribute to its own shareholders some or all of the 4,789,875 shares of common stock held by it and covered under this prospectus supplement. If after the date of this prospectus supplement Windward decides to distribute some or all of such shares of common stock to its shareholders pursuant to this prospectus supplement, the recipients will receive freely tradable shares, so long as they are not affiliates of CSC.

The selling stockholders may also use any one or more of the following methods when disposing of shares:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

a combination of any such methods of sale; and

through any other method permitted under applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus supplement and the accompanying prospectus, or under an amendment to this prospectus supplement under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus supplement. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus supplement.

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The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the

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selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

The selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided that they meet the criteria and conform to the requirements of that rule.

The selling stockholders and any underwriters, broker-dealers or agents that participate in the sale of the common stock may be underwriters within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling stockholders who are underwriters within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To our knowledge, neither of the selling stockholders is a registered broker-dealer or an affiliate of a broker-dealer.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus supplement and the accompanying prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, to the extent applicable we will make copies of this prospectus supplement and the accompanying prospectus (as they may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed with the selling stockholders to keep the registration statement of which this prospectus supplement constitutes a part effective until the earlier of (1) such time as all of the shares covered by this prospectus supplement have been disposed of pursuant to and in accordance with the registration statement that includes this prospectus supplement and the accompanying prospectus or (2) May 9, 2011.

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LEGAL MATTERS

Howard Rice Nemerovski Canady Falk & Rabkin, A Professional Corporation, San Francisco, California, will pass on the validity of the common stock covered by this prospectus supplement. Directors of that firm beneficially own an aggregate of less than 1% of CSC's common stock.

EXPERTS

The consolidated financial statements and the related financial statement schedule appearing in CSC's Annual Report on Form 10-K for the year ended December 31, 2009, and the effectiveness of CSC's internal control over financial reporting as of December 31, 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports thereon, included therein, and incorporated in this prospectus supplement by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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The Charles Schwab Corporation

Debt Securities

Preferred Stock

Depositary Shares

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Purchase Contracts

Warrants

Units Consisting of Two or More Securities

Schwab Capital Trust II Schwab Capital Trust III
Trust Preferred Securities

Fully and Unconditionally Guaranteed by The Charles Schwab Corporation

The Charles Schwab Corporation from time to time may offer and sell debt securities, preferred stock, depositary shares, common stock, purchase contracts, warrants and units consisting of two or more of the securities being offered by this prospectus. Our debt securities, preferred stock, purchase contracts and warrants may be convertible into or exchangeable for shares of our common stock or other securities.

Schwab Capital Trust II and Schwab Capital Trust III are Delaware statutory trusts and are referred to as the trusts. Each trust may from time to time:

sell trust preferred securities representing undivided beneficial interests in the trust to the public;

sell trust common securities representing undivided beneficial interests in the trust to The Charles Schwab Corporation;

use the proceeds from these sales to buy an equal principal amount of junior subordinated debentures of The Charles Schwab Corporation; and

distribute the cash payments it receives or the junior subordinated debentures it owns to the holders of the trust preferred and trust common securities.

We will fully and unconditionally guarantee the payment by the trusts of the trust preferred securities based on obligations discussed in this prospectus. This is called the trust preferred securities guarantee.

The common stock of The Charles Schwab Corporation is listed on the NASDAQ Global Select Market and trades under the symbol SCHW.

We will provide the specific terms of any securities to be offered and the specific manner in which they may be offered in supplements to this prospectus. You should read this prospectus and the accompanying prospectus supplement or supplements carefully before you invest.

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This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement for those securities.

These securities are not deposits or other obligations of any bank or savings association and the securities are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission, any state securities commission, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Charles Schwab & Co., Inc., which is our wholly-owned subsidiary, or any of our affiliates may use this prospectus and any accompanying prospectus supplement in connection with offers and sales of the securities in market-making transactions for any of the securities listed above or similar securities after their initial sale. Unless you are informed otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.

The date of this prospectus is December 16, 2008

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing a shelf registration process. Under this shelf registration process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings. We may offer debt securities of The Charles Schwab Corporation; trust preferred securities of the trusts and related junior subordinated debentures and guarantees of The Charles Schwab Corporation; preferred stock, depositary shares and common stock of The Charles Schwab Corporation; and purchase contracts and units consisting of two or more securities. We may also offer warrants to purchase debt securities or warrants to purchase or sell, or whose cash value is determined by reference to the performance level, or value of, one or more of:

securities of one or more issuers, including our common stock, preferred stock or depositary shares, other securities described in this prospectus or the debt or equity securities of third parties;

one or more currencies, currency units or composite currencies;

one or more commodities;

any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; and

one or more indices or baskets of the items described in this paragraph.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information**. The prospectus supplement may also contain information about United States federal income tax considerations relating to the securities covered by the prospectus supplement.

References in this prospectus to **we**, **us** and **our** mean The Charles Schwab Corporation. References to the **trusts** mean Schwab Capital Trust II and Schwab Capital Trust III. References to **junior subordinated debentures** mean junior subordinated debentures issued by us to a trust in connection with the trust's issuance of trust preferred securities.

FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplements, including the documents incorporated by reference, do or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (referred to here as the **Securities Act**), and Section 21E of the Securities Exchange Act of 1934, as amended (referred to here as the **Exchange Act**). Forward-looking statements are identified by words such as **believe**, **anticipate**, **expect**, **intend**, **plan**, **will**, **may**, **estimate**, **aim**, **target**, and other similar expressions, statements, which may be expressed in a variety of ways, including the use of future or present tense language, refer to future events. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances, are forward-looking statements.

These forward-looking statements, which reflect management's beliefs, objectives and expectations as of the date of this prospectus, the prospectus supplement, or in the case of documents incorporated by reference, as of the date of those documents, are necessarily estimates based on the best judgment of our senior management. Achievement of the expressed beliefs, objectives and expectations described in these statements is subject to certain risks and uncertainties that could cause actual results to differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus, the prospectus supplement or, in the case of documents

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incorporated by reference, as of the date of those documents.

You should refer to our periodic and current reports filed with the SEC or to an applicable prospectus supplement for specific risks which could cause actual results to be significantly different from those expressed

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or implied by these forward-looking statements, including risks described in the Risk Factors section. See Where You Can Find More Information in this prospectus for information about how to obtain copies of our periodic and current reports.

Statements in this prospectus, any prospectus supplement, and any documents incorporated by reference speak only as of the date on which those statements are made, and we undertake no obligation to update any statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement (Nos. 333- , 333- -01 and 333- -02) under the Securities Act relating to the securities offered by this prospectus. This prospectus is a part of