

SCHWAB CHARLES CORP

Form 424B5

July 23, 2013

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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-178525

Calculation of registration fee

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee <sup>(1)</sup>
2.20% Senior Notes due 2018	\$ 275,000,000	\$ 37,510

(1) The filing fee is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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## PROSPECTUS SUPPLEMENT

(To Prospectus dated December 15, 2011)

**\$275,000,000*****The Charles Schwab Corporation******2.20% Senior Notes due 2018***

The Charles Schwab Corporation ( CSC ) will offer \$275,000,000 aggregate principal amount of 2.20% Senior Notes due 2018, which CSC refers to in this prospectus supplement as the notes.

The notes will mature on July 25, 2018. The notes will pay interest at 2.20% per annum. Interest on the notes will be paid each January 25 and July 25, commencing on January 25, 2014. The notes will be senior unsecured obligations of CSC, ranking equally with all of CSC's other unsecured senior indebtedness. Prior to June 25, 2018 (30 days prior to the maturity date), CSC may redeem some or all of the notes at any time at the make-whole redemption price, as described under Description of the notes Optional redemption. On or after June 25, 2018 (30 days prior to the maturity date), CSC may redeem some or all of the notes at any time at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date, as described under Description of the notes Optional redemption.

CSC does not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated dealer quotation system. Currently, there is no public market for the notes.

**Investing in the notes involves risk. See Risk factors beginning on page S-9.**

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

These notes are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. These notes are not savings accounts, deposits or other obligations of any bank.

	Price to Public (1)	Underwriting Discount or Commission	Proceeds to CSC
Per note	99.972%	0.60%	99.372%
Total	\$274,923,000	\$1,650,000	\$273,273,000

(1) Plus accrued interest, if any, from July 25, 2013 if settlement occurs after that date.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank, S.A./N.V. and Clearstream Banking, *société anonyme*, and its indirect participants, against payment in New York, New York on or about July 25, 2013.

*Joint Book-Running Managers*

**Credit Suisse**

*Co-Managers*

**J.P. Morgan**

**BNY Mellon Capital Markets, LLC**  
**Goldman, Sachs & Co.**  
July 22, 2013

**BofA Merrill Lynch**  
**UBS Investment Bank**

**Citigroup**  
**Wells Fargo Securities**

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**Prospectus**

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**About this prospectus supplement**

This document consists of two parts. The first part is the prospectus supplement, which describes the price per note, interest rate, maturity date, aggregate principal amount and certain other terms of 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, the accompanying prospectus and any free writing prospectus relating to the notes issued hereby prepared by or on behalf of CSC at the time of pricing. 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 underwriters 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. CSC is not, and the underwriters are not, making an offer to sell these notes in any jurisdiction where the offer or sale is not permitted. 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 constitutes an offer or solicitation on CSC's behalf or on behalf of the underwriters to subscribe for and purchase any of the notes, and may not 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 (the 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 and accompanying prospectus.

This prospectus supplement and accompanying prospectus incorporate by reference the documents listed below:

Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (including such information from the Proxy Statement filed March 29, 2013 that is incorporated by reference in Part III of such Annual Report), as updated by CSC's Current Report on Form 8-K filed on June 24, 2013 relating to the realignment of the Company's reportable segments;

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013; and

Current Reports on Form 8-K filed on January 30, 2013, May 21, 2013 and June 24, 2013.

In addition, CSC also incorporates by reference additional documents that it files with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), between the date of this prospectus supplement and the date of the termination of this offering.

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](mailto: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, as amended (the Securities Act), and Section 21E of the Exchange Act. Forward-looking statements are identified by words such as believe, anticipate, expect, intend, will, may, estimate, appear, aim, target, could and other similar expressions. These statements, which may be expressed in a variety of 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 use of proceeds from this debt offering;

the ratings for the notes;

a trading market for the notes;

the Company's ability to pursue its business strategy;

the expected impact of the Board of Governors of the Federal Reserve System's notices of proposed rulemakings and the National Securities Clearing Corporation proposed rule change;

the impact of legal proceedings and regulatory matters;

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

sources of liquidity, capital, and level of dividends;

target capital ratios;

capital expenditures;

the impact of changes in management's estimates 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;



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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.

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

changes in general economic and financial market conditions;

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;

amounts recovered on insurance policies;

the Company's ability to attract and retain clients and grow client assets and relationships;

the Company's ability to develop and launch new products, services and capabilities in a timely and successful manner;

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

the Company's ability to monetize client assets;

the performance or valuation of securities available for sale and securities held to maturity;

trading activity;

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

the adverse impact of financial reform legislation and related regulations;

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

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;

capital needs;

level of expenses;

competitive pressures on rates and fees;

acquisition integration costs;

the timing and impact of changes in the Company's level of investments in buildings, leasehold improvements, and software and equipment relating to its information technology systems;

potential breaches of contractual terms for which the Company has guarantee obligations; and

CSC's ability to maintain favorable ratings from rating agencies.

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, 2012, as updated by CSC's Current Report on Form 8-K filed on June 24, 2013 relating to the realignment of the Company's reportable segments, which are incorporated by reference into this prospectus supplement and accompanying prospectus.

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## **Summary**

*This summary highlights selected 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 the notes. You should read this entire prospectus supplement and accompanying prospectus, including the documents incorporated by reference, especially the risks relevant to investing in the notes discussed under Risk factors contained herein and under Item 1A. Risk Factors beginning on page 7 of CSC's Annual Report on Form 10-K for the year ended December 31, 2012, as updated by CSC's Current Report on Form 8-K filed on June 24, 2013 relating to the realignment of the Company's reportable segments (incorporated by reference herein), as well as the consolidated financial statements and notes to those consolidated financial statements incorporated by reference herein. In addition, certain statements include forward-looking information that involves risks and uncertainties. See Forward-looking statements.*

### **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, money management, and financial advisory services. At March 31, 2013, CSC had \$2.08 trillion in client assets, 8.9 million active brokerage accounts, 1.6 million corporate retirement plan participants, and 888,000 banking accounts. CSC is a savings and loan holding company.

Significant business subsidiaries of CSC include:

Charles Schwab & Co., Inc. ( Schwab ), which was incorporated in 1971, is a securities broker-dealer with over 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. ( CSIM ), which is the investment advisor for Schwab's proprietary mutual funds, referred to as the Schwab Funds®, and Schwab's exchange-traded funds, referred to as the Schwab ETFs .

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 brokerage 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; designated brokerage accounts; equity incentive plan accounts; and margin loans, as well as access to fixed income securities, equity and debt offerings, options, and futures;

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;

Exchange-traded funds (ETFs) third-party and proprietary ETFs, including Schwab ETFs , and separately managed portfolios of ETFs;

Advice solutions separately managed accounts, customized personal advice for tailored portfolios, and specialized planning and full-time portfolio management;



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Banking checking accounts linked to brokerage accounts, savings accounts, certificates of deposit, demand deposit accounts, first lien residential real estate mortgage loans (First Mortgages), home equity lines of credit (HELOCs), personal loans collateralized by securities, and entity lending; and

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

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

### **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, professional advice from Schwab's portfolio consultants who can help develop an investment strategy and carry out investment and portfolio management decisions, as well as a range of fully delegated managed solutions that provide ongoing portfolio management.

The Investor Services segment also includes the Retirement Plan Services and Corporate Brokerage Services business units. Retirement Plan Services offers a bundled 401(k) retirement plan product that provides plan sponsors a wide array of investment options, trustee or custodial services, and participant-level recordkeeping. Corporate Brokerage Services provides specialty brokerage-related services to corporate clients through its Stock Plan Services, Compliance Solutions, and Corporate Brokerage Retirement Services businesses. Stock Plan Services offers equity compensation plan sponsors full-service recordkeeping for stock plans: stock options, restricted stock, performance shares and stock appreciation rights. Compliance Solutions provides solutions for compliance departments of regulated companies and firms with special requirements to monitor employee personal trading, including trade surveillance technology. Corporate Brokerage Retirement Services serves independent recordkeepers seeking a custodian for retirement plan assets.

### **Advisor Services**

Through the Advisor Services segment, the Company provides custodial, trading, technology, practice management, trust asset, and other support services to independent investment advisors.

The Advisor Services segment also includes the Retirement Business Services Trust business unit. Retirement Business Services Trust provides retirement business services to independent retirement plan advisors and recordkeepers whose plan assets are held at Schwab Bank.

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](http://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 incorporated by reference and does not form a part of this prospectus supplement or the accompanying prospectus.

### **Recent Developments**

On June 7, 2013, CSC replaced its \$800 million committed, unsecured credit facility, which expired on that date. The new credit facility is for the same amount and contains substantially similar terms as the previous credit

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facility with customary covenant adjustments, including adjustments to reflect changes in CSC's stockholders' equity as of December 31, 2012. There were no funds drawn under this facility at June 30, 2013.

The following financial information for the three and six months ended June 30, 2013, is consistent with the information provided in the Company's press release dated July 16, 2013 and furnished to the SEC on CSC's Current Report on Form 8-K. The information is subject to change for subsequent events occurring prior to the date of the filing of CSC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, if and to the extent such change is required under generally accepted accounting principles.

THE CHARLES SCHWAB CORPORATION

**Consolidated Statements of Income**

(In millions, except per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<b>Net Revenues</b>				
Asset management and administration fees	\$ 572	\$ 496	\$ 1,124	\$ 980
Interest revenue	499	497	996	969
Interest expense	(26)	(39)	(54)	(77)
Net interest revenue	473	458	942	892
Trading revenue	235	219	458	462
Other	59	121	115	167
Provision for loan losses	1	(4)	(5)	(4)
Net impairment losses on securities <sup>(1)</sup>	(3)	(7)	(7)	(25)
Total net revenues	1,337	1,283	2,627	2,472
<b>Expenses Excluding Interest</b>				
Compensation and benefits	494	446	1,030	911
Professional services	106	93	205	189
Occupancy and equipment	77	80	154	156
Advertising and market development	67	57	141	124
Communications	56	55	110	113
Depreciation and amortization	51	48	102	96
Other	74	72	142	138
Total expenses excluding interest	925	851	1,884	1,727
Income before taxes on income	412	432	743	745
Taxes on income	156	157	281	275
<b>Net Income</b>	256	275	462	470
Preferred stock dividends	23	14	31	14

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<b>Net Income Available to Common Stockholders</b>		\$ 233	\$ 261	\$ 431	\$ 456
<b>Weighted-Average Common Shares Outstanding</b>	<b>Diluted</b>	1,288	1,274	1,285	1,273
<b>Earnings Per Common Share</b>	<b>Basic</b>	\$ .18	\$ .20	\$ .33	\$ .36
<b>Earnings Per Common Share</b>	<b>Diluted</b>	\$ .18	\$ .20	\$ .33	\$ .36

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- (1) Net impairment losses on securities include total other-than-temporary impairment losses of \$2 million and \$12 million, net of \$(1) million and \$5 million reclassified from or recognized in other comprehensive income, for the three months ended June 30, 2013 and 2012, respectively. Net impairment losses on securities include total other-than-temporary impairment losses of \$2 million and \$14 million, net of \$(5) million and \$(11) million reclassified from other comprehensive income, for the six months ended June 30, 2013 and 2012, respectively.

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THE CHARLES SCHWAB CORPORATION

**Financial and Operating Highlights**

(Unaudited)

(In millions, except per share amounts and as noted)	Q2-13 % change		2013			2012	
	vs. Q2-12	vs. Q1-13	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
<b>Net Revenues</b>							
Asset management and administration fees	15%	4%	\$ 572	\$ 552	\$ 539	\$ 524	\$ 496
Net interest revenue	3%	1%	473	469	433	439	458
Trading revenue	7%	5%	235	223	202	204	219
Other <sup>(1)</sup>	(51%)	5%	59	56	47	42	121
Provision for loan losses	(125%)	(117%)	1	(6)	(2)	(10)	(4)
Net impairment losses on securities	(57%)	(25%)	(3)	(4)	(4)	(3)	(7)
Total net revenues	4%	4%	1,337	1,290	1,215	1,196	1,283
<b>Expenses Excluding Interest</b>							
Compensation and benefits	11%	(8%)	494	536	450	442	446
Professional services	14%	7%	106	99	101	98	93
Occupancy and equipment	(4%)		77	77	78	77	80
Advertising and market development	18%	(9%)	67	74	68	49	57
Communications	2%	4%	56	54	54	53	55
Depreciation and amortization	6%		51	51	50	50	48
Other	3%	9%	74	68	70	66	72
Total expenses excluding interest	9%	(4%)	925	959	871	835	851
Income before taxes on income	(5%)	24%	412	331	344	361	432
Taxes on income <sup>(2)</sup>	(1%)	25%	156	125	133	114	157
<b>Net Income</b>	(7%)	24%	\$ 256	\$ 206	\$ 211	\$ 247	\$ 275
Preferred stock dividends	64%	188%	23	8	22	9	14
<b>Net Income Available to Common Stockholders</b>	(11%)	18%	\$ 233	\$ 198	\$ 189	\$ 238	\$ 261
Basic earnings per common share	(10%)	20%	\$ .18	\$ .15	\$ .15	\$ .19	\$ .20
Diluted earnings per common share	(10%)	20%	\$ .18	\$ .15	\$ .15	\$ .19	\$ .20
Dividends declared per common share			\$ .06	\$ .06	\$ .06	\$ .06	\$ .06
Weighted-average common shares outstanding diluted	1%		1,288	1,282	1,278	1,275	1,274
<b>Performance Measures</b>							
Pre-tax profit margin			30.8%	25.7%	28.3%	30.2%	33.7%
Return on average common stockholders' equity (annualized) <sup>(3)</sup>			10%	9%	9%	11%	13%
<b>Financial Condition</b> (at quarter end, in billions)							
Cash and investments segregated	19%		\$ 27.0	\$ 26.9	\$ 28.5	\$ 25.0	\$ 22.7
Receivables from brokerage clients	7%	2%	\$ 12.8	\$ 12.5	\$ 13.5	\$ 11.9	\$ 12.0
Loans to banking clients	19%	4%	\$ 11.7	\$ 11.3	\$ 10.7	\$ 10.1	\$ 9.8
Total assets	22%	2%	\$ 135.9	\$ 133.3	\$ 133.6	\$ 117.7	\$ 111.8
Deposits from banking clients	27%	2%	\$ 84.3	\$ 82.4	\$ 79.4	\$ 68.8	\$ 66.3
Payables to brokerage clients	16%		\$ 36.9	\$ 36.9	\$ 40.3	\$ 34.8	\$ 31.8

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Long-term debt	(20%)		\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.8	\$ 2.0
Stockholders' equity <sup>(4)</sup>	7%	(1%)	\$ 9.7	\$ 9.8	\$ 9.6	\$ 9.5	\$ 9.1
<b>Other</b>							
Full-time equivalent employees (at quarter end, in thousands)	1%	(1%)	13.9	14.0	13.8	13.6	13.7
Annualized net revenues per average full-time equivalent employee (in thousands)	3%	4%	\$ 385	\$ 369	\$ 355	\$ 352	\$ 372
Capital expenditures—cash purchases of equipment, office facilities, and property, net (in millions)	123%	53%	\$ 69	\$ 45	\$ 40	\$ 33	\$ 31
<b>Clients' Daily Average Trades (in thousands)</b>							
Revenue trades <sup>(5)</sup>	6%	1%	301.5	298.7	265.7	261.5	285.2
Asset-based trades <sup>(6)</sup>	36%	7%	69.0	64.5	59.6	45.2	50.6
Other trades <sup>(7)</sup>	27%	(7%)	126.7	135.7	124.7	95.7	99.8
<b>Total</b>	<b>14%</b>		<b>497.2</b>	<b>498.9</b>	<b>450.0</b>	<b>402.4</b>	<b>435.6</b>
<b>Average Revenue Per Revenue Trade <sup>(5)</sup></b>		<b>(1%)</b>	<b>\$ 12.19</b>	<b>\$ 12.34</b>	<b>\$ 12.49</b>	<b>\$ 12.44</b>	<b>\$ 12.15</b>

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- (1) Includes a pre-tax gain of \$70 million relating to a confidential resolution of a vendor dispute in the second quarter of 2012.
- (2) Includes a non-recurring state tax benefit of \$20 million in the third quarter of 2012.
- (3) Return on average common stockholders' equity is calculated using net income available to common stockholders divided by average common stockholders' equity.
- (4) In the second quarter of 2012, the Company issued non-cumulative perpetual preferred stock, Series B, for a total liquidation preference of \$485 million.
- (5) Includes all client trades that generate either commission revenue or revenue from principal markups (i.e., fixed income); also known as DART.
- (6) Includes eligible trades executed by clients who participate in one or more of the Company's asset-based pricing relationships.
- (7) Includes all commission free trades, including Schwab Mutual Fund OneSource® funds and ETFs, and other proprietary products.

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**The offering**

<b>Issuer</b>	The Charles Schwab Corporation ( CSC ), a Delaware corporation.
<b>Securities offered</b>	2.20% Senior Notes due 2018 (the notes )
<b>Aggregate principal amount</b>	\$275,000,000
<b>Ranking</b>	The notes will be CSC s senior unsecured obligations.
<b>Issue price</b>	99.972%
<b>Interest rate</b>	The notes will bear interest at a fixed rate of 2.20% per annum.
<b>Interest payments</b>	Interest will be paid each January 25 and July 25, commencing on January 25, 2014.
<b>Maturity date</b>	The notes will mature on July 25, 2018.
<b>Original issue date</b>	July 25, 2013
<b>Use of proceeds</b>	CSC intends to use the net proceeds from this issuance of the notes, which are expected to be approximately \$273 million after underwriting discounts or commissions and estimated offering expenses, for general corporate purposes.
<b>Redemption</b>	<p>Prior to June 25, 2018 (30 days prior to the maturity date), CSC may redeem some or all of the notes at any time at the make-whole redemption price, as described under Description of the notes Optional redemption.</p> <p>On or after June 25, 2018 (30 days prior to the maturity date), CSC may redeem some or all of the notes at any time at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date, as described under Description of the notes Optional redemption.</p>
<b>Certain covenants</b>	<p>The indenture governing the notes will limit CSC s ability to merge, consolidate, sell or otherwise dispose of all or substantially all of its assets. In addition, it will limit the ability of CSC and its subsidiaries to incur liens. See Description of Debt Securities Merger, Consolidation, Sale, Lease or Conveyance in the accompanying prospectus and Description of the notes Limitations on liens in this prospectus supplement.</p> <p>The indenture governing the notes will not limit the ability of CSC or any of its subsidiaries to incur additional debt or other liabilities.</p>
<b>Listing</b>	The notes will not be listed on any securities exchange or included in any automated dealer quotation system.

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<b>No prior market</b>	The notes will be new securities for which there is no existing market. Although the underwriters have informed CSC that they currently intend to make a market in the notes, they are not obligated to do so, and they may discontinue market-making activities at any time without notice. CSC cannot assure you that an active or liquid market for the notes will develop or be maintained.
<b>Denominations</b>	\$1,000 and any integral multiple of \$1,000 in excess thereof.
<b>Forms of notes</b>	The notes will be issued in fully registered form and will be represented by a global security registered in the name of a nominee of The Depository Trust Company, as depository ( DTC ).
<b>Additional notes</b>	CSC may in the future create and issue additional notes having the same terms and conditions as the notes offered by this prospectus supplement, except for any differences in the issue date and price and interest accrued prior to the issue date of the additional notes, as described under Description of the notes Additional notes.
<b>Trustee and paying agent</b>	The Bank of New York Mellon Trust Company, N.A.
<b>Governing law</b>	California
<b>Risk factors</b>	Investment in the notes involves risks. You should carefully consider the information set forth in the section of this prospectus supplement entitled Risk factors beginning on page S-9, as well as other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding whether to invest in the notes.
<b>Conflicts of interest</b>	Our subsidiary, Schwab, is a member of the Financial Industry Regulatory Authority, Inc. ( FINRA ) and may participate as a dealer in this offering and, therefore, will be deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Consequently, this offering is being made in compliance with the provisions of Rule 5121. Schwab will not confirm sales to discretionary accounts without the prior written approval of the customer.

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**Risk factors**

*Your investment in the notes involves certain risks. You should consult with your own financial and legal advisers as to the risks involved in an investment in the notes and to determine whether the notes are a suitable investment for you. The notes may not be a suitable investment for you if you are unsophisticated about debt securities. Before investing in the notes, you should carefully consider, among other matters, the risk factors below and information set forth under the heading Item 1A. Risk Factors in CSC's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as updated by CSC's Current Report on Form 8-K filed on June 24, 2013 relating to the realignment of the Company's reportable segments, as such discussion may be amended or updated in other reports filed by us with the SEC, and which are incorporated by reference into this prospectus supplement and accompanying prospectus.*

**Risks relating to the notes**

**The notes will not be insured by the FDIC or guaranteed by any of CSC's subsidiaries. The notes will be structurally subordinated to the debt and other liabilities of CSC's subsidiaries, which means that creditors of CSC's subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.**

The notes are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality. The notes will be obligations of CSC only and will not be guaranteed by any of its subsidiaries. The notes will be structurally subordinated to all debt and other liabilities of CSC's subsidiaries (including liabilities to trade creditors), which means that creditors of CSC's subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.

**The price at which you will be able to sell your notes prior to maturity will depend on a number of factors and may be substantially less than the amount you originally invest.**

CSC believes that the value of the notes in any secondary market will be affected by the supply and demand of the notes, the interest rate and a number of other factors. Some of these factors are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe what CSC expects to be the impact on the market value of the notes of a change in a specific factor, assuming all other conditions remain constant.

*United States Interest Rates.* CSC expects that the market value of the notes will be affected by changes in United States interest rates. In general, if United States interest rates increase, the market value of the notes may decrease.

*CSC's Credit Ratings, Financial Condition and Results.* Actual or anticipated changes in CSC's credit ratings or financial condition may affect the market value of the notes.

CSC wants you to understand that the impact of one of the factors above, such as an increase in United States interest rates, may offset some or all of any change in the market value of the notes attributable to another factor, such as an improvement in CSC's credit ratings.

**You may not be able to sell your notes if an active trading market for the notes does not develop.**

The notes constitute a new issue of securities, for which there is no existing trading market. In addition, CSC does not intend to apply to list the notes on any securities exchange. CSC cannot provide you with any assurance regarding whether a trading market for the notes will develop, the ability of holders of the notes to sell their notes or the price at which holders may be able to sell their notes. The underwriters have advised CSC that they currently intend to make a market in the notes. The underwriters, however, are not obligated to do so, and any market-making activity with respect to the notes may be discontinued at any time without notice. If no active trading market develops, you may be unable to resell the notes at any price or at their fair market value or at all.

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In addition to CSC's creditworthiness, many factors affect the trading market for, and trading value of, your notes. These factors include:

the method of calculating the principal and interest in respect of your notes;

the time remaining to the maturity of your notes;

the outstanding amount of notes relative to your notes; and

the level, direction and volatility of market interest rates generally.

There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all. You should not purchase any notes unless you understand and are able to bear the risk that the notes may not be readily saleable, that the value of the notes will fluctuate over time and that these fluctuations may be significant.

In addition, if your investment activities are subject to laws and regulations governing investments, you may not be able to invest in certain types of notes or your investment in them may be limited. You should review and consider any applicable restrictions before investing in the notes.

### **CSC's credit ratings may not reflect all risks of an investment in the notes.**

The credit ratings assigned to the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market, if any, for, or trading value of, your notes. In addition, real or anticipated changes in CSC's credit ratings will generally affect any trading market, if any, for, or trading value of, your notes. Accordingly, you should consult your own financial and legal advisors as to the risks entailed by an investment in the notes and the suitability of investing in the notes in light of your particular circumstances.

### **There are limited covenants in the senior debt indenture.**

Neither CSC nor any of its subsidiaries is restricted from incurring additional debt or other liabilities, including additional senior debt, under the senior debt indenture. If CSC incurs additional debt or liabilities, its ability to pay its obligations on the notes could be adversely affected. CSC expects that it will from time to time incur additional debt and other liabilities. In addition, CSC is not restricted under the senior debt indenture from granting security interests over its assets, except to the extent described under "Description of the notes—Limitations on liens" in this prospectus supplement, or from paying dividends or issuing or repurchasing its securities.

In addition, there are no financial covenants in the senior debt indenture. You are not protected under the senior debt indenture in the event of a highly leveraged transaction, reorganization, a default under CSC's existing indebtedness, restructuring, merger or similar transaction that may adversely affect you, except to the extent described under "Description of Debt Securities—Merger, Consolidation, Sale, Lease or Conveyance" included in the accompanying prospectus.

### **Redemption may adversely affect your return on the notes.**

CSC has the right to redeem some or all of the notes prior to maturity, as described under "Description of the notes—Optional redemption" in this prospectus supplement. CSC may redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.



**Table of Contents****Ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends**

The following table sets forth CSC's consolidated ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends for the five fiscal years ended December 31, 2012 and the three months ended March 31, 2013:

	Three Months Ended March 31,			Year Ended December 31,		
	2013	2012	2011	2010	2009	2008
<b>Ratio of earnings to fixed charges<sup>(1)</sup></b>	<b>8.4</b>	<b>7.7</b>	<b>6.9</b>	<b>4.1</b>	<b>6.0</b>	<b>8.0</b>
<b>Ratio of earnings to fixed charges, excluding deposits from banking clients and payables to brokerage clients interest expense<sup>(2)</sup></b>	<b>10.7</b>	<b>9.4</b>	<b>9.1</b>	<b>6.3</b>	<b>9.9</b>	<b>16.7</b>
<b>Ratio of earnings to fixed charges and preferred stock dividends<sup>(1), (3)</sup></b>	<b>6.5</b>	<b>5.8</b>	<b>6.9</b>	<b>4.1</b>	<b>6.0</b>	<b>8.0</b>
<b>Ratio of earnings to fixed charges and preferred stock dividends, excluding deposits from banking clients and payables to brokerage clients interest expense<sup>(2), (3)</sup></b>	<b>7.8</b>	<b>6.7</b>	<b>9.1</b>	<b>6.3</b>	<b>9.9</b>	<b>16.7</b>

(1) The ratios of earnings to fixed charges and earnings to fixed charges and preferred stock dividends are calculated in accordance with SEC requirements. For such purposes, earnings consist of earnings from continuing operations before taxes on earnings and fixed charges. Fixed charges consist of interest expense, and one-third of rental expense, which is estimated to be representative of the interest factor.

(2) Because interest expense incurred in connection with both deposits from banking clients and payables to brokerage clients is completely offset by interest revenue on related investments and loans, the Company considers such interest to be an operating expense. Accordingly, the ratio of earnings to fixed charges, excluding deposits from banking clients and payables to brokerage clients interest expense, and the ratio of earnings to fixed charges and preferred stock dividends, excluding deposits from banking clients and payables to brokerage clients interest expense, reflect the elimination of such interest expense as a fixed charge.

(3) The preferred stock dividend amounts represent the pre-tax earnings that would be required to pay the dividends on outstanding preferred stock. CSC did not have any outstanding preferred stock for the fiscal years ended December 31, 2008 to 2011.

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**Use of proceeds**

CSC intends to use the net proceeds from this issuance of the notes, which are expected to be approximately \$273 million after underwriting discounts or commissions and estimated offering expenses, for general corporate purposes.

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**Table of Contents****Capitalization**

The following table sets forth the consolidated cash and cash equivalents and capitalization of CSC at March 31, 2013, on an actual basis and as adjusted basis to reflect the issuance of \$275 million of the notes offered hereby.

You should read the following table together with CSC's consolidated financial statements and notes thereto included in CSC's Annual Report on Form 10-K for the year ended December 31, 2012, as updated by CSC's Current Report on Form 8-K filed on June 24, 2013 relating to the realignment of the Company's reportable segments and Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

<b>(In millions)</b>	<b>March 31, 2013</b>	
	<b>Actual</b>	<b>(unaudited) As Adjusted</b>
Cash and cash equivalents	\$ 6,931	\$ 7,204
Long-term debt	\$ 1,631	\$ 1,631
Notes offered hereby		\$ 275
Total debt	\$ 1,631	\$ 1,906
Stockholders' equity		
Preferred stock	\$ 866	\$ 866
Common stock	15	15
Additional paid-in capital	3,911	3,911
Retained earnings	8,674	8,674
Treasury stock, at cost	(3,990)	(3,990)
Accumulated other comprehensive income	300	300
Total stockholders' equity	\$ 9,776	\$ 9,776
Total capitalization	\$ 11,407	\$ 11,682

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**Description of the notes**

The notes offered by this prospectus supplement will be issued by CSC under a base indenture dated as of June 5, 2009 and a Fifth Supplemental Indenture to be dated as of July 25, 2013, between CSC and The Bank of New York Mellon Trust Company, N.A., as trustee (collectively, the senior debt indenture ). The accompanying prospectus provides a more complete description of the senior debt indenture. The notes will be senior debt securities, as such term is understood in the accompanying prospectus. The following description of the notes supplements, and to the extent inconsistent therewith replaces, the descriptions of the general terms and provisions of the notes set forth under Description of Debt Securities included in the accompanying prospectus.

**General**

The notes issued in this offering initially will be limited to \$275,000,000 aggregate principal amount.

**Ranking**

The notes will be senior unsecured obligations and will rank equally with all of CSC's other unsecured senior debt, subject to statutory exceptions in the event of liquidation upon insolvency.

**Payment at maturity**

The notes will mature on July 25, 2018. At maturity, you will receive an amount in cash equal to \$1,000 per \$1,000 principal amount of the notes you then hold, plus any accrued and unpaid interest. If the maturity date falls on a day that is not a business day, CSC will postpone the payment of principal and interest to the next succeeding business day, but the payment made on such date will be treated as being made on the date that the payment was first due and the holders of the notes will not be entitled to any further interest or other payments with respect to such postponement.

Business day means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in Los Angeles, California or New York, New York are authorized or obligated by law or executive order to close.

**Interest**

The notes will bear interest at a fixed rate of 2.20% per annum. Interest on the notes will accrue from and including July 25, 2013 or the most recent date to which interest has been paid or duly provided for. Interest will be payable semi-annually in arrears on January 25 and July 25 of each year, commencing on January 25, 2014. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

If an interest payment date falls on a day that is not a business day, CSC will postpone the interest payment to the next succeeding business day, but the payment made on such date will be treated as being made on the date that the payment was first due and the holders of the notes will not be entitled to any further interest or other payments with respect to such postponement.

The interest payable on the notes on any interest payment date, subject to certain exceptions, will be paid to the person in whose name the notes are registered at the close of business on January 10 and July 10, whether or not a business day, next preceding the applicable interest payment date. Interest that CSC pays on the maturity date will be paid to the person to whom the principal will be payable.

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**Optional redemption**

Prior to June 25, 2018 (30 days prior to the maturity date), the notes are redeemable at any time and from time to time, in whole or in part, at CSC's option, on at least 30 days, but not more than 60 days, prior notice mailed to the registered address of each holder of notes to be redeemed, at a redemption price (the "make-whole redemption price") equal to the greater of:

100% of the principal amount of the notes to be redeemed; or

as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of interest and principal thereon (exclusive of interest accrued and unpaid to, but not including, the redemption date) discounted to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 15 basis points, plus, in either case, accrued and unpaid interest to, but not including, the redemption date. However, if the redemption date is after a record date and on or prior to a corresponding interest payment date, the interest will be paid on the redemption date to the holder of record on the record date.

**Comparable Treasury Issue** means the U.S. Treasury security or securities selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

**Comparable Treasury Price** means, with respect to any redemption date, (A) the arithmetic average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Quotation Agent obtains fewer than four such Reference Treasury Dealer Quotations, the arithmetic average of all such quotations for such redemption date.

**Primary Treasury Dealer** means a primary U.S. Government securities dealer in the United States of America.

**Quotation Agent** means the Reference Treasury Dealer that is selected by CSC to act as Quotation Agent in connection with an optional redemption, in addition to acting as a Reference Treasury Dealer; provided, however, that if such Reference Treasury Dealer ceases to be a Primary Treasury Dealer, CSC will substitute another Primary Treasury Dealer.

**Reference Treasury Dealer** means (i) Credit Suisse Securities (USA) LLC (or its successor) or any affiliate that is a Primary Treasury Dealer, (ii) J.P. Morgan Securities LLC (or its successor) or any affiliate that is a Primary Treasury Dealer, and (iii) up to two other Primary Treasury Dealers that are selected by CSC; provided, however, that if any of the foregoing or their affiliates cease to be a Primary Treasury Dealer, CSC will substitute therefor another Primary Treasury Dealer.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

**Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

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On or after June 25, 2018 (30 days prior to the maturity date), the notes are redeemable at any time and from time to time, in whole or in part, at CSC's option, on at least 30 days, but not more than 60 days, prior notice mailed to the registered address of each holder of notes to be redeemed, at a redemption price equal to 100% of the principal amount of the notes to be redeemed (the 30-day redemption price) plus accrued and unpaid interest to, but not including, the redemption date.

On and after the redemption date for the notes, interest will cease to accrue on the notes or any portion thereof called for redemption, unless CSC defaults in the payment of the make-whole redemption price or the 30-day redemption price, as the case may be, and accrued interest, if any. On or before the redemption date for the notes, CSC will deposit with a paying agent, or the trustee, funds sufficient to pay the make-whole redemption price or the 30-day redemption price, as the case may be, of and accrued and unpaid interest on such notes to be redeemed on such date.

If less than all of the notes are to be redeemed, the notes to be redeemed will be selected in accordance with the procedures of the depository; provided, however, that no notes of a principal amount of \$1,000 or less shall be redeemed in part.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Once notice of redemption is mailed, the notes called for redemption will become due and payable on the redemption date and at the applicable redemption price, plus accrued and unpaid interest to, but not including, the redemption date.

CSC is not required to make mandatory redemption or sinking fund payments with respect to the notes. CSC may at any time and from time to time purchase notes in the open market or otherwise.

## **Limitations on liens**

As long as any of the notes are outstanding, CSC will not, and will not permit any of its subsidiaries to, create, assume, incur or guarantee any indebtedness for borrowed money secured by a pledge, lien or other encumbrance on the voting securities of Schwab, Schwab Bank, CSIM, or Schwab Holdings, Inc., without securing the notes to the same extent. Schwab Holdings, Inc. is CSC's wholly owned subsidiary that owns all of the common stock of Schwab. However, the senior debt indenture permits liens on the voting stock of Schwab, Schwab Bank, CSIM, or Schwab Holdings, Inc. without securing the notes if the liens arise because of:

claims against CSC for taxes or assessments or other governmental charges or levies that are not then due and delinquent, that CSC is contesting in good faith, or that are for less than \$1 million;

litigation or legal proceedings that CSC is contesting in good faith or that involve claims against CSC for less than \$1 million;

deposits to secure, or in place of, any surety, stay, appeal or customs bonds; or

any other reason if CSC's Board of Directors determines that the lien will not materially detract from or interfere with the present value or control by CSC of the voting stock subject to the lien.

## **Delivery and form**

The notes will be represented by one or more permanent global certificates (each, a global note) deposited with, or on behalf of, DTC and registered in the name of Cede & Co. (DTC's nominee). The notes will be issued in registered form in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. Investors may elect to hold interests in the global notes through either DTC (in the United States) or through Clearstream Banking, *société anonyme*, or Euroclear Bank S.A./N.V., as operator of the Euroclear System, if they are participants in such systems, or indirectly through organizations that are participants in such systems.

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**Trustee and paying agent**

The trustee under the senior debt indenture is The Bank of New York Mellon Trust Company, N.A. On the date of this prospectus supplement, the agent for the payment, transfer and exchange of the notes is The Bank of New York Mellon Trust Company, N.A., acting through its corporate trust office at 400 South Hope Street, Suite 400, Los Angeles, CA 90071, Attention: Corporate Unit. The Bank of New York Mellon Trust Company, N.A., acting in this capacity, is referred to as the paying agent.

**Additional notes**

CSC may in the future from time to time, without notice to or consent of the holders of the notes, create and issue additional notes having the same terms and conditions as the notes offered by this prospectus supplement in all respects, except for any differences in the issue date and price and interest accrued prior to the issue date of the additional notes; provided that no such additional notes may be issued unless they will be fungible with the notes offered hereby for U.S. federal income tax and securities law purposes; and provided, further, that the additional notes have the same CUSIP number as the notes offered hereby. The notes offered hereby and any additional notes would rank equally and ratably and would be treated as a single class for all purposes under the senior debt indenture. No additional notes may be issued if any event of default has occurred and is continuing with respect to the notes.

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## **United States federal income tax consequences**

The following is a summary of the material U.S. federal income tax considerations that may be relevant to you if you purchase notes in this offering at the initial offering price. The summary is based on the Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed regulations thereunder (Treasury Regulations), published rulings and court decisions, all as in effect on the date of this prospectus supplement. All of these laws and authorities are subject to change at any time, perhaps with retroactive effect. No assurances can be given that any changes in these laws or authorities will not affect the accuracy of the discussions set forth in this summary.

We have not sought any ruling from the U.S. Internal Revenue Service (the IRS) with respect to the statements made and the conclusions reached in this discussion, and there can be no assurance that the IRS will agree with all of such statements and conclusions. In addition, this summary does not address estate and gift tax consequences or any tax consequences arising out of the laws of any state, local, or foreign jurisdiction.

This summary deals only with beneficial owners that hold the notes as capital assets as defined in the U.S. federal income tax laws (generally, assets held for investment). This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of such holder's circumstances (for example, persons subject to the alternative minimum tax provisions of the Code). In addition, this summary does not address tax considerations applicable to special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, insurance companies, traders in securities that elect to mark to market their securities holdings, United States expatriates, persons that hold notes as part of a hedging transaction or a position in a straddle or conversion transaction, persons that purchase or sell notes as part of a wash sale for tax purposes, and U.S. Holders (as defined below) whose functional currency is not the U.S. dollar.

If a partnership (including any entity classified as a partnership for U.S. federal income tax purposes) is a beneficial owner of a note, the tax treatment of a partner in that partnership generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding notes, you should consult your own tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of notes.

**Prospective purchasers of the notes should consult their own tax advisors concerning the U.S. federal income tax consequences of the purchase, ownership and disposition of notes in light of their particular circumstances, as well as the effect of any relevant state, local, foreign or other tax laws.**

### **U.S. Holders**

The following discussion applies to you if you are a U.S. Holder. As used herein, the term U.S. Holder means a beneficial owner of notes who or that is for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or other entity classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income tax without regard to its source; or

a trust (A) if a court within the United States is able to exercise primary supervision over the administration of that trust and one or more United States persons (as defined in the Code and Treasury Regulations) have the authority to control all substantial decisions of the trust, or (B) that was in existence on August 20, 1996 and that has made a valid election under applicable Treasury Regulations to be treated as a domestic trust.



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If you are not a U.S. Holder, this discussion does not apply to you and you should refer to **Non-U.S. Holders** below.

### **Interest on the Notes**

Payments or accruals of stated interest on a note generally will be taxable to you as ordinary income from sources within the United States at the time they are received or accrued, depending on your method of accounting for tax purposes.

### **Disposition of the Notes**

You generally will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note equal to the difference between the amount realized (not including any amount equal to any accrued but unpaid interest, which will be taxed as ordinary income to the extent not previously included in income) on the sale, exchange, redemption, retirement or other taxable disposition and your tax basis in the note. Your amount realized is the sum of cash plus the fair market value of any property received upon the sale, exchange, redemption, retirement or other taxable disposition of a note. Your tax basis in a note generally will be its cost to you.

Gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note generally will be capital, and will be long-term capital gain or loss if the note was held for more than one year. Under current law, long-term capital gains of non-corporate U.S. Holders (including individuals) may be taxed at lower rates than items of ordinary income. Your ability to offset capital losses against ordinary income is limited.

### **Medicare Tax**

For taxable years beginning after December 31, 2012, if you are an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, you are subject to a 3.8% tax on the lesser of (i) your net investment income for the relevant taxable year (or, in the case of an estate or trust, the undistributed net investment income ) and (ii) the excess of your modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). Your net investment income generally includes your interest income and your net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

### **Non-U.S. Holders**

The following discussion applies to you if you are a Non-U.S. Holder. As used herein, the term **Non-U.S. Holder** means a beneficial owner of notes who or that is not a U.S. Holder as defined above or a partnership (or any entity classified as a partnership for U.S. federal income tax purposes).

### **Interest on the Notes**

Under U.S. federal income tax laws, and subject to the discussion of backup withholding below, if you are a Non-U.S. Holder, you generally will not be subject to U.S. federal income tax, including withholding tax, on payments of interest with respect to the notes provided that (1) the payment of interest is not effectively connected with the conduct by you of a trade or business within the United States, (2) (A) you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote and (B) you are not a controlled foreign corporation that is related directly or constructively to us through stock ownership, and (3) you have furnished an IRS Form W-8BEN or an acceptable substitute or successor form upon

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which you certify, under penalties of perjury, that you are not a United States person, or you hold the notes through certain foreign intermediaries or certain foreign partnerships, and you and the foreign intermediary or foreign partnership satisfy the certification requirements of applicable Treasury Regulations.

If interest on the notes is not effectively connected with the conduct by you of a trade or business within the United States or, if an income tax treaty applies, is not attributable to a permanent establishment or fixed base in the United States, but you cannot satisfy the other requirements outlined above, interest on the notes generally will be subject to U.S. federal withholding tax (currently imposed at a 30% rate, or a lower rate if an applicable income tax treaty so provides and you satisfy the relevant certification requirements).

If interest on the notes is effectively connected with the conduct by you of a trade or business within the United States and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base in the United States, you generally will be subject to U.S. federal income tax on such interest in the same manner as if you were a U.S. Holder and, if you are a foreign corporation, you may also be subject to the branch profits tax (currently imposed at a rate of 30% or a lower rate if an applicable income tax treaty so provides). Any such interest will not also be subject to U.S. federal withholding tax, however, if you deliver to us a properly executed IRS Form W-8ECI or acceptable substitute or successor form in order to claim an exemption from U.S. federal withholding tax.

## **Disposition of the Notes**

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, you generally will not be subject to U.S. federal income or withholding tax on any gain recognized unless (1) the gain is effectively connected with the conduct by you of a trade or business within the United States and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base in the United States, or (2) you are a nonresident alien individual who is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met. If you are a Non-U.S. Holder who is described under (1) above, you generally will be subject to U.S. federal income tax on such gain in the same manner as if you were a U.S. Holder and, if you are a foreign corporation, you may also be subject to the branch profits tax as described above. If you are a Non-U.S. Holder who is described under (2) above, you generally will be subject to a flat 30% tax on the gain derived from the sale, exchange, redemption, retirement or other taxable disposition of the note, which may be offset by certain U.S. source capital losses (notwithstanding the fact that you are not considered a U.S. resident for U.S. federal income tax purposes). Any amount attributable to accrued but unpaid interest on the notes generally will be treated in the same manner as payments of interest made to you, as described above under Interest on the Notes

## **FATCA**

On March 18, 2010, the Foreign Account Tax Compliance Act (commonly known as FATCA ) was signed into law as part of the Hiring Incentives to Restore Employment Act. Under certain circumstances, FATCA will impose a withholding tax of 30% on payments of U.S. source interest on, and the gross proceeds from a disposition of, debt securities made to certain foreign entities unless various information reporting requirements are satisfied. These rules generally would apply to interest and other periodic payments made with respect to debt securities after June 30, 2014, and to payments from the maturity, redemption or sale of certain debt securities made on or after January 1, 2017. Final Treasury Regulations released on January 17, 2013, as supplemented by recently released guidance, provide that withholding generally will not apply to obligations, such as the notes, that are issued prior to July 1, 2014.

## **Backup Withholding and Information Reporting**

If you are a non-corporate U.S. Holder, information reporting requirements will generally apply to payments of principal and interest on the notes, and the proceeds from a sale of the notes. Backup withholding will apply to

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such payments if you are a non-corporate U.S. Holder that (i) fails to provide an accurate taxpayer identification number or (ii) in the case of interest payments, fails to certify that you are not subject to backup withholding or is notified by the IRS that you have failed to report all interest and dividends required to be shown on your U.S. federal income tax returns.

Generally, we must report annually to the IRS and to Non-U.S. Holders the amount of interest paid to Non-U.S. Holders and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. In general, a Non-U.S. Holder will not be subject to backup withholding with respect to payments of interest that we make, provided the IRS Form W-8BEN or substitute or successor form described above under Non-U.S. Holders Interest on the Notes has been received or the Non-U.S. Holder otherwise establishes an exemption, and we do not have actual knowledge or reason to know that the holder is a United States person that is not an exempt recipient. The payment of proceeds of a sale of notes effected at the U.S. office of a broker generally will be subject to information reporting and backup withholding unless the Non-U.S. Holder provides the form referred to above or otherwise establishes an exemption, and the broker does not have actual knowledge or reason to know that the holder is a United States person that is not an exempt recipient. In addition, the information reporting rules will apply to payments of proceeds of a sale effected at a foreign office of a broker that is a U.S. Controlled Person, unless the broker has documentary evidence that you are not a United States person (and has no actual knowledge or reason to know to the contrary) or you otherwise establish an exemption. The backup withholding rules will apply to such payments if the broker has actual knowledge that you are a United States person.

A U.S. Controlled Person is:

a United States person;

a controlled foreign corporation for U.S. federal income tax purposes;

a foreign person 50% or more of whose gross income is derived for tax purposes from a U.S. trade or business for a specified three-year period; or

a foreign partnership in which United States persons hold, at any time during its tax year, more than 50% of the income or capital interests or which is engaged in a U.S. trade or business.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to you as to a note generally will be allowed as a refund or a credit against your U.S. federal income tax liability as long as you provide the required information to the IRS.

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## **Certain ERISA considerations**

The following is a general summary regarding certain aspects of the U.S. Employee Retirement Income Security Act of 1974, as amended ( ERISA ), and the U.S. Internal Revenue Code of 1986, as amended ( Code ) in connection with the acquisition of the notes. This summary is general in nature and is based on ERISA and the Code as well as relevant regulations and guidelines.

ERISA and the Code impose certain requirements on employee benefit plans subject to ERISA and plans subject to section 4975 of the Code (each such employee benefit plan or plan, referred to herein as a Plan ), any entity whose underlying assets include plan assets under section 3(42) of ERISA by reason of a Plan s investment in such entity, and on those persons who are fiduciaries as defined in section 3(21) of ERISA and section 4975 of the Code with respect to any Plan. In considering an investment of the assets of a Plan subject to Title I of ERISA in the notes, a fiduciary must, among other things, discharge its duties solely in the interest of the participants of such Plan and their beneficiaries and for the exclusive purpose of providing benefits to such participants and beneficiaries and defraying reasonable expenses of administering the Plan. A fiduciary must act prudently and must diversify the investments of a Plan subject to Title I of ERISA so as to minimize the risk of large losses, as well as discharge its duties in accordance with the documents and instruments governing such Plan. In addition, ERISA generally requires fiduciaries to hold all assets of a Plan subject to Title I of ERISA in trust and to maintain the indicia of ownership of such assets within the jurisdiction of the district courts of the United States. A fiduciary of a Plan subject to Title I of ERISA should consider whether an investment in the notes satisfies these requirements.

In addition to the considerations outlined in the preceding paragraph, an investor who is considering acquiring notes with the assets of a Plan, must consider whether the acquisition and holding of the notes will constitute or result in a non-exempt prohibited transaction. Section 406(a) of ERISA and section 4975(c) of the Code prohibit certain transactions that involve a Plan and a party in interest as defined in section 3(14) of ERISA or a disqualified person as defined in section 4975(e)(2) of the Code. Examples of such prohibited transactions include, but are not limited to, sales or exchanges of property or extensions of credit between a Plan and a party in interest or disqualified person.

ERISA and the Code contain certain exemptions and the U.S. Department of Labor (the DOL ) has issued several exemptions from the transaction restrictions described above, including section 408(b)(17) of ERISA and section 4975(d)(20) of the Code pertaining to certain transactions with non-fiduciary service providers; DOL Prohibited Transaction Class Exemption ( PTCE ) 95-60 regarding investments by insurance company general accounts; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 84-14, regarding investments effected by a qualified professional asset manager; and PTCE 96-23, regarding investments effected by an in-house asset manager. There can be no assurance that any of these exemptions will be available with respect to the acquisition or holding of the notes. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties under ERISA and the Code. In addition, the fiduciary of an ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to such excise taxes and other penalties.

As a general rule, governmental plans (as defined in section 3(32) of ERISA) ( Governmental Plans ), church plans (as defined in section 3(33) of ERISA) that have not made an election under section 410(d) of the Code ( Church Plans ) and non-U.S. plans are not subject to the requirements of ERISA or section 4975 of the Code, including the prohibited transaction requirements of Section 406 of ERISA or section 4975(c) of the Code but may be subject to other U.S. federal, state, or local laws or non-U.S. laws that regulate their investments that are similar to such provisions of ERISA or the Code (collectively, Similar Laws ). A fiduciary of a Governmental Plan, a Church Plan or a non-U.S. plan should make its own determination as to the requirements, if any, under any Similar Law applicable to the acquisition of the notes.

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Because of the foregoing, each purchaser and subsequent transferee of any notes shall be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser to acquire or hold the notes (or any interest therein) constitute the assets of any Plan, Governmental Plan, Church Plan or non-U.S. plan or (ii) the purchase and holding of the notes (and any interest therein) will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

**Table of Contents****Underwriting (conflicts of interest)**

CSC and the underwriters named below have entered into an underwriting agreement with respect to the notes being offered. Subject to the terms and conditions set forth in the underwriting agreement, each of the underwriters has severally agreed to purchase, and CSC has agreed to sell, the respective principal amount of notes set forth opposite its name in the following table. Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC are joint book-running managers and the representatives of the underwriters.

<b>Underwriter</b>	<b>Principal Amount of Notes</b>
Credit Suisse Securities (USA) LLC	\$ 96,250,000
J.P. Morgan Securities LLC	\$ 96,250,000
BNY Mellon Capital Markets, LLC	\$ 13,750,000
Citigroup Global Markets Inc.	\$ 13,750,000
Goldman, Sachs & Co.	\$ 13,750,000
Merrill Lynch, Pierce, Fenner & Smith	
Incorporated	\$ 13,750,000
UBS Securities LLC	\$ 13,750,000
Wells Fargo Securities, LLC	\$ 13,750,000
<b>Total</b>	<b>\$ 275,000,000</b>

The underwriting agreement provides that, subject to certain conditions, the underwriters are obligated to purchase all of the notes in the offering if they purchase any notes. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The following table summarizes the discount or commission to be received by the underwriters in connection with the sale of the notes:

	<b>Underwriting Discount or Commission</b>
Per note	0.60%
Total	\$ 1,650,000

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to 0.350% per note from the initial public offering price. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to 0.225% per note from the initial public offering price. After the initial offering of the notes, the underwriters may, from time to time, vary the offering price and the other selling terms. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters intend to offer the notes for sale, either directly or through affiliates or other dealers acting as selling agents.

The notes constitute a new issue of securities, for which there is no existing trading market. CSC does not intend to apply to list the notes on any securities exchange. Although CSC has been advised that the underwriters currently intend to make a market in the notes, those underwriters are not obligated to do so and may discontinue market making at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the notes.



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In connection with the offering, the underwriters may purchase and sell the notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids for or purchases of the notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in process. The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters, as well as other purchases by the underwriters for their own account, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

CSC has agreed for a period from the date of this prospectus supplement to and including the closing date of this offering, not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any notes (except for the notes offered hereby), any securities that are substantially similar to the notes, or any securities that are convertible into or exchangeable for or that represent the right to receive any such substantially similar securities of CSC, except with the prior written consent of the representatives.

CSC estimates that its share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$720,000.

CSC has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

## **Conflicts of interest**

Our subsidiary, Schwab, is a member of FINRA and may participate as a dealer in this offering and, therefore, will be deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Consequently, this offering is being made in compliance with the provisions of Rule 5121. Schwab will not confirm sales to discretionary accounts without the prior written approval of the customer.

The Bank of New York Mellon Trust Company, N.A., an affiliate of BNY Mellon Capital Markets, LLC, serves as trustee under the indentures governing our existing notes and will serve as trustee under the indenture under which the notes offered hereby will be issued.

Certain of the underwriters and their affiliates have in the past provided, are currently providing and may in the future from time to time provide, financial advisory, commercial banking, investment banking, research, trading and trustee, escrow, transfer agent and custody services to CSC or its subsidiaries, for which they have in the past received, and may currently or in the future receive, customary fees and expenses. In particular, certain of the underwriters and their affiliates are lenders under CSC's unsecured credit facility.



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**Notice to investors**

**European Economic Area**

In relation to each Member State of the European Economic Area, or EEA, which has implemented the Prospectus Directive (each, a Relevant Member State ) with effect from, and including, the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date ), an offer to the public of our securities which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may not be made in that Relevant Member State, except that, with effect from, and including, the Relevant Implementation Date, an offer to the public in that Relevant Member State of our securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a) to legal entities which are authorized or regulated to operate in the financial markets, or, if not so authorized or regulated, whose corporate purpose is solely to invest in our securities;
- b) to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;
- c) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representative for any such offer; or
- d) in any other circumstances falling within Article 3(2) of the Prospectus Directive provided that no such offer of our securities shall result in a requirement for the publication by us or any underwriter or agent of a prospectus pursuant to Article 3 of the Prospectus Directive. As used above, the expression "offered to the public" in relation to any of our securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our securities to be offered so as to enable an investor to decide to purchase or subscribe for our securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out in this prospectus supplement and the accompanying prospectus.

**Hong Kong**

This prospectus has not been delivered for registration to the Registrar of Companies in Hong Kong and its contents have not been reviewed by any regulatory authority in Hong Kong. The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to persons who are professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

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### **Japan**

The notes offered in this prospectus supplement have not been and will not be registered under the Financial Instruments and Exchange Act of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the account of any resident of Japan (which means any person resident in Japan or any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and governmental guidelines in Japan.

### **Republic of Korea**

The notes may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in the Republic of Korea or to any resident of the Republic of Korea (as such term is defined in the Foreign Exchange Transaction Act of the Republic of Korea and the decrees and regulations thereunder) except as otherwise permitted under the applicable laws and regulations of the Republic of Korea, including the Financial Investment Services and Capital Markets Act and the decrees and regulations thereunder. The notes have not been and will not be registered with the Financial Services Commission of the Republic of Korea for public offering in the Republic of Korea. Furthermore, the notes may not be re-sold to any resident of the Republic of Korea unless the purchaser of the notes complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Act and its subordinate decrees and regulations) in connection with their purchase.

### **Singapore**

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except

to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign

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currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

where no consideration is or will be given for the transfer; or

where the transfer is by operation of law.

**United Kingdom**

This prospectus supplement and the accompanying prospectus is only being distributed to and is only directed at: (1) persons who are outside the United Kingdom; (2) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (3) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons falling within (1)-(3) together being referred to as relevant persons). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus supplement and the accompanying prospectus or any of its contents.

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**Legal matters**

Arnold & Porter LLP will pass on the validity of the notes. Certain attorneys of Arnold & Porter LLP beneficially own an aggregate of less than 1% of CSC's common stock. Simpson Thacher & Bartlett LLP, New York, New York, will pass upon certain legal matters relating to the offering for the underwriters.

**Experts**

The consolidated financial statements, and the related financial statement schedule, incorporated in this prospectus supplement by reference from CSC's Annual Report on Form 10-K for the year ended December 31, 2012, as updated by CSC's Current Report on Form 8-K filed on June 24, 2013 relating to the realignment of the Company's reportable segments, and the effectiveness of CSC's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the report 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

Common Stock

Purchase Contracts

Warrants

### Units Consisting of Two or More Securities

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.

Our common stock is listed on the New York Stock Exchange 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.

This prospectus may not be used to offer and sell any 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 are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

**Neither the Securities and Exchange Commission nor any state securities commission 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. or any of our other 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 15, 2011**

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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; preferred stock, depositary shares and common stock; 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.

**FORWARD-LOOKING STATEMENTS**

This prospectus and any accompanying prospectus supplements, including the documents incorporated by reference, do or may contain not only historical information but also 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*, *appear*, *could*, and other similar expressions. These 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 any 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 incorporated by reference, as of the date of those documents.

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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 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 (No. 333- ) under the Securities Act relating to the securities offered by this prospectus. This prospectus is a part of that registration statement, which includes additional information.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our 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 us with the SEC are also available on our corporate website at <http://www.aboutschwab.com>. We have included the SEC's website address and our website address as inactive textual references only, and the information contained on those websites is not a part of this prospectus. You may also read and copy any document that we file 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.

Our common stock is listed on the New York Stock Exchange. You may inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005.

The SEC allows us to incorporate by reference information we file with it, which means that we 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 and information that we file later with the SEC will automatically update and supersede this information. In all cases, you should rely on the later information over different information included in this prospectus.

We incorporate by reference the documents listed below and any future filings we make with the SEC after the date of this prospectus under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until our offering is completed, other than, in each case, documents or portions of documents furnished and not filed:

Annual Report on Form 10-K for the fiscal year ended December 31, 2010;

Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011;

Current Reports on Form 8-K filed on January 18, 2011 (dated January 11, 2011), March 21, 2011 (two filings), May 9, 2011, May 23, 2011 and September 1, 2011; and

The description of our common stock contained in our registration statement on Form 8-A filed on February 23, 2010 under Section 12 of the Exchange Act, and any amendment or report filed for the purpose of updating that description.



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You may request a copy of these filings at no cost, by writing, telephoning or sending an email to us at 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](mailto:investor.relations@schwab.com)**

**Website: <http://www.aboutschwab.com>**

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**THE CHARLES SCHWAB CORPORATION**

The Charles Schwab Corporation, headquartered in San Francisco, California, was incorporated in 1986, and we engage, through our subsidiaries (primarily located in San Francisco except as indicated), in securities brokerage, banking, asset management, and related financial services. Our significant business subsidiaries include:

Charles Schwab & Co., Inc. ( Schwab ), which was incorporated in 1971, is a securities broker-dealer with branch offices nationwide and in the Commonwealth of Puerto Rico and London, U.K., and serves clients in Hong Kong through one of our subsidiaries;

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

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

We are a savings and loan holding company and Charles Schwab Bank, our depository institution subsidiary, is a federal savings bank. The Board of Governors of the Federal Reserve System (the Federal Reserve ) is our primary regulator and the Office of the Comptroller of the Currency is the primary regulator of Charles Schwab Bank. While we are not currently subject to specific statutory capital requirements, we are required to maintain capital that is sufficient to support the holding company and its subsidiaries' business activities, and the risks inherent in those activities, and we are dependent upon the earnings and cash flow of our subsidiaries to meet our obligations. Our rights and the rights of our creditors, including the holders of debt securities, to participate in the assets of any of our subsidiaries upon the subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary.

Charles Schwab Bank is required to maintain minimum capital levels as specified in federal banking laws and regulations. Failure to meet the minimum levels will result in certain mandatory, and possibly additional discretionary, actions by the regulators that, if undertaken, could have a direct material effect on Charles Schwab Bank.

Our principal executive office is located at 211 Main Street, San Francisco, California 94105. Our telephone number is (415) 667-7000. Our corporate Internet website is <http://www.aboutschwab.com>. We have included our website address as an inactive textual reference only, and none of the information contained in or that can be accessed through our website is a part of this prospectus.

**Table of Contents****CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES**

The following table sets forth our consolidated ratio of earnings to fixed charges for the periods indicated.

	Nine Months Ended		Year Ended December 31,			
	September 30, 2011	2010	2009	2008	2007	2006
Ratio of earnings to fixed charges (1)	7.3	4.1	6.0	8.0	3.7	3.0
Ratio of earnings to fixed charges, excluding deposits from banking clients and payables to brokerage clients interest expense (2)	9.8	6.3	9.9	16.7	17.4	14.8

- (1) The ratio of earnings to fixed charges is calculated in accordance with SEC requirements. For such purposes, earnings consist of earnings from continuing operations before taxes on earnings and fixed charges. Fixed charges consist of interest expense, and one-third of rental expense, which is estimated to be representative of the interest factor.
- (2) Because interest expense incurred in connection with both deposits from banking clients and payables to brokerage clients is completely offset by interest revenue on related investments and loans, we consider such interest to be an operating expense. Accordingly, the ratio of earnings to fixed charges, excluding deposits from banking clients and payables to brokerage clients interest expense, reflects the elimination of such interest expense as a fixed charge.

**USE OF PROCEEDS**

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of the offered securities for general corporate purposes. General corporate purposes include working capital, capital expenditures, investments in or loans to our subsidiaries, refinancing or repayment of debt, including outstanding commercial paper and other short-term indebtedness, if any, redemption or repurchase of our outstanding securities, funding of possible acquisitions and satisfaction of other obligations.

**ERISA Matters**

The Employee Retirement Income Security Act of 1974, as amended, referred to here as ERISA, imposes certain restrictions on employee benefit plans that are subject to ERISA and on persons who are fiduciaries with respect to those plans. In accordance with ERISA's general fiduciary requirements, a fiduciary with respect to any such plan who is considering the purchase of our debt or equity securities on behalf of the plan should determine whether the purchase is permitted under the governing plan documents and is prudent and appropriate for the plan in view of its overall investment policy and the composition and diversification of its portfolio.

We have subsidiaries and affiliates, including broker-dealer subsidiaries and affiliates, that provide services to many employee benefit plans. We and any of our direct or indirect subsidiaries or affiliates may each be considered a party in interest within the meaning of ERISA and a disqualified person under corresponding provisions of the Internal Revenue Code of 1986, as amended, referred to here as the Code, with respect to many employee benefit plans and retirement accounts. Prohibited transactions within the meaning of ERISA and the Code may result, among other reasons, if any offered securities are acquired by an employee benefit plan as to which we or any of our direct or indirect subsidiaries or affiliates is a party in interest or a disqualified person, unless the offered securities are acquired pursuant to an applicable statutory or administrative exemption.

Any employee benefit plan or other entity to which such provisions of ERISA or the Code apply proposing to acquire the offered securities should consult with its legal counsel. Please consult the applicable prospectus supplement for further information with respect to a particular offering of securities.

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**DESCRIPTION OF DEBT SECURITIES**

The debt securities will be either senior debt securities or senior subordinated debt securities and will be issued in one or more series under one or more separate indentures between us and a trustee. Senior debt securities will be issued under a senior indenture and senior subordinated debt securities will be issued under a senior subordinated indenture. Except as otherwise set forth in the applicable prospectus supplement, The Bank of New York Mellon Trust Company, N.A. will be the trustee under the indentures. The Bank of New York Mellon Trust Company, N.A. serves as trustee for the series of our indebtedness outstanding as of the date of this prospectus. The debt securities may provide that they may be convertible into or exchangeable for shares of our common stock or other securities. In the following discussion, we sometimes refer to the senior indenture and the senior subordinated indenture as the indentures. When we refer to the trustee, we mean both the senior trustee and the senior subordinated trustee unless we indicate otherwise. Each indenture is qualified under the Trust Indenture Act, and the terms of the debt securities will include those stated in the applicable indenture and those made part of the indenture by reference to the Trust Indenture Act.

This section of the prospectus summarizes the material terms of the senior indenture, the senior subordinated indenture, the senior debt securities and the senior subordinated debt securities to be offered by any prospectus supplement. It is not complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the respective indentures as may be amended or supplemented, including the definitions of terms, and the Trust Indenture Act. The particular terms of the debt securities offered by any prospectus supplement will be described in the prospectus supplement relating to the offered securities. The terms of any series of debt securities may differ from the terms described below. For additional information, you should look at the applicable indenture and certificates evidencing the applicable debt security that is filed (or incorporated by reference) as an exhibit to the registration statement that includes this prospectus. We encourage you to read these indentures. Instructions on how you can get copies of these documents is provided above under the heading **Where You Can Find More Information**.

**General**

We may issue the debt securities from time to time, without limitation as to aggregate principal amount, and in one or more series. We are not limited as to the amount of debt securities that we may issue under the indentures. Unless otherwise provided in a prospectus supplement, a series of debt securities may be reopened to issue additional debt securities of such series. This section summarizes the terms of the debt securities that are common to all series, whether senior or senior subordinated. The debt securities will not be secured by any of our property or assets. All of the discussions below are subject to, and qualified by, the information contained in the applicable prospectus supplement.

We may issue debt securities upon the satisfaction of conditions contained in the indentures. Most of the material financial and other specific terms of the debt securities of your series will be described in the prospectus supplement relating to your series, including:

the title of your series of debt securities;

any limit on the aggregate principal amount or initial offering price of your series of debt securities;

the date or dates on which your series of debt securities will mature;

the price or prices at which your series of debt securities will be issued;

the annual rate or rates (which may be fixed or variable) at which your series of debt securities will bear interest, if any, and the date or dates from which the interest, if any, will accrue;

the dates on which interest, if any, on your series of debt securities will be payable and the regular record dates for those interest payment dates;

the place where the principal and interest are payable;

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the person to whom interest is payable if other than the registered holder on the record date;

any mandatory or optional sinking funds or analogous provisions or provisions for redemption at your option;

the date, if any, after which and the price or prices at which your series of debt securities may, in accordance with any optional or mandatory redemption provisions, be redeemed and the other detailed terms and provisions of any such optional or mandatory redemption provision;

if other than denominations of \$1,000 and any integral multiple thereof, the denomination in which your series of debt securities will be issuable;

any events of default in addition to those in the indenture;

any other covenant or warranty in addition to those in the indenture;

if debt securities are sold for one or more foreign currencies or foreign currency units, or principal, interest or premium are payable in foreign currencies or foreign currency units, the restrictions, elections, tax consequences and other information regarding the issue and currency or currency units;

the currency of payment of principal, premium, if any, and interest on your series of debt securities if other than in United States dollars;

any index or formula used to determine the amount of payment of principal of, premium, if any, and interest on your series of debt securities;

the portion of the principal amount that will be payable upon acceleration of maturity, if other than the entire principal amount;

if the principal amount payable at a stated maturity will not be determinable as of any date prior to stated maturity, the amount or method of determining the amount which will be deemed to be the principal amount;

any paying agents, authenticating agents, security registrars or other agents for the debt;

the applicability of the provisions described below under Discharge; Defeasance and Covenant Defeasance ;

whether any debt securities will be certificated securities or will be issued in the form of one or more global securities and the depositary for the global security or securities;

whether your series of debt securities are subordinated debt securities or senior debt securities;

if your series of debt securities are subordinated debt securities, whether the subordination provisions summarized below or different subordination provisions will apply;

if debt securities are sold bearing no interest or below market interest, known as original issue discount securities, the amount payable upon acceleration and special tax, accounting and other considerations;

the convertibility or exchangeability, if any, of your series of debt securities into any other debt or equity securities; and

any other material terms of your series of debt securities.

The terms may vary from the terms described here. This summary is qualified by reference to the description of the terms of your series to be described in the prospectus supplement.

Prospective purchasers of debt securities should be aware that special federal income tax, accounting and other considerations may be applicable to instruments such as the debt securities. The prospectus supplement relating to an issue of debt securities will describe these considerations, if they apply.

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A debt security may be an original issue discount debt security. A debt security of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount debt security may be a zero coupon debt security. A debt security issued at a discount to its principal may, for U.S. federal income tax purposes, be considered to be issued with original issue discount. If we issue an original issue discount debt security, the prospectus supplement will contain a description of the U.S. federal income tax consequence related to the issuance.

### **Senior Debt**

Our senior debt securities will be issued under the senior debt indenture and will rank equally with all of our other unsecured and unsubordinated debt.

### **Senior Subordinated Debt**

We may issue senior subordinated debt securities under the senior subordinated debt indenture. Senior subordinated debt securities will be subordinate and junior in right of payment to all of our senior indebtedness.

In some circumstances relating to our liquidation, dissolution, winding-up, reorganization, insolvency or similar proceedings, the holders of all senior indebtedness will be entitled to receive payment in full before the holders of the subordinated debt securities will be entitled to receive any payment on the subordinated debt securities.

In addition, we may make no payment on the subordinated debt securities in the event:

there is a default in any payment or delivery on any senior indebtedness; or

there is an event of default on any senior indebtedness which permits the holders of the senior indebtedness to accelerate the maturity of the senior indebtedness.

By reason of this subordination in favor of the holders of senior indebtedness, in the event of an insolvency, our creditors who are not holders of senior indebtedness or the subordinated debt securities may recover less, proportionately, than holders of senior indebtedness and may recover more, proportionately, than holders of the subordinated debt securities.

Unless otherwise specified in a prospectus supplement, senior indebtedness will include the principal of and premium, if any, and interest on our indebtedness, whether outstanding on the date of the senior subordinated debt indenture or later created, that i