

# News Release

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## **SCHWAB LOWERS AND SIMPLIFIES TRADE COMMISSIONS AND EXPANDS PORTFOLIO ADVISORY PROGRAM**

Flat \$8.95 per online equity trade commission applies regardless of number of shares traded or client account size

Launches new family of professionally managed investment portfolios, Schwab Managed Portfolios – ETFs™

**SAN FRANCISCO, Jan. 7, 2010** — In its ongoing effort to make investing more accessible and affordable, The Charles Schwab Corporation today announced reductions in online equity trade commissions designed to provide greater value for investors of all sizes, regardless of the frequency or size of their trades.

Beginning January 19, Schwab retail investors will pay just \$8.95 per online trade in stocks or non-Schwab exchange traded funds. (Schwab ETFs feature commission-free online trading through Schwab accounts.) Formerly, investors who held less than \$1 million in household assets at Schwab or who traded fewer than 120 times per year paid \$12.95 per trade plus charges for trades larger than 1000 shares.

The new simplified pricing is also available to Schwab Advisor Services independent investment advisor end-clients who use Schwab's E-Delivery services to receive electronic statements and trade confirmations, and to all clients who trade equities in a Personal Choice Retirement Account (PCRA), Company Retirement Account (CRA), or Plan Administrator Services account held at Charles Schwab & Co., Inc, or through an account with Designated Brokerage Services.

To broaden access to the benefits of ETFs and professional portfolio management, Schwab also announced today new managed portfolios of exchange-traded funds available through a low cost fee-based portfolio advisory program. Schwab Managed Portfolios-ETFs are made up of diversified ETF holdings representing up to 20 asset classes and make it easy and affordable for the individual investor to get access to broad diversification in a single account with the low cost that ETFs provide. Schwab Managed Portfolios-ETFs use diversification across all the major asset equity and fixed income classes, as well as TIPs, real estate and commodities such as energy, agriculture and precious metals. The Schwab Managed Portfolios-ETFs, which have investment minimums of \$100,000, will be available to Schwab clients beginning on January 19, 2010.

“For over 30 years, Schwab has stood for great value and professional assistance with investing. Today, millions of investors work with Schwab as part of their strategy to reach their saving and investing goals,” said Schwab President and Chief Executive Officer Walt Bettinger. “After the past two years, our clients are thinking more than ever about their financial future with an appropriate eye for value, quality and professional help. Our new, low-cost, straightforward commission pricing and portfolio management programs are further evidence of our commitment to giving investors the help and value they deserve, and like the theme of our newest advertisements, they reflect our belief that when it comes to investing, at Schwab, ‘investors rule.’”

(more)

The new pricing and Schwab Managed Portfolios - ETFs follow other recent initiatives at Schwab designed to provide greater value for clients, including the launch of Schwab ETFs, which trade commission-free online through Schwab accounts, and the reduction of operating expense ratios for Schwab Equity Index Funds.

### **New Commission Pricing Schedule for Retail Clients (effective January 19, 2010)**

#### **New Pricing (per executed trade):**

<b>Stocks and ETFs</b>	<b>All Clients</b>
Online Trades:	\$8.95
Automated Phone Trades	Online commission + \$5 (\$13.95)
Broker Assisted Trades	Online commission + \$25 (\$33.95)

#### **Current Pricing:**

	<b>Household balance of at least \$1MM or at least 120 trades/year</b>	<b>HH balance less than \$1MM and fewer than 120 trades/year</b>
<b>Stocks and ETFs</b>		
Online:		
Stocks \$1 or more	\$8.95	\$12.95 for first 1,000 shares + \$0.015 per share thereafter
Stocks less than \$1	\$8.95	\$12.95
Automated Phone Trades	Online commission+ \$5 (\$13.95)	Online commission + \$5 (\$17.95)
Broker Assisted Trades	Online commission+ \$25 (\$33.95)	Online commission + \$25 (\$37.95)

Minimum \$1,000 deposit is required to open most Schwab brokerage accounts. Waivers may apply. See the Charles Schwab Pricing Guide for details. All ETFs are subject to management fees and expenses.

Online trades of Schwab ETFs are commission-free at Schwab, while trades of third-party ETFs are subject to commissions.

\$8.95 flat commission does not apply to:

- Foreign stock transactions (stocks not listed on U.S. or Canadian exchanges): These trades are subject to the greater of the broker-assisted trade schedule or \$100, or 0.5% of principal. No maximum applies. Not applicable to American Depositary Receipts.
- Large block transactions (orders of 10,000 or more shares, or orders over \$500,000): May be eligible for special handling and/or pricing—please call us for information.
- Restricted stock transactions: Broker-assisted commission pricing schedule applies for all trades, including those placed online.
- Employer negotiated commission schedules applicable to equity compensation transactions.

Some specialized exchange-traded funds can be subject to additional market risks. Investment returns will fluctuate and are subject to market volatility, such that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Diversification may not protect against investment loss. Schwab ETFs distributed by SEI Investments Distribution Co (SIDCO). SIDCO is not affiliated with Charles Schwab & Co., Inc.

Securities, products, and services are not available in all countries and are subject to country-specific restrictions.

Please read Schwab's Disclosure Brochure for important information and disclosures relating to Schwab Managed Portfolios™. Portfolio Management provided by Charles Schwab Investment Advisory, Inc. ("CSIA"), an affiliate of Charles Schwab & Co., Inc., ("Schwab").

## **Financial Considerations**

The Charles Schwab Corporation believes that the pricing changes described above will enhance its value proposition and competitive position, and encourage the consolidation of client assets and trades at Schwab. While the actual timing and extent of any such consolidation is uncertain, management estimates that these pricing changes could reduce first-quarter 2010 consolidated revenues by \$15 to \$20 million. Chief Financial Officer Joseph Martinetto commented, "Throughout Schwab's history, clients have rewarded us for investing in them, and the actions announced today help keep us well positioned for continued success in building our client base. With solid profitability and a healthy balance sheet, we are able to pursue our growth opportunities from a position of strength."

## **Forward-Looking Statements**

This press release contains forward-looking statements relating to client assets, trading and revenues. These statements reflect management's current expectations and objectives, the achievement of which is subject to certain risks and uncertainties that could cause actual results to differ from the expressed expectations and objectives. These risks include, but are not limited to, the Company's ability to accurately assess the elasticity of client demand for trading services and the effect of pricing changes on client acquisition, retention and asset levels; a sustained decline in securities prices, trading volumes and investor confidence from recent levels; and other risks set forth in the Company's most recent 10-Q.

## **About Charles Schwab**

The Charles Schwab Corporation (Nasdaq:SCHW) is a leading provider of financial services, with more than 300 offices and 7.7 million client brokerage accounts, 1.5 million corporate retirement plan participants, 706,000 banking accounts, and \$1.4 trillion in client assets. Through its operating subsidiaries, the company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Named "Highest in Investor Satisfaction with Self-Directed Services" by J.D. Power and Associates in 2009, its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member [SIPC](http://www.sipc.org), [www.sipc.org](http://www.sipc.org)), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. The Charles Schwab Bank (member FDIC) provides banking and mortgage services and products. More information is available at [www.schwab.com](http://www.schwab.com). (1209-12005)

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