

SCHWAB CHARLES CORP  
Form 424B5  
July 27, 2015  
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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-200939

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED JULY 27, 2015**

PROSPECTUS SUPPLEMENT  
(To Prospectus dated December 15, 2014)

## **The Charles Schwab Corporation**

**Depository Shares, Each Representing a 1/40th Interest in a**

**Share of % Non-Cumulative Perpetual Preferred Stock, Series C**

We are offering \_\_\_\_\_ depository shares, each representing a 1/40th ownership interest in a share of % Non-Cumulative Perpetual Preferred Stock, Series C, \$0.01 par value, with a liquidation preference of \$1,000 per share (equivalent to \$25 per depository share)(the Series C Preferred Stock ). The depository shares are represented by depository receipts. As a holder of depository shares, you will be entitled to all proportional rights and preferences of the Series C Preferred Stock (including dividend, voting, redemption and liquidation rights). You must exercise such rights through the depository.

We will pay dividends on the Series C Preferred Stock, when, as, and if declared by our board of directors or a duly authorized committee of our board of directors. Dividends will accrue on a non-cumulative basis and be payable from the date of initial issuance, at a rate of \_\_\_\_\_ per annum, payable quarterly, in arrears, on March 1, June 1, September 1 and December 1 of each year, beginning on December 1, 2015.

Dividends on the Series C Preferred Stock will not be cumulative. If our board of directors or a duly authorized committee of our board of directors does not declare a dividend on the Series C Preferred Stock in respect of a dividend period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable dividend payment date, or be cumulative, and we will have no obligation to pay any dividend for that dividend period to the holder of Series C Preferred Stock, including the depository, and no related distribution will be made on the depository shares, whether or not our board of directors or a duly authorized committee of our board of directors declares a dividend on the Series C Preferred Stock for any future dividend period.

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We may redeem the Series C Preferred Stock at our option:

in whole or in part, from time to time, on any dividend payment date on or after \_\_\_\_\_, 2020 at a redemption price equal to \$1,000 per share (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends; or

in whole but not in part, at any time within 90 days following a regulatory capital treatment event (as defined herein), at a redemption price equal to \$1,000 per share (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The Series C Preferred Stock will not have any voting rights, except as set forth under [Description of Series C Preferred Stock](#) [Voting Rights](#) on page S-20.

The depositary shares will not be insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality. The depositary shares will not be savings accounts, deposits or other obligations of any bank.

The depositary shares are a new issue of securities with no established trading market. We intend to apply to list the depositary shares on the New York Stock Exchange ( NYSE ) under the symbol SCHW PrC . If the application is approved, we expect trading of the depositary shares on the NYSE to begin within the 30-day period after the initial delivery of the depositary shares.

### **Investing in the depositary shares involves risks. See [Risk Factors](#) beginning on page S-13.**

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

	Per Depositary Share	Total
Public offering price <sup>(1)</sup>	\$	\$
Underwriting discounts and commissions <sup>(2)</sup>	\$	\$
Proceeds, before expenses <sup>(3)</sup>	\$	\$

<sup>(1)</sup> The public offering price does not include dividends, if any, that may be declared. Dividends, if declared, will accrue from the date of initial issuance, which is expected to be \_\_\_\_\_, 2015.

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<sup>(2)</sup> Reflects      depositary shares sold to institutional investors, for which the underwriters received an underwriting discount of \$      per share, and      depositary shares sold to retail investors, for which the underwriters received an underwriting discount of \$      per share.

<sup>(3)</sup> Assumes no exercise of the underwriters      over-allotment option described below.

We have granted the underwriters the right to purchase up to an additional      depositary shares at the public offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus supplement to cover over-allotments, if any.

The underwriters expect to deliver the depositary shares to purchasers in book-entry form through the facilities of The Depository Trust Company ( DTC ) and its direct participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ( Euroclear ) and Clearstream Banking, a *société anonyme* ( Clearstream ) on or about      , 2015.

### **Joint Book-Running Managers**

**BofA Merrill Lynch**

**Morgan Stanley**

**UBS Investment Bank  
, 2015**

**Wells Fargo Securities**

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We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We are not, and the underwriters are not, offering to sell the depositary shares, and are not seeking offers to buy the depositary shares, in any jurisdiction where offers and sales are not permitted. The distribution of this prospectus supplement and the accompanying prospectus and the

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offering of the depositary shares in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the depositary shares and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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### **ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. In this prospectus supplement, we provide you with specific information about the depositary shares that we are selling in this offering, the Series C Preferred Stock represented by the depositary shares, and about the offering itself. Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us, our depositary shares, our Series C Preferred Stock and other information you should know before investing in our depositary shares. This prospectus supplement also adds, updates and changes information contained or incorporated by reference in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as additional information described in "Where you can find more information" before investing in our depositary shares.

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

Unless otherwise specifically indicated, all information in this prospectus supplement assumes the underwriters' option to purchase additional depositary shares is not exercised.

Currency amounts in this prospectus supplement and the accompanying prospectus are stated in U.S. dollars.

The representations, warranties and covenants made by CSC in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement and the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of CSC's affairs. You should assume that the information contained or incorporated by reference in this prospectus supplement and any document incorporated by reference herein and in the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

### **WHERE YOU CAN FIND MORE INFORMATION**

CSC files annual, quarterly and current reports, proxy statements and other information with 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.

This prospectus supplement incorporates by reference the documents listed below:

Annual Report on Form 10-K for the fiscal year ended December 31, 2014;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2015; and

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Current Reports on Form 8-K filed on February 3, 2015, March 10, 2015 and May 19, 2015.

Any statement contained in a document incorporated by reference, or deemed to be incorporated by reference, in this prospectus supplement or the accompanying prospectus shall be deemed to be modified or superseded for purposes of this prospectus supplement or the accompanying prospectus to the extent that a statement contained in this prospectus supplement or the accompanying prospectus or in any other subsequently filed document which also is incorporated by reference in this prospectus supplement or the accompanying prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

Statements contained in this prospectus supplement or the accompanying prospectus as to the contents of any contract or other document referred to in this prospectus supplement or the accompanying prospectus do not purport to be complete, and where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document. In reviewing any agreements incorporated by reference, please remember they are included to provide you with information regarding the terms of such agreements and are not intended to provide any other factual or disclosure information about CSC. The agreements may contain representations and warranties by CSC or other parties, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate. The representations and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time.

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)**

## **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 Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are identified by words such as believe, anticipate, expect, intend, plan, will, may, estimate, appear, aim, target, could and other similar 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 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 offering;

the ratings for the depositary shares;

a trading market for the depositary shares;

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the Company's ability to pursue its business strategy and maintain its market leadership position;

the expected impact of the new regulatory capital and liquidity coverage ratio (LCR) rules;

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 and debt 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;

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

the impact of the revised underwriting criteria on the credit quality of the Company's mortgage portfolio; and

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

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

changes in general economic and financial market conditions;

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

adverse developments in litigation or regulatory matters;

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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, including Intelligent Portfolios ;

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;

investment, structural and capital adjustments made by the Company in connection with the new LCR rule;

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

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the extent to which past performance of the Company's mortgage portfolio is indicative of future performance;

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 and management;

timing and amount of severance and other costs related to reducing the Company's San Francisco footprint;

the Company's ability to manage expense;

regulatory guidance;

the level of client assets, including cash balance;

competitive pressure on rates and fees;

acquisition integration costs;

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

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

client use of the Company's investment advisory services and other products and services; 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 could 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, 2014, as such discussion may be amended or updated in other reports filed by us with the SEC, which reports 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 depositary shares. You should read this entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, especially the risks relevant to investing in the depositary shares 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, 2014, as such discussion may be amended or updated in other reports filed by us with the SEC, 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 (together referred to as the Company, and located in San Francisco except as indicated), in wealth management, securities brokerage, banking, money management, and financial advisory services. At March 31, 2015, the Company had \$2.52 trillion in client assets, 9.5 million active brokerage accounts<sup>(a)</sup>, 1.5 million corporate retirement plan participants, and 986,000 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 325 domestic branch offices in 45 states, as well as a branch in each of the Commonwealth of Puerto Rico and London, England, and serves clients in Hong Kong through one of CSC's subsidiaries;

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

Charles Schwab Investment Management, Inc. is the investment advisor for Schwab's proprietary mutual funds, referred to as the Schwab Funds<sup>®</sup>, 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 full-feature brokerage accounts; 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<sup>®</sup>, including no-load mutual funds through the Mutual Fund OneSource<sup>®</sup> service, proprietary mutual funds from two fund families – Schwab Funds<sup>®</sup> and Laudus Funds<sup>®</sup>, 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, Schwab ETF OneSource , 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;

(a) Accounts with balances or activity within the preceding eight months.

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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 loans and lines of credit (HELOCs), personal loans and entity lending collateralized by securities; 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, analysis 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, Corporate Brokerage Services, Stock Plan Services, and Compliance Solutions 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 Corporate Brokerage Retirement Services business and mutual fund clearing services to banks, brokerage firms and trust companies, and also offers proprietary mutual funds, ETFs, collective trust funds, and investment management outside the Company to institutional channels. 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.

### ***Advisor Services***

Through the Advisor Services segment, the Company provides custodial, trading, and support services to independent investment advisors.

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

## **Recent Developments**

On June 5, 2015, CSC replaced its \$800 million committed, unsecured credit facility, which expired on that date. The new credit facility is for \$750 million and contains substantially similar terms as the previous credit facility with customary covenant adjustments, including adjustments to reflect changes in CSC's stockholders' equity as of December 31, 2014. There were no funds drawn under this facility at June 30, 2015.

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The following financial information for the three and six months ended June 30, 2015 is consistent with the information provided in the Company's press release dated July 16, 2015 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, 2015, if and to the extent such change is required under generally accepted accounting principles.

**Consolidated Statements of Income****(In millions, except per share amounts)****(Unaudited)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Net Revenues</b>				
Asset management and administration fees	\$ 670	\$ 632	\$ 1,314	\$ 1,243
Interest revenue	645	588	1,262	1,167
Interest expense	(33)	(26)	(62)	(52)
Net interest revenue	612	562	1,200	1,115
Trading revenue	203	212	430	459
Other	79	65	142	133
Provision for loan losses	2	7	6	6
Total net revenues	1,566	1,478	3,092	2,956
<b>Expenses Excluding Interest</b>				
Compensation and benefits	540	520	1,121	1,048
Professional services	112	112	226	218
Occupancy and equipment	85	80	168	160
Advertising and market development	62	65	131	128
Communications	59	57	117	113
Depreciation and amortization	55	48	109	96
Other	86	75	169	150
Total expenses excluding interest	999	957	2,041	1,913
Income before taxes on income	567	521	1,051	1,043
Taxes on income	214	197	396	393
<b>Net Income</b>	<b>353</b>	<b>324</b>	<b>655</b>	<b>650</b>
Preferred stock dividends and other	23	22	34	30
<b>Net Income Available to Common Stockholders</b>	<b>\$ 330</b>	<b>\$ 302</b>	<b>\$ 621</b>	<b>\$ 620</b>
<b>Weighted-Average Common Shares Outstanding Diluted</b>	<b>1,326</b>	<b>1,313</b>	<b>1,325</b>	<b>1,312</b>
<b>Earnings Per Common Share Basic</b>	<b>\$ .25</b>	<b>\$ .23</b>	<b>\$ .47</b>	<b>\$ .47</b>
<b>Earnings Per Common Share Diluted</b>	<b>\$ .25</b>	<b>\$ .23</b>	<b>\$ .47</b>	<b>\$ .47</b>



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**Table of Contents****Financial and Operating Highlights****(Unaudited)**

<b>(In millions, except per share amounts and as noted)</b>	<b>Q2-15 %</b>		<b>2015</b>			<b>2014</b>	
	<b>vs. Q2-14</b>	<b>vs. Q1-15</b>	<b>Second Quarter</b>	<b>First Quarter</b>	<b>Fourth Quarter</b>	<b>Third Quarter</b>	<b>Second Quarter</b>
<b>Net Revenues</b>							
Asset management and administration fees	6%	4%	\$ 670	\$ 644	\$ 641	\$ 649	\$ 632
Net interest revenue	9%	4%	612	588	584	573	562
Trading revenue	(4%)	(11%)	203	227	239	209	212
Other(1)	22%	25%	79	63	90	119	65
Provision for loan losses	(71%)	(50%)	2	4	(3)	1	7
<b>Total net revenues</b>	<b>6%</b>	<b>3%</b>	<b>1,566</b>	<b>1,526</b>	<b>1,551</b>	<b>1,551</b>	<b>1,478</b>
<b>Expenses Excluding Interest</b>							
Compensation and benefits	4%	(7%)	540	581	543	593	520
Professional services		(2%)	112	114	122	117	112
Occupancy and equipment	6%	2%	85	83	82	82	80
Advertising and market development	(5%)	(10%)	62	69	58	59	65
Communications	4%	2%	59	58	55	55	57
Depreciation and amortization	15%	2%	55	54	54	49	48
Other	15%	4%	86	83	83	78	75
<b>Total expenses excluding interest</b>	<b>4%</b>	<b>(4%)</b>	<b>999</b>	<b>1,042</b>	<b>997</b>	<b>1,033</b>	<b>957</b>
Income before taxes on income	9%	17%	567	484	554	518	521
Taxes on income	9%	18%	214	182	204	197	197
<b>Net Income</b>	<b>9%</b>	<b>17%</b>	<b>\$ 353</b>	<b>\$ 302</b>	<b>\$ 350</b>	<b>\$ 321</b>	<b>\$ 324</b>
Preferred stock dividends and other	5%	109%	23	11	21	9	22
<b>Net Income Available to Common Stockholders</b>	<b>9%</b>	<b>13%</b>	<b>\$ 330</b>	<b>\$ 291</b>	<b>\$ 329</b>	<b>\$ 312</b>	<b>\$ 302</b>
Basic earnings per common share	9%	14%	\$ 0.25	\$ 0.22	\$ 0.25	\$ 0.24	\$ 0.23
Diluted earnings per common share	9%	14%	\$ 0.25	\$ 0.22	\$ 0.25	\$ 0.24	\$ 0.23
Dividends declared per common share			\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06
Weighted-average common shares outstanding diluted	1%		1,326	1,323	1,320	1,316	1,313
<b>Performance Measures</b>							
Pre-tax profit margin			36.2%	31.7%	35.7%	33.4%	35.3%
Return on average common stockholders equity (annualized)(2)			12%	10%	12%	12%	12%
<b>Financial Condition (at quarter end, in billions)</b>							
Cash and investments segregated	(6%)	(8%)	\$ 17.9	\$ 19.4	\$ 20.8	\$ 19.9	\$ 19.1
Receivables from brokerage clients	13%	4%	\$ 16.6	\$ 16.0	\$ 15.7	\$ 15.4	\$ 14.7
Bank loans	9%	3%	\$ 14.0	\$ 13.6	\$ 13.4	\$ 13.1	\$ 12.9
Total assets	14%	2%	\$ 163.6	\$ 160.2	\$ 154.6	\$ 147.4	\$ 143.4
Bank deposits	18%	3%	\$ 112.9	\$ 109.5	\$ 102.8	\$ 97.3	\$ 95.7
Payables to brokerage clients			\$ 31.5	\$ 31.6	\$ 34.3	\$ 33.1	\$ 31.5
Long-term debt	53%		\$ 2.9	\$ 2.9	\$ 1.9	\$ 1.9	\$ 1.9

Stockholders equity	11%	2%	\$ 12.4	\$ 12.2	\$ 11.8	\$ 11.5	\$ 11.2
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(In millions, except per share amounts and as noted)	Q2-15 %		2015			2014	
	vs. Q2-14	vs. Q1-15	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
<b>Other</b>							
Full-time equivalent employees (at quarter end, in thousands)	6%		14.9	14.9	14.6	14.3	14.1
Capital expenditures purchases of equipment, office facilities, and property, net (in millions)	(24%)	26%	\$ 77	\$ 61	\$ 90	\$ 146	\$ 101
Expenses excluding interest as a percentage of average client assets (annualized)			0.16%	0.17%	0.17%	0.18%	0.16%
<b>Clients Daily Average Trades (in thousands)</b>							
Revenue trades(3)	(3%)	(15%)	267	313	315	269	274
Asset-based trades(4)	4%	(11%)	78	88	80	64	75
Other trades(5)	11%	(18%)	149	181	169	136	134
<b>Total</b>	<b>2%</b>	<b>(15%)</b>	<b>494</b>	<b>582</b>	<b>564</b>	<b>469</b>	<b>483</b>
<b>Average Revenue Per Revenue Trade(3)</b>	<b>(2%)</b>		<b>\$ 11.97</b>	<b>\$ 11.98</b>	<b>\$ 12.04</b>	<b>\$ 12.24</b>	<b>\$ 12.26</b>

Note: Certain prior-period amounts have been reclassified to conform to the 2015 presentation.

- (1) Includes net impairment losses on securities of \$(1) million in the third quarter of 2014.
- (2) Return on average common stockholders' equity is calculated using net income available to common stockholders divided by average common stockholders' equity.
- (3) Includes all client trades that generate either commission revenue or revenue from principal markups (i.e., fixed income); also known as DART.
- (4) Includes eligible trades executed by clients who participate in one or more of the Company's asset-based pricing relationships.
- (5) Includes all commission-free trades, including Schwab Mutual Fund OneSource® funds and ETFs, and other proprietary products.

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.

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**THE OFFERING**

The following description contains basic information about the depositary shares, the Series C Preferred Stock represented thereby and this offering. This description is not complete and does not contain all of the information that you should consider before investing in the depositary shares. For a more complete understanding of the depositary shares and the Series C Preferred Stock represented thereby, you should read Description of Series C Preferred Stock and Description of Depositary Shares in this prospectus supplement as well as Description of Preferred Stock and Description of Depositary Shares in the accompanying prospectus. To the extent the following information is inconsistent with the information in the accompanying prospectus, you should rely on the following information.

**Issuer** The Charles Schwab Corporation, a Delaware corporation ( CSC ).

**Securities offered** depositary shares (or depositary shares if the underwriters exercise their over-allotment option in full), each representing a 1/40th ownership interest in a share of % Non-Cumulative Perpetual Preferred Stock, Series C, \$0.01 par value, with a liquidation preference of \$1,000 per share (equivalent to \$25 per depositary share), of CSC (the Series C Preferred Stock ). Each holder of a depositary share will be entitled, through the depositary, in proportion to the applicable fraction of a share of Series C Preferred Stock represented by such depositary share, to all the rights and preferences of the Series C Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).

We may in the future from time to time, without notice to or consent of the holders of the Series C Preferred Stock or the holders of the depositary shares, issue additional shares of the Series C Preferred Stock; *provided*, that any such additional shares of Series C Preferred Stock are not treated as disqualified preferred stock within the meaning of Section 1059(f)(2) of the Internal Revenue Code and such additional shares of Series C Preferred Stock are otherwise treated as fungible with the Series C Preferred Stock offered hereby for U.S. federal income tax purposes. The additional shares of Series C Preferred Stock would form a single series with the Series C Preferred Stock offered hereby. In the event we issue additional shares of Series C Preferred Stock, we will issue a corresponding number of additional depositary shares.

**Dividends** We will pay dividends on the Series C Preferred Stock, when, as, and if declared by our board of directors or a duly authorized committee of our board of directors. Dividends will accrue on a non-cumulative basis and

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be payable from the date of initial issuance, at a rate of % per annum, payable quarterly, in arrears, on March 1, June 1, September 1 and December 1 of each year, beginning on December 1, 2015. Any dividends paid on the Preferred Stock will be distributed to holders of depositary shares in the manner described under Description of Depositary Shares Dividends and Other Distributions in this prospectus supplement.

Dividends on the Series C Preferred Stock will not be cumulative. If our board of directors or a duly authorized committee of our board of directors does not declare a dividend on the Series C Preferred Stock in respect of a dividend period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable dividend payment date, or be cumulative, and we will have no obligation to pay any dividend for that dividend period to the holder of Series C Preferred Stock, including the holders of the depositary shares, and no related distribution will be made on the depositary shares, whether or not our board of directors or a duly authorized committee of our board of directors declares a dividend on the Series C Preferred Stock for any future dividend period.

Additionally, dividends on the Series C Preferred Stock will be subject to our receipt of required prior approval by the Board of Governors of the Federal Reserve System (the Federal Reserve ) (or any successor bank regulatory authority that may become our applicable federal banking agency), if any, and to the satisfaction of conditions set forth in the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) applicable to dividends on the Series C Preferred Stock, if any.

**Dividend stopper**

During each dividend period, while the Series C Preferred Stock is outstanding, unless the full dividends for the immediately preceding dividend period on all outstanding shares of Series C Preferred Stock have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside:

no dividend will be declared or paid or set aside for payment and no distribution will be declared or made or set aside for payment on any junior stock (as defined in the Description of Series C Preferred Stock Ranking ), other than:

a dividend payable solely in junior stock, or

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any dividend in connection with the implementation of a stockholders' rights plan, or the redemption or repurchase of any rights under any such plan; and

no shares of junior stock shall be repurchased, redeemed or otherwise acquired for consideration by us, directly or indirectly (nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by us) other than:

as a result of a reclassification of junior stock for or into other junior stock;

the exchange or conversion of one share of junior stock for or into another share of junior stock;

through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock;

purchases, redemptions or other acquisitions of shares of the junior stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants;

purchases of shares of junior stock pursuant to a contractually binding requirement to buy junior stock existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan; or

the purchase of fractional interests in shares of junior stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged; and

no shares of parity stock (as defined in the Description of Series C Preferred Stock Ranking) shall be repurchased, redeemed or otherwise acquired for consideration by CSC otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series C Preferred Stock and such parity stock, unless such parity stock is repurchased, redeemed or acquired for consideration by CSC in connection with any of the following:

as a result of a reclassification of parity stock for or into other parity stock or junior stock;



the exchange or conversion of one share of parity stock for or into another share of parity stock or junior stock; or

through the use of the proceeds of a substantially contemporaneous sale of other shares of parity stock or junior stock.

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When dividends are not paid in full upon the shares of Series C Preferred Stock and any parity stock, all dividends declared upon shares of Series C Preferred Stock and any such parity stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current dividend period per share on Series C Preferred Stock, and accrued dividends, including any accumulations, on any parity stock, bear to each other.

We generally will be able to pay dividends and distributions upon liquidation, dissolution or winding up only out of assets legally available for such payment (after satisfaction of all claims for indebtedness and other non-equity claims).

**Dividend payment dates**

Dividends on the Series C Preferred Stock will be payable when, as, and if declared by our board of directors or a duly authorized committee of our board of directors, quarterly on March 1, June 1, September 1 and December 1 of each year, beginning on December 1, 2015 (each, a dividend payment date ).

If any date on which dividends would otherwise be payable is not a business day (as defined in the Description of Series C Preferred Stock Dividends ), then the dividend payment date will be the next business day without any adjustment to the amount of dividends paid.

**No maturity**

The Series C Preferred Stock will not have any maturity date, and we will not be required to redeem the Series C Preferred Stock. Accordingly, shares of the Series C Preferred Stock will remain outstanding indefinitely, unless and until we decide to redeem them and receive required prior approval of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), if any, to do so and satisfy the conditions set forth in the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) applicable to redemption of the Series C Preferred Stock, if any.

**Redemption**

We may redeem the Series C Preferred Stock at our option:

in whole or in part, from time to time, on any dividend payment date on or after \_\_\_\_\_, 2020 at a redemption price equal to \$1,000 per share (equivalent to \$25 per depositary share), plus any

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declared and unpaid dividends, without accumulation of any undeclared dividends, or

in whole but not in part, at any time within 90 days following a regulatory capital treatment event (as defined in the Description of Series C Preferred Stock ), at a redemption price equal to \$1,000 per share (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Any redemption of the Series C Preferred Stock will be subject to our receipt of required prior approval by the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), if any, and to the satisfaction of conditions set forth in the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) applicable to redemption of the Series C Preferred Stock, if any.

Our redemption will cause the redemption of the corresponding depositary shares. Neither the holder of the Series C Preferred Stock nor holders of depositary shares will have the right to require redemption or repurchase of the Series C Preferred Stock.

**Liquidation rights**

In the event we liquidate, dissolve or wind-up our business and affairs, either voluntarily or involuntarily, the holder of the Series C Preferred Stock is entitled to receive a liquidation distribution of \$1,000 per share (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends, before we make any distribution of assets to the holders of our common stock or any other class or series of stock ranking junior to the Series C Preferred Stock as to that distribution. The holder of the Series C Preferred Stock will not be entitled to any other amounts from us after they have received their full liquidation distribution.

In any such distribution, if the assets of CSC are not sufficient to pay the liquidation distribution described above in full to the holder of the Series C Preferred Stock and all holders of any class or series of stock ranking on parity with the Series C Preferred Stock as to such distribution, the amounts paid to the holder of Series C Preferred Stock and all holders of such parity stock, including our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A, with a liquidation preference of \$1,000 per share ( Series A Preferred Stock ) and the 6.00% Non-Cumulative



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Preferred Stock, Series B, with a liquidation preference of \$1,000 per share ( Series B Preferred Stock ), will be paid pro rata in accordance with the respective aggregate liquidation distribution owed to those holders. If the liquidation distribution described above has been paid in full to the holder of Series C Preferred Stock and the holders of such parity stock, the holders of any other class or series of stock ranking junior to the Series C Preferred Stock as to such distribution shall be entitled to receive all remaining assets of CSC according to their respective rights and preferences.

**Voting rights**

None, except with respect to authorizing or increasing the authorized amount of senior stock (as defined in the Description of Series C Preferred Stock Voting Rights ), certain changes in the terms of the Series C Preferred Stock, in the case of certain dividend non-payments and as required by law. See Description of Series C Preferred Stock Voting Rights. Holders of depositary shares must act through the depositary to exercise any voting rights, as described under Description of Depositary Shares Voting the Series C Preferred Stock below.

**Ranking**

Shares of the Series C Preferred Stock will rank:

senior to our junior stock;

equally with each other series of parity stock, including our Series A Preferred Stock and Series B Preferred Stock, and any other series of parity stock we may issue in the future; and

junior to any series of stock we may issue in the future that ranks senior to the Series C Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of CSC, and to all of our existing and future debt obligations.

**Preemptive and conversion rights**

None.

**Listing**

We intend to apply for listing of the depositary shares on the NYSE under the symbol SCHW PrC . If the application is approved, we expect trading of the depositary shares on the NYSE to commence within a 30-day period after the initial delivery of the depositary shares.

**Tax consequences**

You will be taxed on distributions with respect to the depositary shares as dividend income to the extent paid out of our current or accumulated earnings or profits for U.S. federal income tax purposes. If you are a non-corporate U.S. holder, distributions constituting dividend income will generally represent qualified

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dividend income, which will be subject to taxation at a maximum rate of 20% (or a lower rate for holders in certain tax brackets). In order to obtain qualified dividend treatment, the non-corporate U.S. holder must hold the depositary shares for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which the depositary shares become ex-dividend with respect to the dividend. A non-corporate U.S. holder may not count toward this minimum holding period any period in which the U.S. holder has, among other things, entered into positions that hedge its position in the depositary shares. In addition, subject to similar holding period requirements, distributions on the depositary shares constituting dividend income paid to holders that are U.S. corporations generally will qualify for the 70% dividends-received deduction. For further discussion of the tax consequences relating to the depositary shares and the Series C Preferred Stock represented thereby, see Certain Material U.S. Federal Income Tax Considerations in this prospectus supplement.

**Use of proceeds**

The net proceeds from this offering, before expenses, are expected to be approximately \$ (or approximately \$ if the underwriters exercise their full over-allotment option to purchase additional depositary shares). We intend to use the net proceeds from the sale of the depositary shares representing interests in the Series C Preferred Stock to support balance sheet growth, including the migration of certain client balances from sweep money market funds into Schwab Bank, which may be subject to notice and/or approvals from regulators and clients. See Use of Proceeds .

**Risk factors**

Please refer to Risk Factors and other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before deciding to invest in the depositary shares.

**Conflicts of interest**

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 conflicts 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.

**Registrar and depositary**

Wells Fargo Bank, National Association

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**RISK FACTORS**

An investment in the depositary shares involves risks. This prospectus supplement does not describe all of those risks. Before purchasing any of our depositary shares, you should carefully consider the following risk factors, which are specific to the depositary shares being offered, as well as the risks and other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the discussion under Item 1A Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014, as such discussion may be amended or updated in other reports filed by us with the SEC.

***You are making an investment decision with regard to the depositary shares as well as the Series C Preferred Stock.***

As described in this prospectus supplement, we are issuing fractional interests in shares of Series C Preferred Stock in the form of depositary shares. Accordingly, the depositary will rely on the payments it receives on the Series C Preferred Stock to fund all payments on the depositary shares. You should carefully review the information in this prospectus supplement and the accompanying prospectus regarding both of these securities.

***The Series C Preferred Stock and the depositary shares representing the Series C Preferred Stock are equity and are subordinate to our existing and future indebtedness.***

The shares of Series C Preferred Stock and the depositary shares representing the Series C Preferred Stock will be equity interests and will not constitute indebtedness. This means that the Series C Preferred Stock, and the depositary shares representing the Series C Preferred Stock, will rank junior to all indebtedness and other non-equity claims on CSC with respect to assets available to satisfy claims on CSC, including claims in the event of a liquidation of CSC.

As of March 31, 2015, our total long-term debt was approximately \$2.9 billion. We may incur additional debt in the future. Our debt may restrict the payment of dividends on the Series C Preferred Stock. Additionally, unlike indebtedness, where principal and interest customarily are payable on specified due dates, in the case of the Series C Preferred Stock, (1) dividends will be payable only if declared by our board of directors or a duly authorized committee of our board of directors, (2) dividends will not accumulate if they are not declared and (3) as a Delaware corporation, we are and will be subject to restrictions on payments of dividends and redemption price out of funds legally available under Delaware law. Further, the Series C Preferred Stock places no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the limited voting rights referred to in this prospectus supplement under Description of Series C Preferred Stock Voting Rights.

***Dividends on the Series C Preferred Stock are discretionary and non-cumulative. If we do not declare dividends on the Series C Preferred Stock, holders of depositary shares will not be entitled to receive related distributions on their depositary shares.***

Dividends on the Series C Preferred Stock will be discretionary and will not be cumulative. If our board of directors or a duly authorized committee of our board of directors does not declare a dividend on the Series C Preferred Stock in respect of a dividend period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable dividend payment date or be cumulative, and we will have no obligation to pay any dividend for that dividend period to the holder of Series C Preferred Stock, including the holders of the depositary shares, and no related distribution will be made on the depositary shares, whether or not our board of directors or a duly authorized committee of our board of directors declares a dividend on the Series C Preferred Stock for any future dividend period.

Additionally, dividends on the Series C Preferred Stock will be subject to our receipt of required prior approval by the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), if any, and to the satisfaction of conditions set forth in the capital



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adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) applicable to dividends on the Series C Preferred Stock, if any. Under the Federal Reserve's capital rules, dividends on the Series C Preferred Stock may only be paid out of our net income, retained earnings or surplus related to other additional Tier 1 capital instruments.

Additionally, when dividends are not paid in full upon the shares of Series C Preferred Stock and any parity stock, including our Series A Preferred Stock and Series B Preferred Stock, all dividends declared upon shares of Series C Preferred Stock and any parity stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current dividend period per share on Series C Preferred Stock, and accrued dividends, including any accumulations, on any parity stock, bear to each other. Therefore, if we are not paying full dividends on any outstanding parity stock, we will not be able to pay full dividends on the Series C Preferred Stock and consequently on the depositary shares representing the Series C Preferred Stock.

***Our ability to pay dividends on the Series C Preferred Stock, and therefore your ability to receive distributions on the depositary shares, depends upon the results of operations of our subsidiaries.***

We are a holding company and conduct substantially all of our operations through our subsidiaries. As a result, our ability to make dividend payments on the Series C Preferred Stock will depend primarily upon the receipt of dividends and other distributions from our subsidiaries. Regulatory and other legal restrictions may limit our ability to transfer funds from our subsidiaries to CSC.

In addition, our right to participate in any distribution of assets from any subsidiary, upon the subsidiary's liquidation or otherwise, is subject to the prior claims of creditors of that subsidiary, except to the extent that we are recognized as a creditor of that subsidiary. As a result, the Series C Preferred Stock will be effectively subordinated to all existing and future liabilities of our subsidiaries.

***Investors should not expect us to redeem the Series C Preferred Stock on the date it becomes redeemable or on any particular date after it becomes redeemable.***

The Series C Preferred Stock is a perpetual equity security. This means that the Series C Preferred Stock has no maturity or mandatory redemption date and is not redeemable at the option of the holder. The Series C Preferred Stock may be redeemed by us at our option, (i) either in whole or in part, on any dividend payment date on or after \_\_\_\_\_, 2020, or (ii) in whole but not in part, at any time within 90 days following a regulatory capital treatment event. Any decision we may make at any time to propose a redemption of the Series C Preferred Stock will depend upon, among other things, our evaluation of our capital position, the composition of our stockholders' equity and general market conditions at that time.

Although the terms of the Series C Preferred Stock have been established to satisfy the criteria for additional Tier 1 capital instruments consistent with Basel III as set forth in the joint final rulemaking issued in July 2013 by the Federal Reserve, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, it is possible that the Series C Preferred Stock may not satisfy the criteria set forth in future rulemaking or interpretations. As a result, a regulatory capital treatment event could occur whereby we would have the right, subject to any required prior approval of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), to redeem the Series C Preferred Stock in accordance with its terms prior to \_\_\_\_\_, 2020, at a redemption price equal to \$1,000 per share (equivalent to \$25 per depositary share), plus any accrued and unpaid cash dividends for the then-current dividend period to but excluding the redemption date, without accumulation of any undeclared cash dividends.

Additionally, any redemption of the Series C Preferred Stock will be subject to our receipt of required prior approval by the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), if any, and to the satisfaction of conditions set forth in the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that

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may become our applicable federal banking agency) applicable to redemption of the Series C Preferred Stock, if any. Under the Federal Reserve's current risk-based capital rules applicable to savings and loan holding companies, any redemption of the Series C Preferred Stock is subject to prior approval of the Federal Reserve. We cannot assure you that the Federal Reserve will approve any redemption of the Series C Preferred Stock that we may propose. There also can be no assurance that, if we propose to redeem the Series C Preferred Stock without replacing such Preferred Stock with common equity Tier 1 capital or additional Tier 1 capital instruments, the Federal Reserve will authorize the redemption. We understand that the factors that the Federal Reserve will consider in evaluating a proposed redemption, or a request that we be permitted to redeem the Series C Preferred Stock without replacing it with common equity Tier 1 capital or additional Tier 1 capital instruments, include its evaluation of the overall level and quality of our capital components, considered in light of our risk exposures, earnings and growth strategy, and other supervisory considerations, although the Federal Reserve may change these factors at any time.

***The holder of the Series C Preferred Stock, and therefore the holders of the depositary shares representing the Series C Preferred Stock, will have limited voting rights.***

The holder of the Series C Preferred Stock, and therefore holders of the depositary shares, have no voting rights with respect to matters that generally require the approval of voting stockholders. The holder of the Series C Preferred Stock will have limited voting rights in the event of nonpayments of dividends under certain circumstances and with respect to certain fundamental changes in the terms of the Series C Preferred Stock, certain other matters and as required by law, as described under "Description of the Series C Preferred Stock—Voting Rights." Holders of depositary shares must act through the depositary to exercise any voting rights in respect of the Series C Preferred Stock.

***General market conditions and unpredictable factors could adversely affect market prices for the Series C Preferred Stock and the depositary shares representing the Series C Preferred Stock.***

There can be no assurance about the market prices for the Series C Preferred Stock and depositary shares representing the Series C Preferred Stock. Several factors, many of which are beyond our control, could influence the market prices of the Series C Preferred Stock and the depositary shares representing the Series C Preferred Stock. Factors that might influence the market prices of the Series C Preferred Stock and the depositary shares representing the Series C Preferred Stock include:

whether we declare or fail to declare dividends on the Series C Preferred Stock from time to time;

our creditworthiness;

interest rates;

developments in the securities, credit and housing markets, and developments with respect to financial institutions generally;

the market for similar securities; and

economic, corporate, securities market, geopolitical or regulatory events that affect us or the financial markets generally. Accordingly, the depositary shares that an investor purchases, whether in this offering or in the secondary market, may trade at a discount to the price the investor paid for such depositary shares.

***An active trading market for the depositary shares may not develop, and any such market for the depositary shares may be illiquid.***

The depositary shares representing the Series C Preferred Stock will be a new issue of securities with no established trading market. Although we intend to apply to list the depositary shares on the NYSE, there is no guarantee that we will be able to list the depositary shares. Even if the depositary shares are listed, there may be little or no secondary market for the depositary shares. Even if a secondary market develops, it may not provide significant liquidity and transaction costs in any secondary market could be high. As a



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result, the difference between bid and asked prices in any secondary market could be substantial. Further, because the depositary shares do not have a stated maturity date, investors seeking liquidity in depositary shares will be limited to selling their depositary shares in the secondary market. We do not expect that there will be any separate public trading market for the shares of the Series C Preferred Stock except as represented by the depositary shares.

The underwriters have advised us that they intend to make a market in the depositary shares. However, they are not obligated to do so and may discontinue any market making in the depositary shares at any time in their sole discretion. Therefore, we cannot assure you that a liquid trading market for the depositary shares will develop, that you will be able to sell your depositary shares at a particular time or that the price you receive when you sell will be favorable.

***Our future offerings of Series C Preferred Stock may adversely affect the value of the depositary shares representing the Series C Preferred Stock.***

We may issue additional shares of Series C Preferred Stock and/or other classes or series of preferred stock. The issuance of additional shares of preferred stock on parity with or senior to the Series C Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up could reduce the amounts we may have available for distribution to holders of the depositary shares representing the Series C Preferred Stock. None of the provisions relating to the Series C Preferred Stock or the depositary shares representing the Series C Preferred Stock contain any provisions affording holders of the depositary shares representing the Series C Preferred Stock protection in the event of a highly leveraged or other transaction, including the merger or sale, lease or conveyance of all or substantially all of our assets or businesses, that might adversely affect the value of the depositary shares representing the Series C Preferred Stock.

***CSC's credit ratings may not reflect all risks of an investment in the depositary shares representing the Series C Preferred Stock or Series C Preferred Stock.***

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

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**CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES AND  
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The table below sets forth CSC's consolidated ratios of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends for the periods indicated.

	<b>Three Months Ended March 31,</b>	<b>Year Ended December 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Ratio of earnings to fixed charges(1)</b>	11.3	13.2	10.8	7.7	6.9	4.1
<b>Ratio of earnings to fixed charges, excluding deposits from banking clients and payables to brokerage clients interest expense(2)</b>	13.7	16.0	13.2	9.4	9.1	6.3
<b>Ratio of earnings to fixed charges and preferred stock dividends(1)(3)</b>	8.9	8.5	6.9	5.8	6.9	4.1
<b>Ratio of earnings to fixed charges and preferred stock dividends, excluding deposits from banking clients and payables to brokerage clients interest expenses(2)(3)</b>	10.2	9.5	7.8	6.7	9.1	6.3

- (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 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, 2010 and 2011.

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**USE OF PROCEEDS**

The net proceeds from this offering, before expenses, are expected to be approximately \$ (or approximately \$ if the underwriters exercise their full over-allotment option to purchase additional depository shares).

We intend to use the net proceeds from the sale of the depository shares representing interests in the Series C Preferred Stock to support balance sheet growth, including the migration of certain client balances from sweep money market funds into Schwab Bank, which may be subject to notice and/or approvals from regulators and clients.

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**Table of Contents****CAPITALIZATION**

The following table sets forth CSC's consolidated cash and cash equivalents and capitalization at March 31, 2015:

on an actual basis; and

on an as adjusted basis giving effect to this offering (assuming no exercise of the underwriters' over-allotment option).

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, 2014 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

<b>(In millions, except share and per share amounts)</b>	<b>As of March 31, 2015</b>	
	<b>Actual</b>	<b>As Adjusted</b>
Cash and cash equivalents	\$ 9,011	\$
Long-term debt	\$ 2,895	\$ 2,895
Stockholders' equity:		
Preferred stock - \$.01 par value per share; 885,000 shares issued - actual; shares - as adjusted	\$ 873	\$
Common stock - 3 billion shares authorized; \$.01 par value per share; 1,487,543,446 shares issued	15	15
Additional paid-in capital	4,085	
Retained earnings	10,412	10,412
Treasury stock, at cost - 174,397,672 shares	(3,458)	(3,458)
Accumulated other comprehensive income	231	231
Total stockholders' equity	\$ 12,158	\$
Total capitalization	\$ 15,053	\$

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**DESCRIPTION OF SERIES C PREFERRED STOCK**

The depositary will be the sole holder of the Series C Preferred Stock, as described under "Description of Depositary Shares" below, and all references in this prospectus supplement to the holders of the Series C Preferred Stock shall mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holder of the Series C Preferred Stock, as described under "Description of Depositary Shares."

Our authorized capital stock includes 9,940,000 shares of preferred stock, par value \$0.01 per share as reflected in our certificate of incorporation. Our board of directors is authorized without further stockholder action:

to fix or alter the voting rights, powers, preferences and privileges, and the relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions thereof, of any wholly unissued series of preferred stock;

to fix the number of shares constituting any such series and the designation thereof; and

to increase or decrease the number of shares of any series of preferred stock (but not below the number of shares thereof then outstanding).

The Series C Preferred Stock will be a single series of our authorized preferred stock. When issued, the Series C Preferred Stock will be fully paid and nonassessable. As of the date of this prospectus supplement, we have outstanding 400,000 shares of Series A Preferred Stock and 485,000 shares of Series B Preferred Stock.

The Series C Preferred Stock will not be convertible into, or exchangeable for, shares of any other class or series of stock or other securities of CSC. The Series C Preferred Stock will not have any maturity date and will not be subject to any sinking fund or other obligation of CSC to redeem or repurchase the Series C Preferred Stock.

Shares of Series C Preferred Stock that are redeemed, purchased or otherwise acquired by CSC shall be cancelled and shall revert to authorized but unissued shares of preferred stock undesignated as to series.

**Additional Shares of Series C Preferred Stock and Additional Depositary Shares**

We may in the future from time to time, without notice to or consent of the holder of Series C Preferred Stock or the holders of the depositary shares, issue additional shares of the Series C Preferred Stock; *provided*, that any such additional shares of Series C Preferred Stock are not treated as "disqualified preferred stock" within the meaning of Section 1059(f)(2) of the Internal Revenue Code and such additional shares are otherwise treated as fungible with the Series C Preferred Stock offered hereby for U.S. federal income tax purposes. The additional shares of Series C Preferred Stock would form a single series with the Series C Preferred Stock offered hereby. In the event that we issue additional Series C Preferred Stock after the date of initial issuance, dividends on such additional shares may accrue from the date of initial issuance or any other date we specify at the time such additional shares are issued. In the event we issue additional shares of Series C Preferred Stock, we will issue a corresponding number of additional depositary shares.

**Ranking**

Shares of the Series C Preferred Stock will rank:

senior to our junior stock;

equally with each other series of parity stock, including the Series A Preferred Stock, the Series B Preferred Stock and any other series of Series C Preferred Stock we may issue in the future; and



junior to any series of stock we may issue in the future that ranks senior to the Series C Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of CSC, and to all of our existing and future debt obligations.

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As used in this prospectus supplement, **junior stock** means our common stock and any other class or series of stock of CSC hereafter authorized over which the Series C Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of CSC.

As used in this prospectus supplement, **parity stock** means any other class or series of stock of CSC that ranks on parity with the Series C Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of CSC. As of the date of this prospectus supplement, there are outstanding 400,000 shares of Series A Preferred Stock and 485,000 shares of Series B Preferred Stock constituting parity stock.

### **Dividends**

Dividends on the Series C Preferred Stock will not be cumulative. If our board of directors or a duly authorized committee of our board of directors does not declare a dividend on the Series C Preferred Stock in respect of a dividend period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable dividend payment date, or be cumulative, and we will have no obligation to pay any dividend for that dividend period to the holder of Series C Preferred Stock, including the holders of the depositary shares, and no related distribution will be made on the depositary shares, whether or not our board of directors or a duly authorized committee of our board of directors declares a dividend on the Series C Preferred Stock for any future dividend period.

The holder of Series C Preferred Stock will be entitled to receive, when, as, and if declared by our board of directors or a duly authorized committee of our board of directors, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends based on the liquidation preference of the Series C Preferred Stock at a rate equal to % per annum for each quarterly dividend period from the date of initial issuance of the Series C Preferred Stock.

If declared by our board of directors or a duly authorized committee of our board of directors, we will pay dividends on the Series C Preferred Stock, in arrears, on March 1, June 1, September 1 and December 1 of each year, beginning on December 1, 2015, each such date referred to as a dividend payment date.

If any date on which dividends would otherwise be payable is not a business day, then the dividend payment date will be the next business day without any adjustment to the amount of dividends paid. A **business day** means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in San Francisco, California or New York, New York are authorized or obligated by law or executive order to close.

Dividends will be payable to holders of record of Series C Preferred Stock as they appear on our stock register at 5:00 p.m., New York City time, on the applicable record date, which shall be the 15th calendar day before the applicable dividend payment date, or such other record date, not exceeding 30 days before the applicable dividend payment date, as shall be fixed by our board of directors or a duly authorized committee of our board of directors. See **Description of Depositary Shares** **Dividends and Other Distributions**.

A dividend period is the period from, and including, a dividend payment date to, but excluding, the next dividend payment date, except that the initial dividend period will commence on, and include, the date of initial issuance of the Series C Preferred Stock. Dividends payable on the Series C Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upwards. Dividends on the Series C Preferred Stock will cease to accrue on the redemption date, if any, as described below under **Redemption**, unless we default in the payment of the redemption price of the shares of the Series C Preferred Stock called for redemption.

We generally will be able to pay dividends and distributions upon liquidation, dissolution or winding up only out of assets legally available for such payment (after satisfaction of all claims for indebtedness and

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other non-equity claims). See Description of Depositary Shares Dividends and Other Distributions for information about dividends on the depositary shares representing the Series C Preferred Stock.

Additionally, dividends on the Series C Preferred Stock will be subject to our receipt of required prior approval by the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), if any, and to the satisfaction of conditions set forth in the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) applicable to dividends on the Series C Preferred Stock, if any.

***Dividend Stopper***

During each dividend period while the Series C Preferred Stock is outstanding, unless the full dividends for the immediately preceding dividend period on all outstanding shares of Series C Preferred Stock have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside:

no dividend will be declared or paid or set aside for payment and no distribution will be declared or made or set aside for payment on any junior stock, other than:

a dividend payable solely in the junior stock, or

any dividend in connection with the implementation of a stockholders rights plan, or the redemption or repurchase of any rights under any such plan; and

no shares of junior stock shall be repurchased, redeemed or otherwise acquired for consideration by us, directly or indirectly (nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by us) other than:

as a result of a reclassification of junior stock for or into other junior stock;

the exchange or conversion of one share of junior stock for or into another share of junior stock;

through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock;

purchases, redemptions or other acquisitions of shares of the junior stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants;

purchases of shares of junior stock pursuant to a contractually binding requirement to buy junior stock existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan; or

the purchase of fractional interests in shares of junior stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged; and

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no shares of parity stock shall be repurchased, redeemed or otherwise acquired for consideration by CSC otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series C Preferred Stock and such parity stock, unless such parity stock is repurchased, redeemed or acquired for consideration by CSC in connection with any of the following:

as a result of a reclassification of parity stock for or into other parity stock or junior stock;

the exchange or conversion of one share of parity stock for or into another share of parity stock or junior stock; or

through the use of the proceeds of a substantially contemporaneous sale of other shares of parity stock or junior stock.

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When dividends are not paid in full upon the shares of Series C Preferred Stock and any parity stock, all dividends declared upon shares of Series C Preferred Stock and any parity stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current dividend period per share on Series C Preferred Stock, and accrued dividends, including any accumulations, on any parity stock, bear to each other.

Subject to the restrictions described above, dividends (payable in cash, stock or otherwise), as may be determined by our board of directors or a duly authorized committee of our board of directors, may be declared and paid on our common stock and any other stock ranking equally with or junior to the Series C Preferred Stock from time to time out of any assets legally available for such payment, and the holder of Series C Preferred Stock shall not be entitled to participate in any such dividend.

### **Redemption**

The Series C Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Neither the holder of Series C Preferred Stock nor holders of depositary shares will have the right to require the redemption or repurchase of the Series C Preferred Stock.

#### ***Optional Redemption***

We may redeem the Series C Preferred Stock at our option, in whole or in part, from time to time, on any dividend payment date on or after \_\_\_\_\_, 2020, at a redemption price equal to \$1,000 per share (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

#### ***Redemption Following a Regulatory Capital Treatment Event***

We may redeem shares of the Series C Preferred Stock at any time within 90 days following a regulatory capital treatment event (defined below), in whole but not part, at a redemption price equal to \$1,000 per share (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

A regulatory capital treatment event means the good faith determination by CSC that, as a result of:

any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series C Preferred Stock;

any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series C Preferred Stock; or

any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series C Preferred Stock, there is more than an insubstantial risk that CSC will not be entitled to treat the full liquidation preference of the shares of Series C Preferred Stock then outstanding as additional Tier 1 Capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), as then in effect and applicable, for as long as any share of Series C Preferred Stock is outstanding.

#### ***Redemption Procedures***

If shares of the Series C Preferred Stock are to be redeemed pursuant to the terms described above under *Optional Redemption* or *Redemption Following a Regulatory Capital Treatment Event*, the notice of redemption shall be given by first class mail to the holder of record of the Series C Preferred Stock



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to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the holder of record is DTC, notice may be given in any manner permitted by DTC). Each notice of redemption will include a statement setting forth:

the redemption date;

the number of shares of the Series C Preferred Stock to be redeemed and, if less than all the shares held by the holder are to be redeemed, the number of shares of Series C Preferred Stock to be redeemed from the holder;

the redemption price;

the place or places where the certificates evidencing shares of Series C Preferred Stock are to be surrendered for payment of the redemption price; and

that dividends on the shares to be redeemed will cease to accrue on the redemption date.

If notice of redemption of any shares of Series C Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by us for the benefit of the holders of any shares of Series C Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series C Preferred Stock, such shares of Series C Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. See Description of Depositary Shares Redemption of Depositary Shares for information about redemption of the depositary shares representing the Series C Preferred Stock.

In case of any redemption of only part of the shares of the Series C Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either pro rata or by lot. Subject to the provisions hereof, our board of directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series C Preferred Stock shall be redeemed from time to time.

Any redemption of the Series C Preferred Stock will be subject to our receipt of required prior approval by the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), if any, and to the satisfaction of conditions set forth in the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) applicable to redemption of the Series C Preferred Stock, if any.

### **Liquidation Rights**

In the event we liquidate, dissolve or wind-up our business and affairs, either voluntarily or involuntarily, holders of the Series C Preferred Stock are entitled to receive a liquidation distribution of \$1,000 per share (equivalent to \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends, before we make any distribution of assets to the holders of our common stock or any other class or series of stock ranking junior to the Series C Preferred Stock as to that distribution. The holder of the Series C Preferred Stock will not be entitled to any other amounts from us after it has received its full liquidation distribution.

In any such distribution, if the assets of CSC are not sufficient to pay the liquidation distribution described above in full to the holder of the Series C Preferred Stock and all holders of any class or series of stock ranking on parity with the Series C Preferred Stock as to such distribution, the amounts paid to the holder of Series C Preferred Stock and all holders of such parity stock will be paid pro rata in accordance with the respective aggregate liquidation distribution owed to those holders. If the liquidation distribution described above has been paid in full to the holder of Series C Preferred Stock and the holders of such parity stock, the holders of any other class or series of stock ranking junior to the Series C Preferred Stock as to such distribution shall be entitled to receive all remaining assets of CSC according to their respective rights and preferences.

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For purposes of this section, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of CSC shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of CSC, nor shall the merger, consolidation or any other business combination of any other corporation or person into or with CSC be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of CSC.

Because we are a holding company, our rights and the rights of our creditors and our stockholders, including the holder of the Series C Preferred Stock, to participate in the assets of any of our subsidiaries upon that subsidiary's liquidation or recapitalization may be subject to the prior claims of that subsidiary's creditors, except to the extent that we are a creditor with recognized claims against that subsidiary.

### **Voting Rights**

The holder of the Series C Preferred Stock will have no voting rights, except as provided below or as required by law.

#### ***Right to Elect Two Directors upon Nonpayment***

Whenever dividends payable on the shares of Series C Preferred Stock have not been paid for six quarterly dividend periods, whether or not consecutive, then the holder of the Series C Preferred Stock will have the right, with holders of any other equally ranked series of preferred stock that have similar voting rights and on which dividends likewise have not been paid (the "Voting Parity Securities"), voting together as a class, at a special meeting called at the request of the holders of at least 20% of the voting power of Series C Preferred Stock and any Voting Parity Securities (unless such request for a special meeting is received less than 90 calendar days before the date fixed for the next annual or special meeting of our stockholders, in which event such election shall be held only at such next annual or special meeting of our stockholders) or at our next annual or special meeting of our stockholders, to elect two additional directors to our board of directors; *provided*, that the election of any such director does not cause us to violate the applicable corporate governance requirements of the exchange or trading market where our common stock is then listed or quoted, as the case may be. At any meeting held for the purpose of electing such directors, the presence in person or by proxy of the holders of shares representing at least a majority of the voting power of the Series C Preferred Stock and any Voting Parity Securities, voting together as a class, shall be required to constitute a quorum of such shares. The affirmative vote of the holders of the Series C Preferred Stock and the holders of any Voting Parity Securities, voting together as a class, representing a majority of the voting power of such shares present at such meeting, in person or by proxy, shall be sufficient to elect any such director.

Immediately prior to the election of any such directors, the number of directors that comprise our board of directors shall be increased by two. Such voting rights and the term of the additional directors so elected will continue until:

continuous non-cumulative dividends for at least four consecutive quarterly dividend periods; and

cumulative dividends, if any, payable for all past dividend periods, shall have been paid, or declared and set aside for payment, in full, on all outstanding shares of Series C Preferred Stock or the Voting Parity Securities entitled thereto. At that point, the right to elect additional directors terminates and the terms of office of the two additional directors so elected will terminate immediately, and the number of directors shall be reduced by two and such voting rights of the holders of the Series C Preferred Stock and any Voting Parity Securities will cease, subject to any increase in the number of directors as described above due to the re-vesting of such voting rights in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, whether or not consecutive, as described above.

The holder of Series C Preferred Stock, together with holders of any Voting Parity Securities, voting together as a class, may remove any director they elected. Any vacancy created by the removal of any such



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director may be filled only by the vote of the holders of the Series C Preferred Stock and any Voting Parity Securities, voting together as a class. If the office of either such director becomes vacant for any reason other than removal, the remaining director may choose a successor who will hold office for the unexpired term of the vacant office. In the event that both offices are vacant, the holder of Series C Preferred Stock and the holders of any Voting Parity Securities may, as set forth above, call a special meeting and elect such directors at such special meeting, or elect such directors at our next annual or special meeting of our stockholders.

The number of votes that each share of Series C Preferred Stock and any stock ranking equally with the Series C Preferred Stock participating in the votes described above will be in proportion to the liquidation preference of such share.

Under regulations adopted by the Federal Reserve, if the holders of any series of preferred stock are or become entitled to vote for the election of directors, such series will be deemed a class of voting securities and a company holding 25% or more of the series, or 10% or more if it otherwise exercises a controlling influence over us, may then be subject to regulation as a savings and loan holding company in accordance with the Home Owners Loan Act of 1933, as amended. In addition, at the time the series is deemed a class of voting securities,

any other savings and loan holding company may be required to obtain the approval of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) to acquire or retain more than 5% of that series; and

any other persons other than a savings and loan holding company may be required to obtain the non-objection of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) to acquire or retain 10% or more of that series.

***Other Voting Rights***

So long as any shares of Series C Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all outstanding shares of the Series C Preferred Stock voting separately as a class, shall be required to:

amend, alter or repeal the provisions of CSC's certificate of incorporation (including the certificate of designation creating the Series C Preferred Stock), or CSC's bylaws, whether by merger, consolidation or otherwise, so as to adversely affect the powers, preferences, privileges or special rights of the Series C Preferred Stock; *provided*, that any of the following will not be deemed to adversely affect such powers, preferences, privileges or special rights:

increases in the amount of the authorized common stock or, except as provided below, preferred stock;

increases or decreases in the number of shares of any series of preferred stock ranking equally with or junior to the Series C Preferred Stock; or

the authorization, creation and issuance of other classes or series of capital stock (or securities convertible or exchangeable into such capital stock) ranking equally with or junior to the Series C Preferred Stock;

amend or alter CSC's certificate of incorporation to authorize or increase the authorized amount of or issue shares of any class or series of senior stock, or reclassify any of our authorized capital stock into any such shares of senior stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of senior stock; or

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consummate a binding share exchange, a reclassification involving the Series C Preferred Stock or a merger or consolidation of us with or into another entity; *provided*, however, that the holder of Series C Preferred Stock will have no right to vote under this provision or otherwise under Delaware law if in each case:

the Series C Preferred Stock remains outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, is converted into or exchanged for preferred securities of the surviving or resulting entity (or its ultimate parent) that is an entity organized and existing under the laws of the United States, any state thereof or the District of Columbia; and

the Series C Preferred Stock remaining outstanding or the new preferred securities, as the case may be, have such powers, preferences and special rights as are not materially less favorable to the holders thereof than the powers, preferences and special rights of the Series C Preferred Stock.

As used above under Description of Series C Preferred Stock Voting Rights , senior stock means any other class or series of stock of CSC ranking senior to the Series C Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of CSC. As of the date of this prospectus supplement, there is no existing senior stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series C Preferred Stock shall have been redeemed or called for redemption in accordance with the provisions described above upon proper notice and sufficient funds shall have been set aside by us for the benefit of the holder of the Series C Preferred Stock to effect such redemption.

See Description of Depositary Shares Voting the Series C Preferred Stock for information about voting of the depositary shares representing the Series C Preferred Stock.

**Registrar**

Wells Fargo Bank, National Association will be the registrar, dividend disbursing agent and redemption agent for the Series C Preferred Stock.

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### **DESCRIPTION OF DEPOSITARY SHARES**

In this prospectus supplement, references to holders of depositary shares mean those who own depositary shares registered in their own names, on the books that we or the depositary maintain for this purpose, and not indirect holders who own beneficial interests in depositary shares registered in street name or issued in book-entry form through DTC. Please review the special considerations that apply to indirect holders described in the Book-Entry Issuance section of this prospectus supplement.

This prospectus supplement summarizes specific terms and provisions of the depositary shares representing the Series C Preferred Stock. As described above under Description of Series C Preferred Stock and elsewhere in this prospectus supplement, we are issuing fractional interests in shares of the Series C Preferred Stock in the form of depositary shares. Each depositary share will represent a 1/40th ownership interest in a share of the Series C Preferred Stock, and will be evidenced by a depositary receipt. The shares of Series C Preferred Stock represented by depositary shares will be deposited under a deposit agreement among CSC, Wells Fargo Bank, National Association, as registrar and depositary, and the holders from time to time of the depositary receipts evidencing the depositary shares. Subject to the terms of the deposit agreement, each holder of a depositary share will be entitled, through the depositary, in proportion to the applicable fraction of a share of Series C Preferred Stock represented by such depositary share, to all the rights and preferences of the Series C Preferred Stock represented thereby (including dividend, redemption, liquidation and voting rights).

Immediately following the issuance of the Series C Preferred Stock, we will deposit the Series C Preferred Stock with the depositary, which will then issue the depositary shares to the underwriters. Copies of the forms of deposit agreement and the depositary receipt may be obtained from us upon request and in the manner described in the Where You Can Find More Information section of the accompanying prospectus.

### **Dividends and Other Distributions**

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series C Preferred Stock to the record holders of depositary shares representing the Series C Preferred Stock represented thereby in proportion to the number of depositary shares held by the holders. The depositary will distribute any property received by it other than cash to the record holders of depositary shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution (including any requirement that CSC or the depositary withhold an amount on account of taxes). In that event, the depositary may, with CSC's approval, adopt a method as it deems equitable and practicable for purposes of effecting the distribution, including selling the property (at a public or private sale) and distributing the net proceeds from the sale to the holders of the depositary shares in proportion to the number of depositary shares they hold.

Record dates for the payment of dividends and other matters relating to the depositary shares will be the same as the corresponding record dates for the Series C Preferred Stock.

The amounts distributed to holders of depositary shares will be reduced by any amounts required to be withheld by the depositary or by CSC on account of taxes or other governmental charges.

### **Redemption of Depositary Shares**

If we redeem the Series C Preferred Stock represented by the depositary shares, the depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Series C Preferred Stock held by the depositary. The redemption price per depositary share will be equal to 1/40th of the redemption price per share payable with respect to the Series C Preferred Stock (or \$25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Whenever we redeem shares of Series C Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing shares of Series C Preferred Stock so redeemed.

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In case of any redemption of less than all of the outstanding depositary shares, the depositary shares to be redeemed will be selected by the depositary pro rata or by lot. In any such case, the depositary will redeem depositary shares only in increments of 40 shares and any multiple thereof.

### **Liquidation Preference**

In the event that we liquidate, dissolve or wind-up our business and affairs, either voluntarily or involuntarily, each holder of a depositary share will be entitled to receive a liquidation distribution of \$25 per depositary share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends, before we make any distribution of assets to the holders of our common stock or any other class or series of stock ranking junior to the Series C Preferred Stock as to that distribution.

### **Voting the Series C Preferred Stock**

When the depositary receives notice of any meeting at which the holders of the Series C Preferred Stock are entitled to vote, the depositary will mail (or otherwise transmit by an authorized method) the information contained in the notice to the record holders of the depositary shares representing the Series C Preferred Stock. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the Series C Preferred Stock, may instruct the depositary to vote the amount of the Series C Preferred Stock represented by the holder's depositary shares. To the extent possible, the depositary will vote the amount of the Series C Preferred Stock represented by depositary shares in accordance with the instructions it receives. CSC will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any depositary shares representing the Series C Preferred Stock, it will vote all depositary shares of that series held by it proportionately with instructions received.

### **Listing**

We intend to apply to list the depositary shares on the NYSE. If the application is approved, we expect trading to begin within 30 days of the initial delivery of the depositary shares. We do not expect that there will be any separate public trading market for the shares of the Series C Preferred Stock except as represented by the depositary shares.

### **Form of Depositary Shares**

The depositary shares shall be issued in book-entry form through DTC, as described in [Book-Entry Issuance](#). The Series C Preferred Stock will be issued in registered form to the depositary as described in [Description of Series C Preferred Stock](#).

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**BOOK-ENTRY ISSUANCE**

DTC will act as securities depository for all of the depository shares. We will issue the depository shares only as fully-registered securities registered in the name of Cede & Co. (DTC's nominee). We will issue and deposit with DTC one or more fully-registered global certificates for the depository shares representing, in the aggregate, the total number of the depository shares to be sold in this offering.

DTC has advised us that it is a limited purpose trust company organized under the New York Banking Law, a banking organization under the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation under the meaning of the New York Uniform Commercial Code, and a clearing agency registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, like transfers and pledges, in deposited securities through electronic computerized book-entry changes in the participants' accounts, eliminating in this manner the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc. and the Financial Industry Regulatory Authority, Inc. Others, like securities brokers and dealers, banks and trust companies that clear through or maintain custodial relationships with direct participants, either directly or indirectly, are indirect participants and also have access to the DTC system. The rules applicable to DTC and its participants are on file with the SEC.

Clearstream has advised us that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry transfers between their accounts. Clearstream provides its participants with, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in several countries through established depository and custodial relationships. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier*. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. Clearstream's participants in the U.S. are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Clearstream participants. Distributions with respect to interests in global securities held through Clearstream will be credited to cash accounts of its customers in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream.

Euroclear has advised us that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear operator) under contract with Euroclear plc, a U.K. corporation. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Purchases of depository shares within the DTC system must be made by or through direct participants, who will receive a credit for the depository shares on DTC's records. The ownership interest of each actual purchaser of each depository share is in turn to be recorded on the direct and indirect participants' records. DTC will not send written confirmation to beneficial owners of their purchases, but beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic

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statements of their holdings, from the direct or indirect participants through which the beneficial owners purchased depositary shares. Transfers of ownership interests in the depositary shares are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in depositary shares, unless the book-entry system for the depositary shares is discontinued. Interests held through Clearstream and Euroclear will be recorded on DTC's books as being held by the U.S. depository for each of Clearstream and Euroclear, which U.S. depositories will in turn hold interests on behalf of their participants' customers' securities accounts.

DTC has no knowledge of the actual beneficial owners of the depositary shares. DTC's records reflect only the identity of the direct participants to whose accounts the depositary shares are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners and the voting rights of direct participants, indirect participants and beneficial owners, subject to any statutory or regulatory requirements as is in effect from time to time, will be governed by arrangements among them.

We will send redemption notices to Cede & Co. as the registered holder of the depositary shares. If less than all of these depositary shares are redeemed, DTC's current practice is to determine by lot the amount of the interest of each direct participant to be redeemed.

Although voting on the depositary shares is limited to the holders of record of the depositary shares, in those instances in which a vote is required, neither DTC nor Cede & Co. will itself consent or vote on depositary shares. Under its usual procedures, DTC would mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to direct participants for whose accounts the depositary shares are credited on the record date (identified in a listing attached to the omnibus proxy).

We will make distribution payments on the depositary shares to DTC. DTC's practice is to credit direct participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on the payment date. Standing instructions and customary practices will govern payments from participants to beneficial owners. Subject to any statutory or regulatory requirements, participants, and neither DTC nor we, will be responsible for the payment. We and any paying agent will be responsible for payment of distributions to DTC. Direct and indirect participants are responsible for the disbursement of the payments to the beneficial owners.

DTC may discontinue providing its services as securities depository on any of the depositary shares at any time by giving reasonable notice to us. If a successor securities depository is not obtained, final depositary shares certificates must be printed and delivered. We may at our option decide to discontinue the use of the system of book-entry transfers through DTC (or a successor depository). After an event of default, the holders of a majority in liquidation preference or aggregate principal amount of depositary shares may discontinue the system of book-entry transfers through DTC. In this case, final certificates for the depositary shares will be printed and delivered.

We have obtained the information in this section about DTC and DTC's book-entry system from sources that we believe to be accurate, but we assume no responsibility for the accuracy of the information. We have no responsibility for the performance by DTC or its participants of their respective obligations as described in this prospectus supplement or under the rules and procedures governing their respective operations.

Beneficial owner refers to the ownership interest of each actual purchaser of each depositary share.

Direct participants refers to securities brokers and dealers, banks, trust companies, clearing corporations and other organizations who, with the New York Stock Exchange, Inc. and the Financial

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Industry Regulatory Authority, Inc., own DTC. Purchases of depository shares within the DTC system must be made by or through direct participants who will receive a credit for the depository shares on DTC's records.

Indirect participants refers to others, like securities brokers and dealers, banks and trust companies that clear through or maintain custodial relationships with direct participants, either directly or indirectly, and who also have access to the DTC system.

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**CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the principal U.S. federal income tax consequences relevant to the purchase, ownership and disposition of the depositary shares. The summary is limited to taxpayers who will hold the depositary shares as capital assets (generally, assets held for investment) and who purchase the depositary shares in the initial offering at the initial offering price.

Beneficial owners of depositary shares will be treated as owners of the underlying Series C Preferred Stock for U.S. federal income tax purposes.

The following summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations and judicial or administrative authority, all of which are subject to change, possibly with retroactive effect.

State, local and foreign tax consequences are not summarized, nor are tax consequences to special classes of investors including, but not limited to, tax-exempt organizations, insurance companies, banks or other financial institutions, partnerships or other entities classified as partnerships for U.S. federal income tax purposes, dealers in securities or currencies, regulated investment companies, real estate investment trusts, U.S. holders (as defined below) whose functional currency is not the U.S. dollar, U.S. expatriates, persons liable for the alternative minimum tax, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, and persons that will hold the depositary shares as a position in a hedging transaction, straddle, conversion transaction or other risk reduction transaction. Tax consequences may vary depending upon the particular status of an investor.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds the depositary shares, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner and the partnership holding the depositary shares should consult his, her or its tax advisors regarding the tax considerations of acquiring, holding and disposing of the depositary shares.

**THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES FOR HOLDERS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR DEPOSITARY SHARES. PROSPECTIVE HOLDERS OF OUR DEPOSITARY SHARES SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL, FOREIGN INCOME AND OTHER TAX LAWS) OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR DEPOSITARY SHARES.**

**U.S. Holders**

The discussion in this section applies to you if you are a U.S. holder, which for this purpose means a beneficial owner of depositary shares who or that is, for U.S. federal income tax purposes:

an individual citizen or resident of the U.S.,

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

an estate the income of which is subject to U.S. federal income taxation regardless of its source, or

a trust (a) if a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (b) that was in existence on August 20, 1996 and has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.



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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.

***Distributions***

You will be taxed on distributions with respect to the depositary shares as dividend income to the extent paid out of our current or accumulated earnings and profits for U.S. federal income tax purposes. If you are taxed as a corporation, except as described in the remainder of this subsection, dividends generally will be eligible for the 70% dividends-received deduction.

To the extent that the amount of a distribution with respect to the depositary shares exceeds our current or accumulated earnings and profits, such distribution will be treated first as a tax-free return of capital to the extent of the U.S. holder's adjusted tax basis in such depositary shares, and thereafter as capital gain. You would be required to reduce your tax basis (but not below zero) in the depositary shares by the amount of the distribution. If you are a corporation, you would not be entitled to a dividends-received deduction on the portion of a distribution that exceeds your tax basis in the depositary shares.

If you are a non-corporate U.S. holder, distributions constituting dividend income will generally represent qualified dividend income, which will be subject to taxation at a maximum rate of 20% (or a lower rate for holders in certain tax brackets). In order to obtain qualified dividend treatment, the non-corporate U.S. holder must hold the depositary shares for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which the depositary shares become ex-dividend with respect to the dividend. A non-corporate U.S. holder may not count toward this minimum holding period any period in which the U.S. holder has, among other things, entered into positions that hedge its position in the depositary shares.

If you are a corporate U.S. holder, you may not be entitled to take the 70% dividends-received deduction in all circumstances and, even if you are so entitled, you may be subject to special rules in respect of your ownership of the depositary shares. Prospective corporate investors in depositary shares should consider the effect of:

Section 246A of the Code, which reduces the dividends-received deduction allowed to a corporate stockholder that has incurred indebtedness that is directly attributable to an investment in portfolio stock such as depositary shares;

Section 246(c) of the Code, which, among other things, disallows the dividends-received deduction in respect of any dividend on a share of stock that is held for less than the minimum holding period (generally at least 46 days during the 91-day period beginning on the date which is 45 days before the date on which such share becomes ex-dividend with respect to such dividend). A corporate U.S. holder may not count toward this minimum holding period any period in which the U.S. holder has, among other things, entered into positions that hedge its position in the depositary shares; and

Section 1059 of the Code, which, under certain circumstances, reduces the basis of stock for purposes of calculating gain or loss in a subsequent disposition by the portion of any extraordinary dividend (as defined below) that is eligible for the dividends-received deduction.

If you are a corporate U.S. holder, you will be required to reduce your tax basis (but not below zero) in the depositary shares by the nontaxed portion of any extraordinary dividend if you have not held your stock for more than two years before the earliest of the date such dividend is declared, announced, or agreed. Generally, the nontaxed portion of an extraordinary dividend is the amount excluded from income by operation of the dividends-received deduction. An extraordinary dividend on the depositary shares generally would be a dividend that:

equals or exceeds 5% of your adjusted tax basis in the depositary shares, treating all dividends having ex-dividend dates within an 85-day period as one dividend; or

exceeds 20% of your adjusted tax basis in the depositary shares, treating all dividends having ex-dividend dates within a 365-day period as one dividend.



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In determining whether a dividend paid on the depositary shares is an extraordinary dividend, you may elect to substitute the fair market value of the depositary shares for their tax basis for purposes of applying these tests if the fair market value as of the day before the ex-dividend date is established to the satisfaction of the Secretary of the Treasury. An extraordinary dividend also includes any amount treated as a dividend in the case of a redemption that is either non-pro rata as to all stockholders or in partial liquidation of the company, regardless of your holding period and regardless of the size of the dividend. Any part of the nontaxed portion of an extraordinary dividend that is not applied to reduce your tax basis as a result of the limitation on reducing your basis below zero would be treated as capital gain and would be recognized in the taxable year in which the extraordinary dividend is received.

You should consult your tax advisor with respect to the possible application of the extraordinary dividend provisions of the U.S. federal income tax law to your ownership or disposition of the depositary shares in your particular circumstances.

***Dispositions***

You generally will recognize capital gain or loss on a sale or exchange of the depositary shares equal to the difference between the amount realized upon the sale or exchange and your adjusted tax basis in the shares sold or exchanged. Such gain or loss generally will be long-term capital gain or loss if the depositary shares have been held for more than one year, although if you are a non-corporate U.S. holder that has received an extraordinary dividend on the depositary shares (as described above), you will be required to treat any loss on the sale of the depositary shares as a long-term capital loss to the extent of the extraordinary dividends received that qualified for treatment as qualified dividend income. Long-term capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the holder has a holding period greater than one year. The deductibility of capital losses is subject to significant limitations.

If we redeem your depositary shares, it generally would be a taxable event. You would be treated as if you had sold your depositary shares rather than received a distribution if the redemption:

results in a complete termination of your stock interest in us;

is substantially disproportionate with respect to you; or

is not essentially equivalent to a dividend with respect to you.

In determining whether any of these tests has been met, shares of stock considered to be owned by you by reason of certain constructive ownership rules set forth in Section 318 of the Code, as well as shares actually owned, must be taken into account. A redemption payment made to a U.S. holder will be not essentially equivalent to a dividend if it results in a meaningful reduction in the U.S. holder's aggregate stock interest in us. Because the determination as to whether any of these three tests will be met with respect to any particular U.S. holder will depend upon the facts and circumstances at the time that the determination must be made, U.S. holders are advised to consult their own tax advisors regarding the tax treatment of a redemption.

If we redeem your depositary shares in a redemption that meets one of the tests described above, you generally would recognize capital gain or loss equal to the sum of the amount of cash and fair market value of property (other than stock of us or a successor to us) received by you less your adjusted tax basis in the depositary shares. This gain or loss would be long-term capital gain or capital loss if you have held the depositary shares for more than one year. Any amounts paid to satisfy unpaid dividends that were declared prior to redemption will be treated as dividend income to you to the extent paid out of our current or accumulated earnings and profits (as described above) and not as income paid in cancellation or redemption of the Series C Preferred Stock.

If a redemption does not meet any of the tests described above, you generally would be taxed on the cash and fair market value of the property you receive as a dividend to the extent paid out of our current or accumulated earnings and profits. Any amount in excess of our current or accumulated earnings and profits would first reduce your tax basis (but not below zero) in the depositary shares and thereafter would be

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treated as capital gain. If a redemption of the depositary shares is treated as a distribution that is taxable as a dividend, you should consult with your own tax advisor regarding the allocation of your basis between the redeemed and any remaining depositary shares.

***Medicare Tax***

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% Medicare tax on the lesser of (1) the U.S. holder's net investment income (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. holder's net investment income generally will include its dividend income and its net gains from the disposition of the depositary shares, unless such dividend 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). If you are a U.S. holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the depositary shares.

***Information Reporting and Backup Withholding on U.S. Holders***

In general, if you are a non-corporate U.S. holder, dividend payments, or other taxable distributions, made on your depositary shares, as well as the payment of the proceeds from the sale or redemption of your depositary shares that are made within the U.S., will be subject to information reporting requirements. Additionally, backup withholding (currently at a rate of 28%) generally will apply to such payments if you are a non-corporate U.S. holder and you:

fail to provide an accurate taxpayer identification number;

are notified by the Internal Revenue Service that you have failed to report all interest or dividends required to be shown on your U.S. federal income tax returns; or

in certain circumstances, fail to comply with applicable certification requirements.

If you sell your depositary shares outside the U.S. through a non-U.S. office of a non-U.S. broker, and the sales proceeds are paid to you outside the U.S., then U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting will apply to a payment of sales proceeds, even if that payment is made outside the U.S., if you sell your depositary shares through a non-U.S. office of a broker that is:

a U.S. person;

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

a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period; or

a foreign partnership, if at any time during its tax year:

one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interest in the partnership; or

such foreign partnership is engaged in the conduct of a U.S. trade or business.

Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person. You generally may obtain a refund of any amounts withheld under the U.S. backup withholding rules that exceed your income tax liability by filing a refund claim with the Internal Revenue Service and providing the required information in a timely manner.

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

The discussion in this section applies to you if you are a non-U.S. holder, which for this purpose means a beneficial owner of depositary shares who or that is, for U.S. federal income tax purposes:

a nonresident alien individual;

a foreign corporation; or

an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from the depositary shares.

### ***Dividends***

Except as described below, if you are a non-U.S. holder of depositary shares, dividends paid to you to the extent of our current or accumulated earnings and profits are subject to withholding of U.S. federal income tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. Even if you are eligible for a lower treaty rate, the applicable withholding agent generally will be required to withhold at a 30% rate (rather than the lower treaty rate) on dividend payments to you, unless you have properly furnished:

a valid Internal Revenue Service Form W-8BEN, W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, your status as a person who is not a U.S. person and your entitlement to the lower treaty rate with respect to such payments; or

in the case of payments made outside the U.S. to an offshore account (generally, an account maintained by you at an office or branch of a bank or other financial institution at any location outside the U.S.), other documentary evidence establishing your entitlement to the lower treaty rate in accordance with Treasury regulations.

If you are eligible for a reduced rate of U.S. withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by filing a refund claim with the Internal Revenue Service.

If dividends paid to you are effectively connected with your conduct of a trade or business within the U.S., and, if required by a tax treaty, the dividends are attributable to a permanent establishment that you maintain in the U.S., the applicable withholding agent is generally not required to withhold tax from the dividends, provided that you have properly furnished a valid Internal Revenue Service Form W-8ECI or an acceptable substitute form upon which you certify, under penalties of perjury, that:

you are not a U.S. person; and

the dividends are effectively connected with your conduct of a trade or business within the U.S. and are includible in your gross income.

Effectively connected dividends are taxed at the same graduated U.S. federal income tax rates applicable to U.S. citizens, resident aliens and domestic corporations. If you are a corporate non-U.S. holder, effectively connected dividends that you receive may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

### ***Dispositions***

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If you are a non-U.S. holder, you generally will not be subject to U.S. federal income tax on gain that you recognize on a sale, exchange, redemption or other taxable disposition of depositary shares unless:

the gain is effectively connected with your conduct of a trade or business in the U.S. ( ECI ), and the gain is attributable to a permanent establishment that you maintain in the U.S., if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons;

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you are an individual, you are present in the U.S. for 183 or more days in the taxable year of the disposition and certain other conditions exist; or

under the so-called FIRPTA rules, we are or have been a U.S. real property holding corporation for U.S. federal income tax purposes and certain other conditions are met.

In the case of a redemption, any amounts paid to satisfy unpaid dividends that were declared prior to redemption will be treated as dividend income to you to the extent paid out of our current or accumulated earnings and profits (as described above) and not as income paid in cancellation or redemption of the Series C Preferred Stock.

If you are a corporate non-U.S. holder taxed on gain from a disposition of depositary shares because such gain constitutes ECI, such gain may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Although there can be no assurance with respect to potential gain under the FIRPTA rules, we have not been, are not and do not anticipate becoming a U.S. real property holding corporation for U.S. federal income tax purposes.

### ***Information Reporting and Backup Withholding on Non-U.S. Holders***

If you are a non-U.S. holder, we are required to report payments of dividends on Internal Revenue Service Form 1042-S or an acceptable substitute form even if the payments are exempt from withholding. You are otherwise generally exempt from backup withholding and information reporting requirements with respect to dividend payments, and the payment of the proceeds from the sale of depositary shares effected at a U.S. office of a broker, as long as:

the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished to the payor or broker:

a valid Internal Revenue Service Form W-8BEN, W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-U.S. person, or

other documentation upon which it may rely to treat the payments as made to a non-U.S. person in accordance with Treasury regulations, or

you otherwise establish an exemption.

Payment of the proceeds from the sale of depositary shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of depositary shares that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

the proceeds are transferred to an account maintained by you in the U.S.;

the payment of proceeds or the confirmation of the sale is mailed to you at a U.S. address; or

the sale has some other specified connection with the U.S. as provided in Treasury regulations;



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unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of depositary shares will be subject to information reporting if it is effected at a foreign office of a broker that is:

a U.S. person;

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

a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period; or

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a foreign partnership, if at any time during its tax year:

one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interest in the partnership; or

such foreign partnership is engaged in the conduct of a U.S. trade or business; unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the Internal Revenue Service and providing the required information in a timely manner.

***Withholdable Payments to Foreign Financial Entities and Other Foreign Entities***

The Foreign Account Tax Compliance Act ( FATCA ) imposes a 30% U.S. federal withholding tax on certain payments, including dividend income paid on depositary shares and gross proceeds of a disposition of depositary shares, to foreign financial institutions (which are broadly defined for this purpose and generally include investment vehicles) and certain non-financial foreign entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of certain interests in or accounts with those entities) have been satisfied. Under final Treasury regulations and subsequent guidance, these rules currently apply to dividends in respect of securities such as the depositary shares, and will apply to gross proceeds from the sale or other disposition of securities such as the depositary shares occurring on or after January 1, 2017. Prospective investors should consult their own tax advisors regarding the implications of FATCA and the Treasury regulations on their investment in our depositary shares.

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**CERTAIN ERISA CONSIDERATIONS**

The following is a summary of certain considerations associated with the purchase of the depositary shares by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ( ERISA ), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, Similar Laws ), and entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each, a Plan ).

**General Fiduciary Matters**

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an ERISA Plan ) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such a Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the depositary shares of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

**Prohibited Transaction Issues**

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

The acquisition of the depositary shares by an ERISA Plan with respect to which CSC or an underwriter is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired in accordance with an applicable statutory, class or individual prohibited transaction exemption.

**Plan Asset Issues**

ERISA and the regulations (the Plan Asset Regulations ) promulgated under ERISA by the Department of Labor generally provide that when an ERISA Plan acquires an equity interest in an entity, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established that one of an enumerated set of exceptions applies. We believe that at least two such exceptions apply to this offering. First, we believe that the depositary shares will be publicly offered securities within the meaning of the Plan Asset Regulations: (1) the offering will be registered under the Securities Act when purchased and subsequently registered under the Exchange Act following the end of the fiscal year; (2) the securities will be widely held by 100 or more investors independent of the issuer and of one another; and (3) the securities will be freely transferable. Second, we believe that CSC qualifies as an operating company within the meaning of the Plan Asset Regulations: it is an entity that is primarily engaged, directly or indirectly through a majority owned subsidiary or

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subsidiaries, in the production or sale of a product or service other than in the investment of capital. Consequently, since these two exceptions apply, CSC's assets should not be considered to be the plan assets of any ERISA Plan that acquires the depositary shares.

**Representation**

Accordingly, by acceptance of the depositary shares, each purchaser and subsequent transferee of depositary shares will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire the depositary shares constitutes assets of any Plan or (ii) the purchase of the depositary shares by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

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 depositary shares 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 of the depositary shares.

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**UNDERWRITING (Conflicts of Interest)**

We and the underwriters named below, of which Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, UBS Securities LLC and Wells Fargo Securities, LLC are the joint book-running managers and representatives, have entered into an underwriting agreement with respect to the depositary shares described in this prospectus supplement. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally but not jointly agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement, the number of depositary shares listed next to its name below:

Underwriter	Number of Depositary Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Morgan Stanley & Co. LLC	
UBS Securities LLC	
Wells Fargo Securities, LLC	
<b>Total</b>	

The underwriters have advised us that they are committed to purchase all the depositary shares offered by us if they purchase any shares. The underwriting agreement provides that, subject to certain conditions, the underwriters are obligated to purchase all of the depositary shares in the offering if they purchase any depositary shares. However, the underwriters are not required to purchase the shares covered by the underwriters over-allotment option described below. 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.

We have agreed for a period of 30 days from the date of this prospectus supplement, that we will not, without the prior written consent of the representatives, issue, sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or with respect to, the Series C Preferred Stock or the depositary shares or any of our other securities which are substantially similar to the Series C Preferred Stock or the depositary shares, including any securities convertible into or exchangeable for or representing the right to receive any such securities.

We have granted the underwriters the right to purchase up to an additional \_\_\_\_\_ depositary shares at the public offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus supplement to cover over-allotments, if any. To the extent the option is exercised, each underwriter must purchase a number of additional depositary shares approximately proportionate to that underwriter's initial purchase commitment.

It is expected that delivery of the depositary shares will be made through the facilities of DTC on or about \_\_\_\_\_, 2015, which will be the fifth business day following the initial sale of the depositary shares (this settlement cycle being referred to as T+5). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the depositary shares prior to the third business day before the delivery of the depositary shares will be required, by virtue of the fact that the depositary shares initially will settle on a delayed basis, to specify alternative settlement arrangements at the time of any such trade to prevent a failed settlement and should consult their own advisor.

The underwriters propose to offer the depositary shares directly to the public at the initial public offering price set forth on the cover page of this prospectus supplement and to certain dealers at that price less a concession not in excess of \$ \_\_\_\_\_ per depositary share for retail orders and \$ \_\_\_\_\_ per depositary share for institutional orders. Any such dealers may resell the depositary shares to certain other brokers or dealers at a discount of up to \$ \_\_\_\_\_ per share from the initial public offering price. After the initial public

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offering of the depositary shares, the offering price and other selling terms may be changed by the underwriters. Sales of depositary shares made outside of the U.S. may be made by the underwriters or affiliates of the underwriters.

The following table shows the per depositary share and total underwriting discounts and commissions to be paid to the underwriters.

	<b>Without Exercise of the Over- Allotment Option</b>	<b>With Full Exercise of the Over- Allotment Option</b>
Per Depositary Share (Retail Orders)	\$	\$
Per Depositary Share (Institutional Orders)	\$	\$
<b>Total</b>	<b>\$</b>	<b>\$</b>

We estimate that our total expenses of this offering (excluding underwriting discounts and commissions) will be approximately \$ .

We have 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.

The depositary shares will be a new issue of securities, and there is currently no established trading market for the depositary shares. We do not expect that there will be any separate public trading market for the shares of the Series C Preferred Stock except as represented by the depositary shares. We intend to apply to list the depositary shares on the NYSE under the symbol SCHW PrC . If the application is approved, we expect trading of the depositary shares on the NYSE to begin within the 30-day period after the initial delivery of the depositary shares. The underwriters have advised us that they intend to make a market in the depositary shares. However, they are not obligated to do so and may discontinue any market making in the depositary shares at any time in their sole discretion. Therefore, we cannot assure you that a liquid trading market for the depositary shares will develop, that you will be able to sell your depositary shares at a particular time or that the price you receive when you sell will be favorable.

The depositary shares may not be offered or sold, directly or indirectly, nor may this prospectus supplement, the accompanying prospectus or any other offering material or advertisements in connection with the offer and sale of the depositary shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons who come to possess this prospectus supplement or the accompanying prospectus are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus supplement and the accompanying prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

The underwriters will be permitted to engage in certain transactions that have the effect of stabilizing the price of the depositary shares. These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the depositary shares. If the underwriters create a short position in the depositary shares in connection with the offering, i.e., if they sell more depositary shares than are set forth on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing depositary shares in the open market. In general, purchases of a security for the purpose of reducing a short position could cause the price of the security to be higher than it might be in the absence of these purchases. Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the depositary shares. In addition, neither we nor the underwriters will make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

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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 transfer agent services to us or our subsidiaries (including as parties to our credit agreement), for which they have in the past received, and may currently or in the future receive, customary fees and expenses.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the depositary shares offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the depositary shares. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**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 conflicts 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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**NOTICE TO INVESTORS**

**European Economic Area**

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of securities which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

- (1) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (2) 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 relevant dealer or dealers nominated by the Company for any such offer; or
- (3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of securities shall require the Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of securities 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 presenting sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe to the securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For purposes of this provision, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto including as amended by the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State in question), and includes any relevant implementing measure in each Relevant Member State; and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

**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) persons who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) who have professional experience in matters relating to investments; or (3) persons who are 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 depositary shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such depositary shares 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**

The validity of the depositary shares and shares of Series C Preferred Stock we are offering will be passed upon for us by Arnold & Porter LLP, San Francisco, California. Attorneys of that firm beneficially own an aggregate of less than 1% of CSC's common stock. The underwriters have been represented by Simpson Thacher & Bartlett LLP, New York, New York.

**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, 2014 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, which is 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**

**Depository 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, depository 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 in a market-making transaction 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, 2014**

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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 the securities being offered. 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 the 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 a registration statement on Form S-3 with the SEC relating to the securities offered by this prospectus. This prospectus is a part of that registration statement and does not include all of the information in the registration statement.

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 into this prospectus information we file with the SEC, which means that we can disclose important information to you by referring you to those 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, 2013;

Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2014, June 30, 2014 and September 30, 2014;

Current Reports on Form 8-K filed on April 10, 2014, May 19, 2014, October 28, 2014 and November 21, 2014;

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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The description of our 6.00% Non-Cumulative Perpetual Preferred Stock, Series B contained in our registration statement on Form 8-A filed on June 6, 2012 under Section 12 of the Exchange Act, and any amendment or report filed for the purpose of updating that description; and

Solely with regard to the securities covered by this prospectus that were initially offered and sold under our previously filed registration statement(s) and that from time to time may be reoffered and resold in market-making transactions under this prospectus, the information in the prospectus supplements relating to those securities that were previously filed by us in connection with their initial offer and sale (except to the extent that any such information has been modified or superseded by other information included or incorporated by reference in this prospectus).

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)**

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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, money management, and financial advisory services. Our significant business subsidiaries include:

Charles Schwab & Co., Inc., 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 Charles Schwab & Co., Inc.'s proprietary mutual funds, referred to as the Schwab Funds and for Charles Schwab & Co., Inc.'s exchange-traded funds, referred to as the Schwab ETFs.

We are a savings and loan holding company and are subject to supervision and regulation by the Board of Governors of the Federal Reserve System (the Federal Reserve ). 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.

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 RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

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

	Nine Months Ended		Years ended December			
	September 30, 2014	2013	2012	2011	2010	2009
Ratio of earnings to fixed charges (1)	12.7	10.8	7.7	6.9	4.1	6.0
Ratio of earnings to fixed charges, excluding deposits from banking clients and payables to brokerage clients interest expense (2)	15.3	13.2	9.4	9.1	6.3	9.9
Ratio of earnings to fixed charges and preferred stock dividends (1)(3)	8.6	6.9	5.8	6.9	4.1	6.0
Ratio of earnings to fixed charges and preferred stock dividends, excluding deposits from banking clients and payables to brokerage clients interest expense. (2)(3)	9.7	7.8	6.7	9.1	6.3	9.9

- (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 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, 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. We did not have any outstanding preferred stock for the fiscal years ended December 31, 2009 to 2011.

**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 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.



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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 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 subordinated debt securities will be issued under a 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 subordinated indenture as the indentures. When we refer to the trustee, we mean both the senior trustee and the 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 subordinated indenture, the senior debt securities and the 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 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;



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the place where the principal and interest are payable;

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 mandatory or optional redemption;

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 ;