
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 24, 2013

The Charles Schwab Corporation

(Exact name of registrant as specified in its charter)

Commission File Number: 1-9700

Delaware
(State or other jurisdiction
of incorporation)

94-3025021
(I.R.S. Employer
Identification No.)

211 Main Street, San Francisco, CA 94105
(Address of principal executive offices, including zip code)

(415) 667-7000
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On January 24, 2013, at a meeting of the Compensation Committee (the “Committee”) of the Board of Directors of The Charles Schwab Corporation (“CSC”), the Committee approved performance-based long-term incentive awards payable in cash (“Cash LTIP”), performance-based restricted stock units and stock options under the CSC 2004 Stock Incentive Plan for certain named executive officers as follows:

Name and Principal Position	Value of Cash LTIP ⁽¹⁾	Value of Restricted Stock Units ⁽²⁾	Value of Nonqualified Stock Options ⁽³⁾
Walter W. Bettinger II President and Chief Executive Officer	\$ 4,000,000	\$ 3,250,000	\$ 3,250,000
Joseph R. Martinetto Executive Vice President and Chief Financial Officer	\$ 1,437,500	\$ 750,000	\$ 750,000
James D. McCool Executive Vice President – Client Solutions	\$ 1,375,000	\$ 750,000	\$ 750,000
Charles R. Schwab Chairman of the Board	\$ 2,000,000	\$ 1,500,000	\$ 1,500,000

⁽¹⁾ The Cash LTIP awards will have a date of grant of March 1, 2013, and will vest 100% on the fourth anniversary of the date of grant, based on CSC achieving a performance target related to cumulative earnings per common share for the four-year period from January 1, 2013 to December 31, 2016. The amount payable can range between zero and 200% of the target award depending on CSC’s performance.

⁽²⁾ The restricted stock unit awards will have a date of grant of March 1, 2013, and will vest 25% on the first, second, third, and fourth anniversaries of the date of grant, based on CSC achieving performance targets to be established by the Committee not later than the first 90 days of each one-year performance period from January 1 to December 31 of the calendar year preceding the vesting date. For the January 1, 2013 to December 31, 2013 performance period, the Committee has established performance targets related to return on common equity and cost of equity capital. The target number of restricted stock units to be granted will be calculated by dividing the value of the award by the fair market value (defined as the average of the high and low price) of a share of common stock on the date of grant. The shares vest only upon achieving performance targets and the number of shares actually paid can exceed the target amount depending on CSC’s performance. The maximum number of shares payable is 200% of the target number of restricted stock units granted. If CSC does not achieve a performance target for any one-year performance period, the unvested restricted stock units due to vest for that performance period will be forfeited.

⁽³⁾ The nonqualified stock options will be granted in three equal installments on the following predetermined grant dates: March 1, August 1, and November 1, 2013. The stock options will vest 25% on the first, second, third, and fourth anniversaries of the date of grant. The stock options will have a term of ten years. The stock options will have an exercise price equal to the closing price of CSC’s common stock on the date of grant. The number of stock options will be calculated by dividing the value of the award by the fair value of a stock option as valued by a binomial stock option pricing model on the date of grant.

On January 24, 2013, the Committee also approved changes to the retirement provisions of outstanding and prospective equity awards for the named executive officers, other active employees and non-employee directors, who retire on or after March 1, 2013. The changes are as follows:

- Stock options will vest upon retirement, which is defined as age 55 with at least ten years of service for employees and age 70 or five years of service for non-employee directors. The post-termination exercise period for stock options will be the earlier of the original expiration date in the grant agreement and (1) five years from termination for employees with at least 10 years of service, but less than 15 years of service or (2) the original life of the option for employees with at least 15 years of service and non-employee directors.
- For restricted stock units, awards vest at retirement. Outstanding restricted stock units are payable on the original vesting schedule noted in the award agreement. Future restricted stock units will vest and be paid in shares upon termination.
- For performance-based restricted stock units, awards will continue to vest after retirement and be paid in shares on the original payment schedule subject to the company's attainment of the performance goals.
- Outstanding restricted stock awards will vest and restrictions on the shares will lapse upon termination.

Item 9.01 Financial Statements and Exhibits

- (d) Exhibits
- 10.352 Form of Performance-Based Cash Long-Term Incentive Award Agreement under The Charles Schwab Corporation 2004 Stock Incentive Plan and successor plans.
 - 10.353 Form of Notice and Performance-Based Restricted Stock Unit Agreement under The Charles Schwab Corporation 2004 Stock Incentive Plan and successor plans.
 - 10.354 Form of Notice and Nonqualified Stock Option Agreement under The Charles Schwab Corporation 2004 Stock Incentive Plan and successor plans.
 - 10.355 Form of Notice and Restricted Stock Unit Agreement under The Charles Schwab Corporation 2004 Stock Incentive Plan and successor plans.
 - 10.356 Form of Notice and Retainer Stock Option Agreement for Non-Employee Directors under The Charles Schwab Corporation 2004 Stock Incentive Plan and successor plans.
 - 10.357 Form of Notice and Retainer Restricted Stock Unit Agreement for Non-Employee Directors under The Charles Schwab Corporation 2004 Stock Incentive Plan and successor plans.
 - 10.358 Form of Notice and Stock Option Agreement for Non-Employee Directors under The Charles Schwab Corporation Directors' Deferred Compensation Plan II and The Charles Schwab Corporation 2004 Stock Incentive Plan and successor plans.
 - 10.359 Form of Notice and Restricted Stock Unit Agreement for Non-Employee Directors under The Charles Schwab Corporation Directors' Deferred Compensation Plan II and The Charles Schwab Corporation 2004 Stock Incentive Plan and successor plans.

Signature(s)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CHARLES SCHWAB CORPORATION

Date: January 30, 2013

By: /s/ Joseph R. Martinetto

Joseph R. Martinetto
Executive Vice President and Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
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THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
CASH LONG-TERM INCENTIVE AWARD AGREEMENT
(PERFORMANCE-BASED VESTING)

You have been granted a cash long-term incentive award (“*Award*”). The Award represents the right to receive a cash payment under The Charles Schwab Corporation [2004 Stock Incentive Plan] (the “*Plan*”), subject to the following conditions:

Name of Recipient:

Target Award:

Grant Date:

Performance Period:

Vesting Schedule: So long as you remain in service in good standing and subject to the terms of this Agreement and certification of the achievement of the Performance Goal by Schwab’s Compensation Committee, this Award vests as follows:

Performance Goal:

This Award will vest only if Schwab’s Compensation Committee certifies that as of the applicable Vesting Date, Schwab has satisfied the Performance Goal for the applicable Performance Period (or in connection with a Change in Control, as explained below) ending prior to such Vesting Date. The Performance Goal shall be established by the Compensation Committee not later than the 90th day of the applicable Performance Period (or, in the event that a Performance Period is expected to be less than 12 months, not later than the date when 25% of the Performance Period has elapsed).

The amount payable pursuant to the Target Award granted herein will be determined based on a formula established by the Compensation Committee not later than the 90th day of the applicable Performance Period (or, in the event that a Performance Period is expected to be less than 12 months, not later than the date when 25% of the Performance Period has elapsed).

If vesting does not occur because the Performance Goal is not met, any unvested portion of the Award will be forfeited automatically and permanently on the date established by the Compensation Committee.

Any vested Award will be paid in a lump sum cash payment as soon as administratively possible after vesting, but in no event beyond March 15th of the year following the year of vesting. In general, vesting requires both service and performance conditions to be met, except to the extent a particular condition is not applicable in the case of death, disability or change in control. This Award is an unfunded and unsecured obligation of Schwab.

You and Schwab agree that this Award is issued under and governed by the terms and conditions of the Plan and this Agreement. Please review these documents carefully, as they explain the terms and conditions of this Award. You agree that Schwab may deliver electronically all documents relating to the Plan or this grant (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that Schwab is required to deliver to its stockholders. By accepting this Award, you agree to all of the terms and conditions of the Award, and you have no right whatsoever to change or negotiate such terms and conditions.

Vesting

Subject to the provisions of this Agreement, this Award becomes vested as described above. If your service terminates for any reason, then your Award will automatically and permanently be forfeited to the extent that not vested before the termination date and not vested as a result of the termination, unless otherwise noted below. You will not receive payment if the Award is forfeited. Schwab determines when your service terminates for this purpose. For all purposes of this Agreement, “service” means continuous employment as a common-law employee of Schwab or a parent company or subsidiary of Schwab, and “subsidiary” means a subsidiary corporation as defined in section 424(f) of the Internal Revenue Code of 1986, as amended (the “Code”).

Vesting on Death or Disability

This Award will not forfeit because your service terminates before the Vesting Date if your service terminates on account of your death or disability. In this case, however, vesting of the Award will still depend on the Compensation Committee certifying that Schwab has satisfied the Performance Goal.

Definition of Disability

For all purposes of this Agreement, “disability” means that you have a disability such that you have been determined to be eligible for benefits under Schwab’s long-term disability plan, or if you are not covered by Schwab’s long-term disability plan, you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which has lasted, or can be expected to last, for a continuous period of not less than 12 months or which can be expected to result in death as determined by Schwab in its sole discretion.

Vesting on Change in Control

If, prior to the date your service terminates, Schwab is subject to a “*change in control*” (as defined in the Plan document), this Award, to the extent not already forfeited, will become fully vested as of the date that the change in control occurs.

Payment of Award

The Target Award is denominated in dollars. The final value of the payment, if any, due as a result of this Award will be determined based on the Performance Goal and formula established by the Compensation Committee not later than the 90th day of the applicable Performance Period (or, in the event that a Performance Period is expected to be less than 12 months, not later than the date when 25% of the Performance Period has elapsed). Except in the case of a change in control, the valuation and payout of the Award will be completed after the last day of the Performance Period and after the Compensation Committee has certified the achievement of the Performance Goal set forth above. The Compensation Committee has the absolute and unrestricted discretion to reduce the amount payable in connection with the attainment of the Performance Goal applicable to the Award. It is expressly permissible in this case to reduce the amount otherwise payable to zero. If vesting has occurred as a result of a change in control, payment will be made at target, and this payment may not be reduced by the Committee after the occurrence of the change in control. The Award will be paid in a lump sum cash payment as soon as administratively possible following vesting, but in no event beyond March 15th of the year following the year of vesting.

Payment in the Event of Death or Disability

In the event of your death prior to the date your service otherwise terminates, or in the event of your termination due to disability, your Award will not forfeit because your service ends before the Vesting Date. If the Compensation Committee certifies that the Performance Goal is satisfied, your beneficiary or you will be entitled to a prorated portion of the amount that would be payable upon the achievement of the Performance Goal above. This prorated portion will be paid in cash as a lump sum based on the number of days in the Performance Period prior to your death or termination due to disability. The lump sum cash payment will be payable to your beneficiaries or you at the same time Awards are paid to all other participants for the Performance Period. You may designate one or more beneficiaries by filing a beneficiary designation form. You may change your beneficiary designation by filing a new form with Schwab at any time prior to your death. If you do not designate a beneficiary or if your designated beneficiary predeceases you, then, your payment will be delivered to your estate. The Compensation Committee, in its sole discretion, will determine the amount and the time of the payment, but in no event will payment be made beyond March 15th of the year following the

year of vesting.

Tax Withholding To the extent required by applicable federal, state, local or foreign law, Schwab shall satisfy any withholding tax obligations that arise from this Award from the lump sum cash payment.

Restrictions on Award You may not sell, transfer, pledge or otherwise dispose of this Award. Schwab will deliver a lump sum cash payment to you only after the Award vests and after all other terms and conditions in this Agreement have been satisfied.

Schwab may, in its sole discretion, allow you to transfer a portion of the Award under a domestic relations order in settlement of marital or domestic property rights. In order to transfer a portion of the Award, you and the transferee(s) must execute the forms prescribed by Schwab, which include the consent of the transferee(s) to be bound by this Agreement.

Cancellation of Award To the fullest extent permitted by applicable laws, this Award will immediately be cancelled and expire in the event that Schwab terminates your employment on account of conduct contrary to the best interests of Schwab, including, without limitation, conduct constituting a violation of law or Schwab policy, fraud, theft, conflict of interest, dishonesty or harassment. The determination whether your employment has been terminated on account of conduct inimical to the best interests of Schwab shall be made by Schwab in its sole discretion.

No Right to Remain Employee Nothing in this Agreement will be construed as giving you the right to be retained as an employee, contingent worker or director of Schwab and its subsidiaries for any specific duration or at all.

Limitation on Payments If a payment would constitute an excess parachute payment under section 280G of the Code or if there have been certain securities law violations, then your Award may be reduced or forfeited and you may be required to disgorge any payment that you have realized from your Award.

If a disqualified individual receives a payment or transfer under the Plan that would constitute an excess parachute payment under section 280G of the Code, such payment will be reduced, as described below. Generally, someone is a “*disqualified individual*” under section 280G if he or she is (a) an officer of Schwab, (b) a member of the group consisting of the highest paid 1% of the employees of Schwab or, if less, the highest paid 250 employees of Schwab, or (c) a 1% stockholder of Schwab. For purposes of the section on “Limitation on Payments,” the term “*Schwab*” will

include affiliated corporations to the extent determined by the independent auditors most recently selected by the Schwab Board of Directors (the “Auditors”) in accordance with section 280G(d)(5) of the Code.

In the event that the Auditors determine that any payment or transfer in the nature of compensation to or for your benefit, whether paid or payable (or transferred or transferable) pursuant to the terms of the Plan or otherwise (a “Payment”), would be nondeductible for federal income tax purposes because of the provisions concerning “excess parachute payments” in section 280G of the Code, then the aggregate present value of all Payments will be reduced (but not below zero) to the Reduced Amount; provided, however, that the Compensation Committee may specify in writing that the Award will not be so reduced and will not be subject to reduction under this section.

For this purpose, the “Reduced Amount” will be the amount, expressed as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by Schwab because of section 280G of the Code.

If the Auditors determine that any Payment would be nondeductible because of section 280G of the Code, then Schwab will promptly give you notice to that effect and a copy of the detailed calculation of the Reduced Amount. You may then elect, in your discretion, which and how much of the Payments will be eliminated or reduced (as long as after such election, the aggregate present value of the Payments equals the Reduced Amount, and your election is consistent with any mandatory eliminations or reductions that apply under other agreements or the Plan). You will advise Schwab in writing of your election within 10 days of receipt of the notice.

If you do not make such an election within the 10-day period, then Schwab may elect which and how much of the Payments will be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount). Schwab will notify you promptly of its election. Present value will be determined in accordance with section 280G(d)(4) of the Code. The Auditors’ determinations will be binding upon you and Schwab and will be made within 60 days of the date when a Payment becomes payable or transferable.

As promptly as practicable following these determination and elections, Schwab will pay or transfer to or for your benefit such amounts as are then due to you under the Plan, and will promptly

pay or transfer to or for your benefit in the future such amounts as become due to you under the Plan.

As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors, it is possible that Payments will have been made by Schwab which should not have been made (an “*Overpayment*”) or that additional Payments which will not have been made by Schwab could have been made (an “*Underpayment*”), consistent in each case with the calculation of the Reduced Amount. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against you or Schwab which the Auditors believe has a high probability of success, determine that an Overpayment has been made, the amount of such Overpayment will be paid by you to Schwab on demand, together with interest at the applicable federal rate provided in section 7872 (f)(2) of the Code. However, no amount will be payable by you to Schwab if and to the extent that such payment would not reduce the amount which is subject to taxation under section 4999 of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment will promptly be paid or transferred by Schwab to or for your benefit, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

Notwithstanding the foregoing, in no event will a payment be made under this Section beyond March 15th of the year following the year in which the amount ceases to be subject to a substantial risk of forfeiture.

Plan Administration

The Plan Administrator has discretionary authority to make all determinations related to this Award and to construe the terms of the Plan and this Agreement. The Plan Administrator’s determinations are conclusive and binding on all persons, and they are entitled to deference upon any review.

Adjustments

In the event of changes in Schwab stock, this Award shall be adjusted as determined by the Compensation Committee in accordance with the Plan.

Severability

In the event that any provision of this Agreement is held invalid or unenforceable, the provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions), as such laws are applied to contracts entered into and performed in Delaware.

The Plan and Other Agreements

The text of the Plan is incorporated in this Agreement by reference. This Agreement and the Plan constitute the entire understanding between you and Schwab regarding this Award. Any prior agreements, commitments or negotiations concerning this grant are superseded. This Agreement may be amended only by another written agreement, signed by both parties and approved by the Compensation Committee. If there is any inconsistency or conflict between any provision of this Agreement and the Plan, the terms of the Plan will control.

BY ACCEPTING THIS AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NOTICE OF RESTRICTED STOCK UNIT GRANT
(PERFORMANCE-BASED VESTING)

You have been granted Restricted Stock Units. A Restricted Stock Unit represents the right to receive, subject to certain conditions, a share of Common Stock of The Charles Schwab Corporation (“Schwab”), under The Charles Schwab Corporation [2004 Stock Incentive Plan] (the “Plan”). Your Restricted Stock Units are granted subject to the following terms:

Name of Recipient:

**Number of Target
Restricted Stock Units
Granted:**

Grant Date:

Performance Period(s):

Vesting Schedule: So long as you remain in service in good standing and subject to the terms of the Restricted Stock Unit Agreement and certification of the achievement of the Performance Goal by Schwab’s Compensation Committee, this grant vests as follows:

Number of Target Restricted Stock Units on Vesting Date:

The Target Restricted Stock Units shall vest only if Schwab’s Compensation Committee certifies that as of the Vesting Date above, Schwab has satisfied the Performance Goal for the applicable performance period ending prior to such Vesting Date. The Performance Goal shall be established by the Compensation Committee not later than the 90th day of the applicable Performance Period (or, in the event that a Performance Period is expected to be less than 12 months, not later than the date when 25% of the Performance Period has elapsed).

The number of shares of Common Stock of The Charles Schwab Corporation (“*Shares*”) payable pursuant to the Target Restricted Stock Units granted herein will be determined based on a formula established by the Compensation Committee not later than the 90th

day of the applicable Performance Period (or, in the event that a Performance Period is expected to be less than 12 months, not later than the date when 25% of the Performance Period has elapsed).

[If the Performance Goal is not met for any one-year period, you will have a second opportunity to vest in the unvested portion of the grant if Schwab has satisfied the Performance Goal established by the Compensation Committee for the second vesting opportunity.]

Except as otherwise provided in the Restricted Stock Unit Agreement, if the Performance Goal is not met, any unvested portion of the grant will be forfeited automatically and permanently on the date established by the Compensation Committee.

Any vested Restricted Stock Units will be paid in Shares as soon as administratively possible after vesting, but in no event beyond March 15th of the year following the year of vesting.

You and Schwab agree that this grant is issued under and governed by the terms and conditions of the Plan and the Restricted Stock Unit Agreement, both of which are made a part of this notice. Please review the Restricted Stock Unit Agreement and the Plan carefully, as they explain the terms and conditions of this grant. You agree that Schwab may deliver electronically all documents relating to the Plan or this grant (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that Schwab is required to deliver to its stockholders. By accepting this grant, you agree to all of the terms and conditions described above, in the Restricted Stock Unit Agreement and in the Plan, and you have no right whatsoever to change or negotiate such terms and conditions.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
RESTRICTED STOCK UNIT AGREEMENT
(PERFORMANCE-BASED VESTING)

Payment for Units	No payment is required for the Restricted Stock Units that you are receiving. Restricted Stock Units are an unfunded and unsecured obligation of Schwab.
Vesting	Subject to the provisions of this Agreement, this grant becomes vested as described in the Notice of Restricted Stock Unit Grant, of which this Restricted Stock Unit Agreement is a part. Unvested units will be considered “ <i>Restricted Stock Units</i> .” If your service terminates for any reason, then your Restricted Stock Units will automatically and permanently be forfeited to the extent that they have not vested before the termination date and will not vest as a result of the termination, unless otherwise noted below. This means that the Restricted Stock Units will immediately revert to Schwab. You will receive no payment for Restricted Stock Units that are forfeited. Schwab determines when your service terminates for this purpose. For all purposes of this Agreement, “ <i>service</i> ” means continuous employment as a common-law employee of Schwab or a parent company or subsidiary of Schwab, and “ <i>subsidiary</i> ” means a subsidiary corporation as defined in section 424(f) of the Internal Revenue Code of 1986, as amended (the “ <i>Code</i> ”).
Accelerated Vesting	This grant, to the extent not already forfeited, will become fully vested and payable at target upon your death or disability. If, prior to the date your service terminates, Schwab is subject to a “ <i>change in control</i> ” (as defined in the Plan document), this grant, to the extent not already forfeited, will become fully vested and payable at target as of the date that the change in control occurs.
Continued Vesting	<p>If your service terminates on account of your retirement as defined below, you will be treated as in service in good standing for purposes of determining further vesting of the grant.</p> <p>If you are entitled to severance benefits under The Charles Schwab Severance Pay Plan (or any successor plan), then you may be treated as in service in good standing during your Severance Period for purposes of determining further vesting of the grant under the terms of that plan.</p>
Definition of Fair Market Value	“ <u>Fair market value</u> ” means the average of the high and low price of a Share (as defined below) as reported on the New York Stock Exchange on the applicable determination date.

Definition of Disability

For all purposes of this Agreement, “disability” means that you have a disability such that you have been determined to be eligible for benefits under Schwab’s long-term disability plan, or if you are not covered by Schwab’s long-term disability plan, you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which has lasted, or can be expected to last, for a continuous period of not less than 12 months or which can be expected to result in death as determined by Schwab in its sole discretion.

Definition of Retirement

If you are an employee of Schwab and its subsidiaries, “retirement” means termination of service for any reason other than death at any time after you attain age 55, but only if, at the time of your termination, you have been credited with at least 10 years of service.

The phrase “years of service” above has the same meaning given to it under The SchwabPlan Retirement Savings and Investment Plan (or any successor plan).

Payment of Shares

The Target Restricted Stock Units in the Notice of Restricted Stock Unit Grant will be used to determine the shares of Common Stock of The Charles Schwab Corporation (“*Shares*”) payable based on the Performance Goal and formula established by the Compensation Committee not later than the 90th day of the applicable Performance Period (or, in the event that a Performance Period is expected to be less than 12 months, not later than the date when 25% of the Performance Period has elapsed). The Shares payable are calculated following the end of the Performance Period based on the Performance Goal achieved and any adjustments provided for under the Plan and this Agreement. The Shares shall be paid as soon as administratively possible following vesting, but in no event beyond March 15th of the year following the year of vesting.

Restrictions on Restricted Stock Units

You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units without Schwab’s written consent. Schwab will deliver Shares to you only after the Restricted Stock Units vest and after all other terms and conditions in this Agreement have been satisfied.

Schwab may, in its sole discretion, allow you to transfer these Restricted Stock Units under a domestic relations order in settlement of marital or domestic property rights.

In order to transfer these Restricted Stock Units, you and the transferee(s) must execute the forms prescribed by Schwab, which include the consent of the transferee(s) to be bound by this Agreement.

Delivery of Shares After Death	In the event of your death prior to the date your service terminates, your Shares will be delivered to your beneficiary or beneficiaries. You may designate one or more beneficiaries by filing a beneficiary designation form. You may change your beneficiary designation by filing a new form with Schwab at any time prior to your death. If you do not designate a beneficiary or if your designated beneficiary predeceases you, then, your Shares will be delivered to your estate. The Compensation Committee, in its sole discretion, will determine the form and time of the distribution of Shares to your estate. In no event will the payment be made beyond March 15 th of the year following the year of death.
Restrictions on Resale	You agree not to sell any Shares at a time when applicable laws, Schwab’s policies or an agreement between Schwab and its underwriters prohibit a sale. This restriction will apply as long as your service continues and for such period of time after the termination of your service as Schwab may specify.
Cancellation of Restricted Stock Units	To the fullest extent permitted by applicable laws, these Restricted Stock Units will immediately be cancelled and expire in the event that Schwab terminates your employment on account of conduct contrary to the best interests of Schwab, including, without limitation, conduct constituting a violation of law or Schwab policy, fraud, theft, conflict of interest, dishonesty or harassment. The determination whether your employment has been terminated on account of conduct inimical to the best interests of Schwab shall be made by Schwab in its sole discretion, and will be entitled to deference upon any review.
Withholding Taxes	The Restricted Stock Units will not be paid in Shares unless you have made acceptable arrangements to pay any applicable withholding of income and employment taxes that may be due as a result of this grant. These arrangements may include withholding Shares. Schwab may withhold the minimum number of whole Shares, valued at the fair market value on the Vesting Date, required to satisfy such applicable withholding taxes. Any residual amount of applicable withholding taxes, i.e., amounts of less than the fair market value of a Share, may be deducted from your pay. If withholding taxes are due and you have terminated employment, applicable withholding taxes will be deducted from your Schwab brokerage account. You are responsible for having sufficient funds in your Schwab brokerage account to cover the withholding taxes at the time they are due.
No Stockholder Rights	Your Restricted Stock Units carry no voting or other stockholder rights. You have no rights as a Schwab stockholder until your units are settled by issuing Shares.

Contribution of Par Value On your behalf, Schwab will contribute to its capital an amount equal to the par value of the Shares issued to you.

Dividend Equivalent Rights If Schwab pays cash dividends on Shares, each Restricted Stock Unit will accrue a dividend equivalent equal to the cash dividend paid per Share, subject to the same vesting and forfeiture provisions as the associated Restricted Stock Units, to be paid in cash without interest at the time the associated Restricted Stock Units vest and Shares are released. In no event will the accumulated dividend equivalent be paid beyond March 15th of the year following the year in which the associated Restricted Stock Units vest.

No Right to Remain Employee Nothing in this Agreement will be construed as giving you the right to be retained as an employee, contingent worker or director of Schwab and its subsidiaries for any specific duration or at all.

Limitation on Payments If a payment from the Plan would constitute an excess parachute payment under section 280G of the Code or if there have been certain securities law violations, then your grant may be reduced or forfeited and you may be required to disgorge any profit that you have realized from your grant.

If a disqualified individual receives a payment or transfer under the Plan that would constitute an excess parachute payment under section 280G of the Code, such payment will be reduced, as described below. Generally, someone is a “*disqualified individual*” under section 280G if he or she is (a) an officer of Schwab, (b) a member of the group consisting of the highest paid 1% of the employees of Schwab or, if less, the highest paid 250 employees of Schwab, or (c) a 1% stockholder of Schwab. For purposes of the section on “Limitation on Payments,” the term “*Schwab*” will include affiliated corporations to the extent determined by the independent auditors most recently selected by the Schwab Board of Directors (the “*Auditors*”) in accordance with section 280G(d)(5) of the Code.

In the event that the Auditors determine that any payment or transfer in the nature of compensation to or for your benefit, whether paid or payable (or transferred or transferable) pursuant to the terms of the Plan or otherwise (a “*Payment*”), would be nondeductible for federal income tax purposes because of the provisions concerning “excess parachute payments” in section 280G of the Code, then the aggregate present value of all Payments will be reduced (but not below zero) to the Reduced Amount; provided, however, that the Compensation Committee may specify in writing that the grant will not be so reduced and will not be subject to reduction under this section.

For this purpose, the “*Reduced Amount*” will be the amount, expressed

as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by Schwab because of section 280G of the Code.

If the Auditors determine that any Payment would be nondeductible because of section 280G of the Code, then Schwab will promptly give you notice to that effect and a copy of the detailed calculation of the Reduced Amount. You may then elect, in your discretion, which and how much of the Payments will be eliminated or reduced (as long as after such election, the aggregate present value of the Payments equals the Reduced Amount, and your election is consistent with any mandatory eliminations or reductions that apply under other agreements or the Plan). You will advise Schwab in writing of your election within 10 days of receipt of the notice.

If you do not make such an election within the 10-day period, then Schwab may elect which and how much of the Payments will be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount). Schwab will notify you promptly of its election. Present value will be determined in accordance with section 280G (d)(4) of the Code. The Auditors' determinations will be binding upon you and Schwab and will be made within 60 days of the date when a Payment becomes payable or transferable.

As promptly as practicable following these determination and elections, Schwab will pay or transfer to or for your benefit such amounts as are then due to you under the Plan, and will promptly pay or transfer to or for your benefit in the future such amounts as become due to you under the Plan.

As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors, it is possible that Payments will have been made by Schwab which should not have been made (an "Overpayment") or that additional Payments which will not have been made by Schwab could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against you or Schwab which the Auditors believe has a high probability of success, determine that an Overpayment has been made, the amount of such Overpayment will be paid by you to Schwab on demand, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code. However, no amount will be payable by you to Schwab if and to the extent that such payment would not reduce the amount which is subject to taxation under section 4999 of the Code. In

the event that the Auditors determine that an Underpayment has occurred, such Underpayment will promptly be paid or transferred by Schwab to or for your benefit, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

Notwithstanding the foregoing, in no event will a payment be made under this Section beyond March 15th of the year following the year in which the amount ceases to be subject to a substantial risk of forfeiture.

- Plan Administration** The Plan Administrator has discretionary authority to make all determinations related to this grant and to construe the terms of the Plan, the Notice of Restricted Stock Unit Grant and this Agreement. The Plan Administrator's determinations are conclusive and binding on all persons, and they are entitled to deference upon any review.
- Adjustments** In the event of a stock split, a stock dividend or a similar change in Schwab stock, the number of Restricted Stock Units that remain subject to forfeiture shall be adjusted accordingly.
- Severability** In the event that any provision of this Agreement is held invalid or unenforceable, the provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.
- Applicable Law** This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions), as such laws are applied to contracts entered into and performed in Delaware.
- The Plan and Other Agreements** The text of the Plan is incorporated in this Agreement by reference. This Agreement, the Notice of Restricted Stock Unit Grant and the Plan constitute the entire understanding between you and Schwab regarding this grant. Any prior agreements, commitments or negotiations concerning this grant are superseded. This Agreement may be amended only by another written agreement, signed by both parties and approved by the Compensation Committee. If there is any inconsistency or conflict between any provision of this Agreement and the Plan, the terms of the Plan will control.

BY ACCEPTING THIS GRANT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NOTICE OF NONQUALIFIED STOCK OPTION GRANT

You have been granted the following option to purchase Common Stock of The Charles Schwab Corporation (“*Schwab*”) under the Charles Schwab Corporation [2004 Stock Incentive Plan] (the “*Plan*”). A stock option represents the right to purchase shares of Schwab common stock at a fixed price, called the exercise price, within a certain period of time. Your option is granted subject to the following terms:

Name of Recipient:

**Total Number of
Shares Granted:**

Exercise Price Per Share:

Grant Date:

Expiration Date:

Vesting Schedule

So long as you remain employed in good standing by Schwab or its subsidiaries and subject to the terms of the Nonqualified Stock Option Agreement, you will acquire the right to exercise this option (become “vested” in this option) on the following dates and in the following amounts:

Number of Shares on Vesting Date:

You and Schwab agree that this option is granted under and governed by the terms and conditions of the Plan and the Nonqualified Stock Option Agreement, both of which are made a part of this notice. Please review the Nonqualified Stock Option Agreement and the Plan carefully, as they explain the terms and conditions of this option. You agree that Schwab may deliver electronically all documents relating to the Plan or this option (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that Schwab is required to deliver to its stockholders.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NONQUALIFIED STOCK OPTION AGREEMENT

- Tax Treatment** This option is a nonqualified stock option and is not intended to qualify as an incentive stock option under federal tax laws.
- Vesting** Subject to the provisions of this Agreement, this option becomes vested in installments as described in the Notice of Nonqualified Stock Option Grant.
- Accelerated Vesting** This option will become fully exercisable if your service with Schwab and its subsidiaries terminates on account of your death or disability.
- This option will become fully exercisable if your service with Schwab and its subsidiaries terminates on account of your retirement as defined below.
- If, prior to the date your service terminates, Schwab is subject to a “*change in control*” (as defined in the Plan document), this option will become fully exercisable immediately preceding the change in control. If Schwab’s Compensation Committee (or its delegate) (the “*Compensation Committee*”) determines that a change in control is likely to occur, Schwab will advise you and this option will become fully exercisable as of the date 10 days prior to the anticipated date of the change in control.
- Definition of Disability** For all purposes of this Agreement, “*disability*” means that you have a disability such that you have been determined to be eligible for benefits under Schwab’s long-term disability plan or if you are not covered by Schwab’s long-term disability plan, you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which has lasted, or can be expected to last, for a continuous period of not less than 12 months or which can be expected to result in death as determined by Schwab in its sole discretion.
- Definition of Retirement** For all purposes of this Agreement, “*retirement*” will mean any termination of employment with Schwab and its subsidiaries for any reason other than death at any time after you attain age 55, but only if, at the time of your termination, you have been credited with at least 10 years of service.
- The phrase “*years of service*” above has the same meaning given to it under the SchwabPlan Retirement Savings and Investment Plan (or any successor plan).

Exercise Procedures

You or your representative may exercise this option by following the procedures prescribed by Schwab. If this option is being exercised by your representative, your representative must furnish proof satisfactory to Schwab of your representative's right to exercise this option. After completing the prescribed procedures, Schwab will cause to be issued the shares purchased, which will be registered in the name of the person exercising this option.

Forms of Payment

When you submit your notice of exercise, you must pay the option exercise price for the shares you are purchasing. Payment may be made in one of the following forms:

- Cash in your Schwab brokerage account in an amount sufficient to cover the option exercise price of the shares and the required tax withholding. (This exercise method is sometimes referred to as "Exercise and Hold").
- Shares of Schwab stock that are surrendered to Schwab. These shares will be valued at their fair market value on the date when the new shares are purchased. (This exercise method is sometimes referred to as a "Stock Swap.")
- By delivery (in a manner prescribed by Schwab) of an irrevocable direction to Charles Schwab & Co., Inc. to sell shares of Schwab stock (including shares to be issued upon exercise of this option) and to deliver all or part of the sale proceeds to Schwab in payment of all or part of the exercise price. (This exercise method is sometimes referred to as "Exercise and Sell" or "Sell to Cover.")

Term

This option expires no later than the Expiration Date specified in the Notice of Nonqualified Stock Option Grant but may expire earlier upon your termination of service, as described below.

Termination of Service

This option will expire on the date three months following the date of your termination of employment with Schwab and its subsidiaries for any reason other than on account of death, disability or retirement. The terms "disability" and "retirement" are defined above.

If you cease to be an employee of Schwab and its subsidiaries by reason of your disability or death, then this option will expire on the first anniversary of the date of your death or disability.

If you cease to be an employee of Schwab and its subsidiaries by reason of your retirement and have been credited with at least 10 years of service, then this option will expire on the fifth anniversary of the date of your termination. If you cease to be an employee of Schwab and its subsidiaries by reason of your retirement and have been credited with at least 15 years of service, then this option will expire on the Expiration Date specified in the Notice of Nonqualified Stock

Option Grant.

Effect of Entitlement to Severance

If you are entitled to severance benefits under The Charles Schwab Severance Pay Plan (or any successor plan), then vesting of this option shall be determined under the terms of that plan.

Cancellation of Options

To the fullest extent permitted by applicable laws, this option will immediately be cancelled and expire in the event that Schwab terminates your employment on account of conduct contrary to the best interests of Schwab, including, without limitation, conduct constituting a violation of law or Schwab policy, fraud, theft, conflict of interest, dishonesty or harassment. The determination whether your employment has been terminated on account of conduct inimical to the best interests of Schwab shall be made by Schwab in its sole discretion.

Withholding Taxes and Stock Withholding

You will not be allowed to exercise this option unless you make arrangements acceptable to Schwab to pay any applicable withholding of income and employment taxes that may be due as a result of the option exercise. These arrangements may include without limitation withholding shares of Schwab stock that otherwise would be issued to you when you exercise this option.

Restrictions on Exercise and Issuance or Transfer of Shares

You cannot exercise this option and no shares of Schwab stock may be issued under this option if the issuance of shares at that time would violate any applicable law, regulation or rule. Schwab may impose restrictions upon the sale, pledge or other transfer of shares (including the placement of appropriate legends on stock certificates) if, in the judgment of Schwab and its counsel, such restrictions are necessary or desirable to comply with applicable law, regulations or rules.

Stockholder Rights

You, or your estate or heirs, have no rights as a stockholder of Schwab until you have exercised this option by giving the required notice to Schwab and paying the exercise price. No adjustments are made for dividends or other rights if the applicable record date occurs before you exercise this option, except as described in the Plan.

No Right to Employment

Nothing in this Agreement will be construed as giving you the right to be retained as an employee, consultant or director of Schwab and its subsidiaries for any specific duration or at all.

Transfer of Option

In general, only you may exercise this option prior to your death. You may not transfer or assign this option, except as provided below. For instance, you may not sell this option or use it as security for a loan. If you attempt to do any of these things, this option will immediately become invalid.

You may dispose of this option in your will or in a beneficiary designation. You may designate one or more beneficiaries by filing a beneficiary designation form. You may change your beneficiary designation by filing a new form with Schwab at any time prior to your

death. If you do not designate a beneficiary or if your designated beneficiary predeceases you, then your options will be exercisable by your estate.

Schwab may, in its sole discretion, allow you to transfer this option under a domestic relations order in settlement of marital or domestic property rights. In order to transfer this option, you and the transferee(s) must execute the forms prescribed by Schwab, which include the consent of the transferee(s) to be bound by this Agreement.

Limitation on Payments

If a payment from the Plan would constitute an excess parachute payment or if there have been certain securities law violations, then your grant may be reduced or cancelled and you may be required to disgorge any profit that you have realized from your grant.

If a disqualified individual receives a payment or transfer under the Plan that would constitute an excess parachute payment under the Internal Revenue Code of 1986, as amended (the "Code"), such payment will be reduced, as described below. Generally, someone is a "disqualified individual" under section 280G if he or she is (a) an officer of Schwab, (b) a member of the group consisting of the highest paid 1% of the employees of Schwab or, if less, the highest paid 250 employees of Schwab, or (c) a 1% stockholder of Schwab. For purposes of the section on "Limitation on Payments," the term "Schwab" will include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

In the event that the independent auditors most recently selected by the Schwab Board of Directors (the "Auditors") determine that any payment or transfer in the nature of compensation to or for your benefit, whether paid or payable (or transferred or transferable) pursuant to the terms of the Plan or otherwise (a "Payment"), would be nondeductible for federal income tax purposes because of the provisions concerning "excess parachute payments" in section 280G of the Code, then the aggregate present value of all Payments will be reduced (but not below zero) to the Reduced Amount; provided, however, that the Compensation Committee may specify in writing that the grant will not be so reduced and will not be subject to reduction under this section.

For this purpose, the "Reduced Amount" will be the amount, expressed as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by Schwab because of section 280G of the Code.

If the Auditors determine that any Payment would be nondeductible because of section 280G of the Code, then Schwab will promptly give you notice to that effect and a copy of the detailed calculation and of the Reduced Amount. You may then elect, in your discretion, which and how much of the Payments will be eliminated or reduced (as long

as after such election, the aggregate present value of the Payments equals the Reduced Amount, and your election is consistent with any mandatory eliminations or reductions that apply under other agreements or the Plan). You will advise Schwab in writing of your election within 10 days of receipt of the notice. If you do not make such an election within the 10-day period, then Schwab may elect which and how much of the Payments will be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount). Schwab will notify you promptly of its election. Present value will be determined in accordance with section 280G(d)(4) of the Code. The Auditors' determinations will be binding upon you and Schwab and will be made within 60 days of the date when a Payment becomes payable or transferable.

As promptly as practicable following these determination and elections, Schwab will pay or transfer to or for your benefit such amounts as are then due to you under the Plan, and will promptly pay or transfer to or for your benefit in the future such amounts as become due to you under the Plan.

As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors, it is possible that Payments will have been made by Schwab which should not have been made (an "Overpayment") or that additional Payments which will not have been made by Schwab could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against you or Schwab which the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment will be treated for all purposes as a loan to you which you will repay to Schwab on demand, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code. However, no amount will be payable by you to Schwab if and to the extent that such payment would not reduce the amount which is subject to taxation under section 4999 of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment will promptly be paid or transferred by Schwab to or for your benefit, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

**Plan
Administration**

The Plan Administrator has discretionary authority to make all determinations related to this option and to construe the terms of the Plan, the Notice of Nonqualified Stock Option Grant and this Agreement. The Plan Administrator's determinations are conclusive and binding on all persons, and they are entitled to deference upon any review.

Adjustments

In the event of a stock split, a stock dividend or a similar change in

Schwab stock, the Compensation Committee, in its discretion, may adjust the number of shares covered by this option and the exercise price per share.

Severability

In the event that any provision of this Agreement is held invalid or unenforceable, the provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions), as such laws are applied to contracts entered into and performed in Delaware.

**The Plan and
Other Agreements**

The text of the Plan is incorporated in this Agreement by reference. This Agreement, the Notice of Nonqualified Stock Option Grant and the Plan constitute the entire understanding between you and Schwab regarding this option. Any prior agreements, commitments or negotiations concerning this option are superseded. This Agreement may be amended only by another written agreement approved by the Compensation Committee and signed by both parties. If there is any inconsistency or conflict between any provision of this Agreement and the Plan, the terms of the Plan will control. Nothing in this Agreement gives you the ability to negotiate or change the key terms and conditions described above, in the Notice of Nonqualified Stock Option Grant and in the Plan.

**BY ACCEPTING THIS OPTION GRANT,
YOU AGREE TO ALL OF THE TERMS AND CONDITIONS
DESCRIBED ABOVE AND IN THE PLAN.**

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NOTICE OF RESTRICTED STOCK UNIT GRANT

You have been granted Restricted Stock Units. A Restricted Stock Unit represents the right to receive, subject to certain conditions, a share of Common Stock of The Charles Schwab Corporation (“*Schwab*”), under The Charles Schwab Corporation [2004 Stock Incentive Plan] (the “*Plan*”). Your Restricted Stock Units are granted subject to the following terms:

Name of Recipient:

**Total Number of
Restricted Stock Units
Granted:**

Grant Date:

Vesting Schedule: So long as you remain in service in good standing and subject to the terms of the Restricted Stock Unit Agreement, the Restricted Stock Units subject to this grant will become vested and distributable on the following dates and in the following amounts, subject to the restrictions below:

Number of Restricted Stock Units on Vesting Date:

Restricted Stock Units are an unfunded and unsecured obligation of Schwab. Any vested Restricted Stock Units will be paid in shares of Common Stock of The Charles Schwab Corporation (“*Shares*”) as provided in the Restricted Stock Unit Agreement.

You and Schwab agree that this grant is issued under and governed by the terms and conditions of the Plan and the Restricted Stock Unit Agreement, both of which are made a part of this notice. Please review the Restricted Stock Unit Agreement and the Plan carefully, as they explain the terms and conditions of this grant. You agree that Schwab may deliver electronically all documents relating to the Plan or this grant (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that Schwab is required to deliver to its stockholders. By accepting this grant, you agree to all of the terms and conditions described above, in the Restricted Stock Unit Agreement and in the Plan, and you have no right whatsoever to change or negotiate such terms and conditions.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
RESTRICTED STOCK UNIT AGREEMENT

Payment for Units

No payment is required for the Restricted Stock Units that you are receiving. Restricted Stock Units are an unfunded and unsecured obligation of Schwab.

Vesting

Subject to the provisions of this Agreement, a Restricted Stock Unit becomes vested and distributable as of the earliest of the following:

- (1) The applicable Vesting Date for the Restricted Stock Unit indicated in the Notice of Restricted Stock Unit Grant.
- (2) Your death.
- (3) Your disability.
- (4) Your separation from service, if the separation qualifies as a retirement or a severance eligible termination (provided that vesting shall occur upon a severance eligible termination only to the extent provided in The Charles Schwab Severance Pay Plan (or any successor plan)).
- (5) A change in control.

Unvested units will be considered “*Restricted Stock Units*.” If your service terminates for any reason, then your Restricted Stock Units will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination. This means that the Restricted Stock Units will immediately revert to Schwab. You will receive no payment for Restricted Stock Units that are forfeited. Schwab determines when your service terminates for this purpose. For all purposes of this Agreement, “*service*” means continuous employment as a common-law employee of Schwab or a parent corporation or subsidiary of Schwab, and “*subsidiary*” means a subsidiary corporation as defined in section 424(f) of the Internal Revenue Code of 1986, as amended (the “*Code*”).

Definition of Fair Market Value

“*Fair market value*” means the average of the high and low price of a Share (as defined below) as reported on the New York Stock Exchange on the applicable determination date.

- Definition of Disability** For all purposes of this Agreement, “*disability*” means that you have a disability that qualifies as such under section 409A of the Code and due to which you have been determined to be eligible for benefits under Schwab’s long-term disability plan or if you are not covered by Schwab’s long-term disability plan, you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which has lasted, or can be expected to last, for a continuous period of not less than 12 months or which can be expected to result in death as determined by Schwab in its sole discretion.
- Definition of Retirement** If you are an employee of Schwab and its subsidiaries, “*retirement*” means a separation from service for any reason other than death at any time after you attain age 55, but only if, at the time of your separation, you have been credited with at least 10 years of service.
- The phrase “*years of service*” above has the same meaning given to it under The SchwabPlan Retirement Savings and Investment Plan (or any successor plan).
- Definition of Severance Eligible Termination** For all purposes of this Agreement, “*severance eligible termination*” means a separation from service entitling you to severance benefits under The Charles Schwab Severance Pay Plan (or any successor plan).
- Definition of Change in Control** For all purposes of this Agreement, “*change in control*” means an event that qualifies as a change in control event under section 409A of the Code and as a change in control as defined in the Plan.
- Definition of Separation From Service** For all purposes of this Agreement, “*separation from service*” means a separation from service as defined under section 409A of the Code.
- Payment of Shares** Any vested Restricted Stock Units will be paid in shares of Common Stock of The Charles Schwab Corporation (“*Shares*”) as provided herein. Shares that have become vested and distributable under this Agreement shall be distributed as follows:
- (1) Shares that vest and become distributable on a Vesting Date shall be distributed within 30 days of the Vesting Date.

- (2) Shares that vest and become distributable on death, disability or a change in control, shall be distributable within 90 days of such event.
- (3) Shares that vest and become distributable on a separation from service (either a retirement or a severance eligible termination) shall be distributed within 90 days of the separation from service. Generally, for severance eligible terminations, the distribution date shall be the “termination date” specified in the notice under The Charles Schwab Severance Pay Plan. Notwithstanding the foregoing, if at the time of your separation from service, you are a “specified employee”, you will receive your Shares six months after your separation from service. “Specified Employee” means a “specified employee” within the meaning of section 409A of the Code and any regulatory guidance promulgated thereunder, provided that in determining the compensation of individuals for this purpose, the definition of compensation in Treas. Reg. § 1.415(c)-2(d)(2) shall be used.

Restrictions on Restricted Stock Units

You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units without Schwab’s written consent. Schwab will deliver Shares to you only after the Restricted Stock Units vest and after all other terms and conditions in this Agreement have been satisfied.

Schwab may, in its sole discretion, allow you to transfer these Restricted Stock Units under a domestic relations order in settlement of marital or domestic property rights.

In order to transfer these Restricted Stock Units, you and the transferee(s) must execute the forms prescribed by Schwab, which include the consent of the transferee(s) to be bound by this Agreement.

Delivery of Shares After Death

In the event that Shares are distributable upon your death, the Shares will be delivered to your beneficiary or beneficiaries. You may designate one or more beneficiaries by filing a beneficiary designation form. You may change your beneficiary designation by filing a new form with Schwab at any time prior to your death. If you do not designate a beneficiary or if your designated beneficiary predeceases you, then your Shares will be delivered to your estate.

- Cancellation of Restricted Stock Units** To the fullest extent permitted by applicable laws, these Restricted Stock Units will immediately be cancelled and expire in the event that Schwab terminates your employment on account of conduct contrary to the best interests of Schwab, including, without limitation, conduct constituting a violation of law or Schwab policy, fraud, theft, conflict of interest, dishonesty or harassment. The determination whether your employment has been terminated on account of conduct inimical to the best interests of Schwab shall be made by Schwab in its sole discretion, and will be entitled to deference upon any review.
- Restrictions on Resale** You agree not to sell any Shares at a time when applicable laws, Schwab's policies or an agreement between Schwab and its underwriters prohibit a sale. This restriction will apply as long as your service continues and for such period of time after the termination of your service as Schwab may specify.
- Withholding Taxes** Shares will not be distributed unless you have made acceptable arrangements to pay any applicable withholding taxes that may be due as a result of the vesting and or the distribution of the Shares. These arrangements may include withholding Shares. Schwab may withhold the minimum number of whole Shares, valued at the fair market value on the distribution date, required to satisfy such applicable withholding taxes. Any residual amount of applicable withholding taxes, i.e., amounts of less than the fair market value of a Share, may be deducted from your pay. Notwithstanding the foregoing, any withholding taxes due prior to distribution of Shares (e.g., under section 3121(v)(2) of the Code) shall be automatically deducted from your pay, and you may not make any election as to how these withholding taxes are paid. If withholding taxes are due and you have terminated employment, applicable withholding taxes will be deducted from your Schwab brokerage account. You are responsible for having sufficient funds in your Schwab brokerage account to cover these withholding taxes at the time they are due.
- No Stockholder Rights** Your Restricted Stock Units carry no voting or other stockholder rights. You have no rights as a Schwab stockholder until your Restricted Stock Units are settled by issuing Shares.

Contribution of Par Value

On your behalf, Schwab will contribute to its capital an amount equal to the par value of the Shares issued to you.

Dividend Equivalent Rights

If Schwab pays cash dividends on Shares, you will receive cash equal to the dividend per Share multiplied by the number of unvested Restricted Stock Units. Each such payment shall be made as soon as practicable following the payment of the actual dividend, but in no event beyond March 15th of the year following the year the actual dividend is paid.

No Right to Remain Employee

Nothing in this Agreement will be construed as giving you the right to be retained as an employee, contingent worker or director of Schwab and its subsidiaries for any specific duration or at all.

Limitation on Payments

If a payment from the Plan would constitute an excess parachute payment under section 280G of the Code or if there have been certain securities law violations, then your grant may be reduced or forfeited and you may be required to disgorge any profit that you have realized from your grant.

If a disqualified individual receives a payment or transfer under the Plan that would constitute an excess parachute payment under section 280G of the Code, such payment will be reduced, as described below. Generally, someone is a “*disqualified individual*” under section 280G if he or she is (a) an officer of Schwab, (b) a member of the group consisting of the highest paid 1% of the employees of Schwab or, if less, the highest paid 250 employees of Schwab, or (c) a 1% stockholder of Schwab. For purposes of the section on “Limitation on Payments,” the term “*Schwab*” will include affiliated corporations to the extent determined by the independent auditors most recently selected by the Schwab Board of Directors (the “*Auditors*”) in accordance with section 280G(d)(5) of the Code.

In the event that the Auditors determine that any payment or transfer in the nature of compensation to or for your benefit, whether paid or payable (or transferred or transferable) pursuant to the terms of the Plan or otherwise (a “*Payment*”), would be nondeductible for federal income tax purposes because of the provisions concerning “excess parachute payments” in section 280G of the Code, then the aggregate present value of all Payments will be reduced (but not below zero) to the Reduced Amount; provided, however, that the Compensation Committee may specify in writing that the

grant will not be so reduced and will not be subject to reduction under this section.

For this purpose, the “*Reduced Amount*” will be the amount, expressed as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by Schwab because of section 280G of the Code.

If the Auditors determine that any Payment would be nondeductible because of section 280G of the Code, then Schwab will promptly give you notice to that effect and a copy of the detailed calculation of the Reduced Amount. The Auditors will determine which and how much of the Payments will be eliminated or reduced (such that the aggregate present value of the Payments equals the Reduced Amount and is consistent with any mandatory eliminations or reductions that apply under other agreements or the Plan). Schwab will notify you promptly of the Auditor’s determination. Present value will be determined in accordance with section 280G(d)(4) of the Code. The Auditors’ determinations will be binding upon you and Schwab and will be made within 60 days of the date when a Payment becomes payable or transferable.

As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors, it is possible that Payments will have been made by Schwab which should not have been made (an “*Overpayment*”) or that additional Payments which will not have been made by Schwab could have been made (an “*Underpayment*”), consistent in each case with the calculation of the Reduced Amount. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against you or Schwab which the Auditors believe has a high probability of success, determine that an Overpayment has been made, the amount of such Overpayment will be paid by you to Schwab on demand, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code. However, no amount will be payable by you to Schwab if and to the extent that such payment would not reduce the amount which is subject to taxation under section 4999 of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment will promptly be paid or transferred by Schwab to or for your benefit, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code, provided that no

such Underpayment related to Shares distributable under this Agreement shall be paid beyond the deadline for making such payments under section 409A of the Code.

- Plan Administration** The Plan Administrator has discretionary authority to make all determinations related to this grant and to construe the terms of the Plan, the Notice of Restricted Stock Unit Grant and this Agreement. The Plan Administrator's determinations are conclusive and binding on all persons, and they are entitled to deference upon any review.
- Adjustments** In the event of a stock split, a stock dividend or a similar change in Schwab stock, the number of Restricted Stock Units that remain subject to forfeiture will be adjusted accordingly.
- Severability** In the event that any provision of this Agreement is held invalid or unenforceable, the provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.
- Applicable Law** This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions), as such laws are applied to contracts entered into and performed in Delaware.
- The Plan and Other Agreements** The text of the Plan is incorporated in this Agreement by reference. This Agreement, the Notice of Restricted Stock Unit Grant and the Plan constitute the entire understanding between you and Schwab regarding this grant. Any prior agreements, commitments or negotiations concerning this grant are superseded. This Agreement may be amended only by another written agreement, signed by both parties and approved by the Compensation Committee. If there is any inconsistency or conflict between any provision of this Agreement and the Plan, the terms of the Plan will control.

BY ACCEPTING THIS GRANT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

**THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NOTICE OF NON-EMPLOYEE DIRECTOR
RETAINER STOCK OPTION GRANT**

You have been granted the following option to purchase Common Stock of The Charles Schwab Corporation (“Schwab”) under the Charles Schwab Corporation [2004 Stock Incentive Plan] (the “Plan”):

Name of Recipient:

**Total Number of
Shares Granted:**

**Exercise Price per
Share**

Grant Date:

Expiration Date:

Vesting Schedule: So long as you continue as a non-employee director or an employee of Schwab or its subsidiaries and subject to the terms of the Stock Option Agreement, you will acquire the right to exercise this option (become “vested” in this option) on the following dates and in the following amounts:

Number of Options on Vesting Date:

You and Schwab agree that this option is granted under and governed by the terms and conditions of the Plan and the Stock Option Agreement, both of which are made a part of this notice. Please review the Stock Option Agreement carefully, as it explains the terms and conditions of this option. You agree that Schwab may deliver electronically all documents relating to the Plan or this option (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that Schwab is required to deliver to its stockholders. Unless you provide written objection to Schwab within 30 days of your receipt of this notice, you agree to all of the terms and conditions of this notice, the stock option agreement and the Plan.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NON-EMPLOYEE DIRECTOR RETAINER STOCK OPTION AGREEMENT

- Tax Treatment** This option is a non-qualified stock option and is not intended to qualify as an incentive stock option under federal tax laws.
- Vesting** This option becomes vested in installments as described in the Notice of Non-Employee Director Retainer Stock Option Grant. If you become a common-law employee of Schwab or its subsidiaries, then this option will continue to vest as described in the Notice of Non-Employee Director Retainer Stock Option Grant so long as you continue as either a non-employee director or an employee of Schwab or its subsidiaries.
- Accelerated Vesting** This option will become fully exercisable if your service as a non-employee director terminates on account of your death, disability or retirement. If, prior to the date your service terminates, Schwab is subject to a “*change in control*” (as defined in the Plan document), this option will become fully exercisable immediately preceding the change in control. If the Committee determines that a change in control is likely to occur, Schwab will advise you and this option will become fully exercisable as of the date 10 days prior to the anticipated date of the change in control.
- Definition of Disability** For all purposes of this Agreement, “*disability*” means that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which has lasted, or can be expected to last, for a continuous period of not less than 12 months or which can be expected to result in death as determined by Schwab in its sole discretion.
- Definition of Retirement** For all purposes of this Agreement, “*retirement*” means your resignation or removal from the Board at any time after you have attained age 70 or completed 5 years of service as a non-employee director.
- Exercise Procedures** You or your representative may exercise this option by following the procedures prescribed by Schwab. If this option is being exercised by your representative, your representative must furnish proof satisfactory to Schwab of your representative’s right to exercise this option. After completing the prescribed procedures, Schwab will cause to be issued the shares purchased, which will be registered in the name of the person exercising this option.
- Forms of Payment** When you submit your notice of exercise, you must pay the option exercise price for the shares you are purchasing. Payment may be made in one of the following forms:

- Cash in your Schwab brokerage account in an amount sufficient to cover the option exercise price of the shares and the required tax withholding (this exercise method is sometimes referred to as “Exercise and Hold”).
- Shares of Schwab stock that are surrendered to Schwab. These shares will be valued at their fair market value on the date when the new shares are purchased. (This exercise method is sometimes referred to as a “Stock Swap.”)
- By delivery (in a manner prescribed by Schwab) of an irrevocable direction to Charles Schwab & Co., Inc. to sell shares of Schwab stock (including shares to be issued upon exercise of this option) and to deliver all or part of the sale proceeds to Schwab in payment of all or part of the exercise price. (This exercise method is sometimes referred to as “Exercise and Sell” or “Sell to Cover.”)

Term This option expires no later than the 10th anniversary of the Grant Date but may expire earlier upon your termination of service, as described below.

Termination of Service as a Non-Employee Director This option will expire on the date three months following the date of your termination of service as a non-employee director if such service terminates for any reason other than on account of becoming a common-law employee of Schwab or its subsidiaries, death, disability or retirement. The terms “disability” and “retirement” are defined above.

If you become an employee of Schwab or its subsidiaries, this option will expire on the date three months following the date you cease to be an employee of Schwab and its subsidiaries (other than by reason of disability, death or retirement). If you cease to be a non-employee director or an employee of Schwab and its subsidiaries by reason of your disability or death, then this option will expire on the first anniversary of the date of your death or disability.

If you cease to be a non-employee director by reason of your retirement, then this option will expire on the 10th anniversary of the Grant Date.

Restrictions on Exercise and Issuance or Transfer of Shares You cannot exercise this option and no shares of Schwab stock may be issued under this option if the issuance of shares at that time would violate any applicable law, regulation or rule. Schwab may impose restrictions upon the sale, pledge or other transfer of shares (including the placement of appropriate legends on stock certificates) if, in the judgment of Schwab and its counsel, such restrictions are necessary or desirable to comply with applicable law, regulations or rules.

Stockholder Rights

You, or your estate or heirs, have no rights as a stockholder of Schwab until you have exercised this option by giving the required notice to the Company and paying the exercise price. No adjustments are made for dividends or other rights if the applicable record date occurs before you exercise this option, except as described in the Plan.

No Right to Remain Director or Employee

Nothing in this Agreement will be construed as giving you the right to be retained as a director or an employee of Schwab and its subsidiaries.

Transfer of Option

In general, only you may exercise this option prior to your death. You may not transfer or assign this option, except as provided below. For instance, you may not sell this option or use it as security for a loan. If you attempt to do any of these things, this option will immediately become invalid.

You may dispose of this option in your will or in a beneficiary designation. You may designate one or more beneficiaries by filing a beneficiary designation form. You may change your beneficiary designation by filing a new form with Schwab at any time prior to your death. If you do not designate a beneficiary or if your designated beneficiary predeceases you, then your options will be exercisable by your estate.

Schwab may, in its sole discretion, allow you to transfer this option under a domestic relations order in settlement of marital or domestic property rights.

In order to transfer this option, you and the transferee(s) must execute the forms prescribed by Schwab, which include the consent of the transferee(s) to be bound by this Agreement.

Limitation on Payments

If a payment from the Plan would constitute an excess parachute payment or if there have been certain securities law violations, then your grant may be reduced or forfeited and you may be required to disgorge any profit that you have realized from your grant.

If a disqualified individual receives a payment or transfer under the Plan that would constitute an excess parachute payment under section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), such payment will be reduced, as described below. Generally, someone is a "disqualified individual" under section 280G if he or she is (a) an officer of Schwab, (b) a member of the group consisting of the highest paid 1% of the employees of Schwab or, if less, the highest paid 250 employees of Schwab, or (c) a 1% stockholder of Schwab. For purposes of the section on "Limitation on Payments," the term "Schwab" will include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

In the event that the independent auditors most recently selected by the Schwab Board of Directors (the “Auditors”) determine that any payment or transfer in the nature of compensation to or for your benefit, whether paid or payable (or transferred or transferable) pursuant to the terms of the Plan or otherwise (a “Payment”), would be nondeductible for federal income tax purposes because of the provisions concerning “excess parachute payments” in section 280G of the Code, then the aggregate present value of all Payments will be reduced (but not below zero) to the Reduced Amount; provided, however, that the Compensation Committee may specify in writing that the grant will not be so reduced and will not be subject to reduction under this section.

For this purpose, the “Reduced Amount” will be the amount, expressed as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by Schwab because of section 280G of the Code.

If the Auditors determine that any Payment would be nondeductible because of section 280G of the Code, then Schwab will promptly give you notice to that effect and a copy of the detailed calculation and of the Reduced Amount. You may then elect, in your discretion, which and how much of the Payments will be eliminated or reduced (as long as after such election, the aggregate present value of the Payments equals the Reduced Amount). You will advise Schwab in writing of your election within 10 days of receipt of the notice. If you do not make such an election within the 10-day period, then Schwab may elect which and how much of the Payments will be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount, and your election is consistent with any mandatory eliminations or reductions that apply under other agreements or the Plan). Schwab will notify you promptly of its election. Present value will be determined in accordance with section 280G(d)(4) of the Code. The Auditors’ determinations will be binding upon you and Schwab and will be made within 60 days of the date when a Payment becomes payable or transferable.

As promptly as practicable following these determination and elections, Schwab will pay or transfer to or for your benefit such amounts as are then due to you under the Plan, and will promptly pay or transfer to or for your benefit in the future such amounts as become due to you under the Plan.

As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors, it is possible that Payments will have been made by Schwab which should not have been made (an “*Overpayment*”) or that additional Payments which will not have been made by Schwab could have been made (an “*Underpayment*”), consistent in each case with the calculation of the Reduced Amount. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against you or Schwab which the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment will be treated for all purposes as a loan to you which you will repay to Schwab on demand, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code. However, no amount will be payable by you to Schwab if and to the extent that such payment would not reduce the amount which is subject to taxation under section 4999 of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment will promptly be paid or transferred by Schwab to or for your benefit, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

- Plan Administration** The Plan Administrator has discretionary authority to make all determinations related to this grant and to construe the terms of the Plan and this Agreement. The Plan Administrator’s determinations are conclusive and binding on all persons, and they are entitled to deference upon any review.
- Adjustments** In the event of a stock split, a stock dividend or a similar change in Schwab stock, the Compensation Committee shall adjust the number of shares covered by this option and the exercise price per share.
- Severability** In the event that any provision of this Agreement is held invalid or unenforceable, the provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.
- Applicable Law** This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions), as such laws are applied to contracts entered into and performed in Delaware.
- The Plan and Other Agreements** The text of the Plan is incorporated in this Agreement by reference. This Agreement and the Plan constitute the entire understanding between you and Schwab regarding this option. Any prior agreements, commitments or negotiations concerning this option are superseded. This Agreement may be amended only by another written agreement, signed by both parties. If there is any inconsistency or conflict between any provision of this Agreement and the Plan, the terms of the Plan will control.

**BY ACCEPTING THIS OPTION GRANT,
YOU AGREE TO ALL OF THE TERMS AND CONDITIONS
DESCRIBED ABOVE AND IN THE PLAN.**

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NOTICE OF NON-EMPLOYEE DIRECTOR
RETAINER RESTRICTED STOCK UNIT GRANT

You have been granted Restricted Stock Units. A Restricted Stock Unit represents the right to receive, subject to certain conditions, a share of Common Stock of The Charles Schwab Corporation (“*Schwab*”), under The Charles Schwab Corporation [2004 Stock Incentive Plan] (the “*Plan*”). Your Restricted Stock Units are granted subject to the following terms:

Name of Recipient:

**Total Number of
Restricted Stock
Units Granted:**

Grant Date:

Vesting Schedule: So long as you remain in service in good standing and subject to the terms of the Restricted Stock Unit Agreement, the Restricted Stock Units subject to this grant will become vested and distributable on the following dates and in the following amounts, subject to the restrictions below:

Number of Restricted Stock Units on Vesting Date:

Restricted Stock Units are an unfunded and unsecured obligation of Schwab. Any vested Restricted Stock Units will be paid in shares of Common Stock of The Charles Schwab Corporation (“*Shares*”) as provided in the Restricted Stock Unit Agreement.

You and Schwab agree that this grant is issued under and governed by the terms and conditions of the Plan and the Restricted Stock Unit Agreement, both of which are made a part of this notice. Please review the Restricted Stock Unit Agreement and the Plan carefully, as they explain the terms and conditions of this grant. You agree that Schwab may deliver electronically all documents relating to the Plan or this grant (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that Schwab is required to deliver to its stockholders. By accepting this grant, you agree to all of the terms and conditions described above, in the Restricted Stock Unit Agreement and in the Plan.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NON-EMPLOYEE DIRECTOR
RETAINER RESTRICTED STOCK UNIT AGREEMENT

Payment for Units No payment is required for the Restricted Stock Units that you are receiving. Restricted Stock Units are an unfunded and unsecured obligation of Schwab.

Vesting Subject to the provisions of this Agreement, a Restricted Stock Unit becomes vested and distributable as of the earliest of the following:

- (1) The applicable Vesting Date for the Restricted Stock Unit indicated in the Notice of Non-Employee Director Retainer Restricted Stock Unit Grant.
- (2) Your death.
- (3) Your disability.
- (4) Your separation from service, if the separation qualifies as a retirement.
- (5) A change in control.

If you become a common-law employee of Schwab or a subsidiary of Schwab (“*subsidiary*” means a subsidiary corporation as defined in section 424(f) of the Internal Revenue Code of 1986, as amended (the “*Code*”)), then the Restricted Stock Units will continue to vest as described in the Notice of Non-Employee Director Retainer Restricted Stock Unit Grant so long as you continue as either a non-employee director or an employee of Schwab or its subsidiaries.

Unvested units will be considered “*Restricted Stock Units.*” If your service terminates for any reason, then your Restricted Stock Units will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination. This means that the Restricted Stock Units will immediately revert to Schwab. You will receive no payment for Restricted Stock Units that are forfeited. Schwab determines when your service terminates for this purpose.

Definition of Fair Market Value	“ <u>Fair market value</u> ” means the average of the high and low price of a Share (as defined below) as reported on the New York Stock Exchange on the applicable determination date.
Definition of Disability	For all purposes of this Agreement, “ <u>disability</u> ” means that you have a disability that qualifies as such under section 409A of the Code.
Definition of Retirement	For all purposes of this Agreement, “ <u>retirement</u> ” means your resignation or removal from the Board at any time after you have attained age 70 or completed 5 years of service as a non-employee director.
Definition of Change in Control	For all purposes of this Agreement, “ <u>change in control</u> ” means an event that qualifies as a change in control event under section 409A of the Code and as a change in control as defined in the Plan.
Definition of Separation From Service	For all purposes of this Agreement, “ <u>separation from service</u> ” means a separation from service as defined under section 409A of the Code.
Payment of Shares	<p>Any vested Restricted Stock Units will be paid in shares of common stock of The Charles Schwab Corporation (“<i>Shares</i>”) as provided herein. Shares that have become vested and distributable under this Agreement shall be distributed as follows:</p> <ol style="list-style-type: none"> (1) Shares that vest and become distributable on a Vesting Date shall be distributed within 30 days of the Vesting Date. (2) Shares that vest and become distributable on death, disability or a change in control shall be distributable within 90 days of such event. (3) Shares that vest and become distributable on a separation from service that qualifies as a retirement shall be distributed within 90 days of the separation from service. Notwithstanding the foregoing, if at the time of your separation from service, you are a “specified employee”, you will receive your Shares six months after your separation from service. “Specified Employee” means a “specified employee” within the meaning of section 409A of the Code and any regulatory guidance promulgated thereunder, provided that in determining the compensation of individuals for this purpose, the definition of compensation in Treas. Reg. § 1.415 (c)-2(d)(2) shall be used.

Restrictions on Restricted Stock Units	<p>You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units without Schwab's written consent. Schwab will deliver Shares to you only after the Restricted Stock Units vest and after all other terms and conditions in this Agreement have been satisfied.</p> <p>Schwab may, in its sole discretion, allow you to transfer these Restricted Stock Units under a domestic relations order in settlement of marital or domestic property rights.</p> <p>In order to transfer these Restricted Stock Units, you and the transferee(s) must execute the forms prescribed by Schwab, which include the consent of the transferee(s) to be bound by this Agreement.</p>
Delivery of Shares After Death	<p>In the event that Shares are distributable upon your death, the Shares will be delivered to your beneficiary or beneficiaries. You may designate one or more beneficiaries by filing a beneficiary designation form. You may change your beneficiary designation by filing a new form with Schwab at any time prior to your death. If you do not designate a beneficiary or if your designated beneficiary predeceases you, then your Shares will be delivered to your estate.</p>
Restrictions on Resale	<p>You agree not to sell any Shares at a time when applicable laws, Schwab's policies or an agreement between Schwab and its underwriters prohibit a sale. This restriction will apply as long as your service continues and for such period of time after the termination of your service as Schwab may specify.</p>
No Stockholder Rights	<p>Your Restricted Stock Units carry no voting or other stockholder rights. You have no rights as a Schwab stockholder until your Restricted Stock Units are settled by issuing Shares.</p>
Contribution of Par Value	<p>On your behalf, Schwab will contribute to its capital an amount equal to the par value of the Shares issued to you.</p>
Dividend Equivalent Rights	<p>If Schwab pays cash dividends on Shares, you will receive cash equal to the dividend per Share multiplied by the number of unvested Restricted Stock Units. Each such payment shall be made as soon as practicable following the payment of the actual dividend, but in no event beyond March 15th of the year following the year the actual dividend is paid.</p>

**No Right to
Remain Employee
or Director**

Nothing in this Agreement will be construed as giving you the right to be retained as an employee, contingent worker or director of Schwab and its subsidiaries for any specific duration or at all.

**Limitation on
Payments**

If a payment from the Plan would constitute an excess parachute payment under section 280G of the Code or if there have been certain securities law violations, then your grant may be reduced or forfeited and you may be required to disgorge any profit that you have realized from your grant.

If a disqualified individual receives a payment or transfer under the Plan that would constitute an excess parachute payment under section 280G of the Code, such payment will be reduced, as described below. Generally, someone is a “*disqualified individual*” under section 280G if he or she is (a) an officer of Schwab, (b) a member of the group consisting of the highest paid 1% of the employees of Schwab or, if less, the highest paid 250 employees of Schwab, or (c) a 1% stockholder of Schwab. For purposes of the section on “Limitation on Payments,” the term “*Schwab*” will include affiliated corporations to the extent determined by the independent auditors most recently selected by the Schwab Board of Directors (the “*Auditors*”) in accordance with section 280G(d) (5) of the Code.

In the event that the Auditors determine that any payment or transfer in the nature of compensation to or for your benefit, whether paid or payable (or transferred or transferable) pursuant to the terms of the Plan or otherwise (a “*Payment*”), would be nondeductible for federal income tax purposes because of the provisions concerning “excess parachute payments” in section 280G of the Code, then the aggregate present value of all Payments will be reduced (but not below zero) to the Reduced Amount; provided, however, that the Compensation Committee may specify in writing that the grant will not be so reduced and will not be subject to reduction under this section.

For this purpose, the “*Reduced Amount*” will be the amount, expressed as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by Schwab because of section 280G of the Code.

If the Auditors determine that any Payment would be nondeductible because of section 280G of the Code, then Schwab will promptly give you notice to that effect and a copy of the detailed calculation of the Reduced Amount. The Auditors will determine which and how much of the Payments will be eliminated or reduced (such that the aggregate present value of

the Payments equals the Reduced Amount). Schwab will notify you promptly of the Auditor's determination. Present value will be determined in accordance with section 280G(d)(4) of the Code. The Auditors' determinations will be binding upon you and Schwab and will be made within 60 days of the date when a Payment becomes payable or transferable.

As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors, it is possible that Payments will have been made by Schwab which should not have been made (an "Overpayment") or that additional Payments which will not have been made by Schwab could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against you or Schwab which the Auditors believe has a high probability of success, determine that an Overpayment has been made, the amount of such Overpayment will be paid by you to Schwab on demand, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code. However, no amount will be payable by you to Schwab if and to the extent that such payment would not reduce the amount which is subject to taxation under section 4999 of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment will promptly be paid or transferred by Schwab to or for your benefit, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code, provided that no such Underpayment related to Shares distributable under this Agreement shall be paid beyond the deadline for making such payments under section 409A of the Code.

Plan Administration

The Plan Administrator has discretionary authority to make all determinations related to this grant and to construe the terms of the Plan, the Notice of Non-Employee Director Retainer Restricted Stock Unit Grant and this Agreement. The Plan Administrator's determinations are conclusive and binding on all persons, and they are entitled to deference upon any review.

Adjustments

In the event of a stock split, a stock dividend or a similar change in Schwab stock, the number of Restricted Stock Units that remain subject to forfeiture will be adjusted accordingly.

Severability

In the event that any provision of this Agreement is held invalid or unenforceable, the provision will be severable from, and such invalidity or unenforceability will not be construed to have any

effect on, the remaining provisions of this Agreement.

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions), as such laws are applied to contracts entered into and performed in Delaware.

**The Plan and
Other Agreements**

The text of the Plan is incorporated in this Agreement by reference. This Agreement, the Notice of Non-Employee Director Retainer Restricted Stock Unit Grant and the Plan constitute the entire understanding between you and Schwab regarding this grant. Any prior agreements, commitments or negotiations concerning this grant are superseded. This Agreement may be amended only by another written agreement, signed by both parties and approved by the Compensation Committee. If there is any inconsistency or conflict between any provision of this Agreement and the Plan, the terms of the Plan will control.

**BY ACCEPTING THIS GRANT, YOU AGREE TO ALL OF THE TERMS AND
CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**

**THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NOTICE OF NON-EMPLOYEE DIRECTOR
DEFERRED COMPENSATION STOCK OPTION GRANT**

You have been granted the following option to purchase Common Stock of The Charles Schwab Corporation (“Schwab”) under the Charles Schwab Corporation [2004 Stock Incentive Plan] (the “Plan”):

Name of Recipient:

**Total Number of Shares
Granted:**

Exercise Price per Share:

Grant Date:

Expiration Date:

Vesting Schedule: This option is fully vested and non-forfeitable at all times.

You and Schwab agree that this option is granted under and governed by the terms and conditions of the Plan, The Charles Schwab Corporation Directors’ Deferred Compensation Plan II and the Stock Option Agreement, which are made a part of this notice. Please review the Stock Option Agreement carefully, as it explains the terms and conditions of this option. You agree that Schwab may deliver electronically all documents relating to the Plan or this option (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that Schwab is required to deliver to its stockholders. Unless you provide written objection to Schwab within 30 days of your receipt of this notice, you agree to all of the terms and conditions of this notice, the stock option agreement and the Plan.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NON-EMPLOYEE DIRECTOR
DEFERRED COMPENSATION STOCK OPTION AGREEMENT

- Tax Treatment** This option is a non-qualified stock option and is not intended to qualify as an incentive stock option under federal tax laws.
- Vesting** This option has been issued under the Plan pursuant to your deferral election under The Charles Schwab Corporation Directors' Deferred Compensation Plan II (the "Deferred Compensation Plan") and is fully vested and non-forfeitable at all times.
- Exercise Procedures** You or your representative may exercise this option by following the procedures prescribed by Schwab. If this option is being exercised by your representative, your representative must furnish proof satisfactory to Schwab of your representative's right to exercise this option. After completing the prescribed procedures, Schwab will cause to be issued the shares purchased, which will be registered in the name of the person exercising this option.
- Forms of Payment** When you submit your notice of exercise, you must pay the option exercise price for the shares you are purchasing. Payment may be made in one of the following forms:
- Cash in your Schwab brokerage account in an amount sufficient to cover the option exercise price of the shares and the required tax withholding (this exercise method is sometimes referred to as "Exercise and Hold").
 - Shares of Schwab stock that are surrendered to Schwab. These shares will be valued at their fair market value on the date when the new shares are purchased. (This exercise method is sometimes referred to as a "Stock Swap.")
 - By delivery (in a manner prescribed by Schwab) of an irrevocable direction to Charles Schwab & Co., Inc. to sell shares of Schwab stock (including shares to be issued upon exercise of this option) and to deliver all or part of the sale proceeds to Schwab in payment of all or part of the exercise price. (This exercise method is sometimes referred to as "Exercise and Sell" or "Sell to Cover.")
- Term** This option expires no later than the 10th anniversary of the Grant Date but may expire earlier upon your termination of service, as described below.

Termination of Service as a Non-Employee Director	<p>This option will expire on the date three months following the date of your termination of service as a non-employee director if such service terminates for any reason other than on account of becoming a common-law employee of Schwab or its subsidiaries, death, disability or retirement. The terms “disability” and “retirement” are defined below.</p> <p>If you become an employee of Schwab or its subsidiaries, this option will expire on the date three months following the date you cease to be an employee of Schwab and its subsidiaries (other than by reason of disability, death or retirement). If you cease to be a non-employee director or an employee of Schwab and its subsidiaries by reason of your disability or death, then this option will expire on the first anniversary of the date of your death or disability.</p> <p>If you cease to be a non-employee director by reason of your retirement, then this option will expire on the 10th anniversary of the Grant Date.</p>
Definition of Disability	<p>For all purposes of this Agreement, “<i>disability</i>” means that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which has lasted, or can be expected to last, for a continuous period of not less than 12 months or which can be expected to result in death as determined by Schwab in its sole discretion.</p>
Definition of Retirement	<p>For all purposes of this Agreement, “<i>retirement</i>” means your resignation or removal from the Board at any time after you have attained age 70 or completed 5 years of service as a non-employee director.</p>
Restrictions on Exercise and Issuance or Transfer of Shares	<p>You cannot exercise this option and no shares of Schwab stock may be issued under this option if the issuance of shares at that time would violate any applicable law, regulation or rule. Schwab may impose restrictions upon the sale, pledge or other transfer of shares (including the placement of appropriate legends on stock certificates) if, in the judgment of Schwab and its counsel, such restrictions are necessary or desirable to comply with applicable law, regulations or rules.</p>
Stockholder Rights	<p>You, or your estate or heirs, have no rights as a stockholder of Schwab until you have exercised this option by giving the required notice to the Company and paying the exercise price. No adjustments are made for dividends or other rights if the applicable record date occurs before you exercise this option, except as described in the Plan.</p>
No Right to Remain Director or Employee	<p>Nothing in this Agreement will be construed as giving you the right to be retained as a director or an employee of Schwab and its subsidiaries.</p>

Transfer of Option	<p>In general, only you may exercise this option prior to your death. You may not transfer or assign this option, except as provided below. For instance, you may not sell this option or use it as security for a loan. If you attempt to do any of these things, this option will immediately become invalid.</p> <p>You may dispose of this option in your will or in a beneficiary designation. You may designate one or more beneficiaries by filing a beneficiary designation form. You may change your beneficiary designation by filing a new form with Schwab at any time prior to your death. If you do not designate a beneficiary or if your designated beneficiary predeceases you, then your options will be exercisable by your estate.</p> <p>Schwab may, in its sole discretion, allow you to transfer this option under a domestic relations order in settlement of marital or domestic property rights.</p> <p>In order to transfer this option, you and the transferee(s) must execute the forms prescribed by Schwab, which include the consent of the transferee(s) to be bound by this Agreement.</p>
Plan Administration	<p>The Plan Administrator has discretionary authority to make all determinations related to this grant and to construe the terms of the Plan and this Agreement. The Plan Administrator's determinations are conclusive and binding on all persons, and they are entitled to deference upon any review.</p>
Adjustments	<p>In the event of a stock split, a stock dividend or a similar change in Schwab stock, the Compensation Committee shall adjust the number of shares covered by this option and the exercise price per share.</p>
Severability	<p>In the event that any provision of this Agreement is held invalid or unenforceable, the provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.</p>
Applicable Law	<p>This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions), as such laws are applied to contracts entered into and performed in Delaware.</p>
The Plan and Other Agreements	<p>The text of the Plan is incorporated in this Agreement by reference. This Agreement and the Plan constitute the entire understanding between you and Schwab regarding this option. Any prior agreements, commitments or negotiations concerning this option are superseded. This Agreement may be amended only by another written agreement, signed by both parties. If there is any inconsistency or conflict between any provision of this Agreement and the Plan, the terms of the Plan will control.</p>

**BY ACCEPTING THIS OPTION GRANT,
YOU AGREE TO ALL OF THE TERMS AND CONDITIONS
DESCRIBED ABOVE AND IN THE PLANS.**

**THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NOTICE OF NON-EMPLOYEE DIRECTOR
DEFERRED COMPENSATION RESTRICTED STOCK UNIT GRANT**

You have been granted Restricted Stock Units. A Restricted Stock Unit represents the right to receive, subject to certain conditions, a share of Common Stock of The Charles Schwab Corporation (“*Schwab*”), under The Charles Schwab Corporation [2004 Stock Incentive Plan] (the “*Plan*”). Your Restricted Stock Units are granted subject to the following terms:

Name of Recipient:

**Total Number of
Restricted Stock Units
Granted:**

Grant Date:

Vesting Schedule: These Restricted Stock Units are fully vested and non-forfeitable at all times.

You and Schwab agree that these units are granted under and governed by the terms and conditions of the Plan, The Charles Schwab Corporation Directors’ Deferred Compensation Plan II and the Restricted Stock Unit Agreement, which are made a part of this notice. Please review the Restricted Stock Unit Agreement carefully, as it explains the terms and conditions of these units. You agree that Schwab may deliver electronically all documents relating to the Plan or these units (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that Schwab is required to deliver to its stockholders. Unless you provide written objection to Schwab within 30 days of your receipt of this notice, you agree to all of the terms and conditions of this notice, the restricted stock unit agreement and the Plan.

THE CHARLES SCHWAB CORPORATION
[2004 STOCK INCENTIVE PLAN]
NON-EMPLOYEE DIRECTOR
DEFERRED COMPENSATION RESTRICTED STOCK UNIT AGREEMENT

- Vesting** These restricted stock units have been issued under the Plan pursuant to your deferral election under The Charles Schwab Corporation Directors' Deferred Compensation Plan II (the "Deferred Compensation Plan") and are fully vested and non-forfeitable at all times.
- Nature of Units** Your units are mere bookkeeping entries. They represent only Schwab's unfunded and unsecured promise to issue shares of Schwab Common Stock on a future date. As a holder of units, you have no rights other than the rights of a general creditor of Schwab.
- Voting Rights and Dividend Rights** Your units carry no voting rights. Any dividends paid on shares of Schwab Common Stock shall be credited to you as additional Restricted Stock Units. Otherwise, you have no rights as a Schwab stockholder until your units are settled by issuing shares of Schwab Common Stock.
- Settlement of Units** Your units will be settled in accordance with the terms of the Deferred Compensation Plan. At the time of settlement, you will receive one share of Schwab's Common Stock for each unit.
- Other Terms and Conditions** Your units will be governed by all of the applicable terms and conditions of the Deferred Compensation Plan, which are made part of this Agreement.
- Restrictions on Restricted Stock Units** You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units. Schwab will deliver Shares to you in accordance with the terms of the Deferred Compensation Plan.
- Schwab may, in its sole discretion, allow you to transfer these Restricted Stock Units under a domestic relations order in settlement of marital or domestic property rights.
- In order to transfer these Restricted Stock Units, you and the transferee(s) must execute the forms prescribed by Schwab, which include the consent of the transferee (s) to be bound by this Agreement.

Delivery of Shares After Death	In the event that Shares are distributable upon your death, the Shares will be delivered to your beneficiary or beneficiaries. You may designate one or more beneficiaries by filing a beneficiary designation form. You may change your beneficiary designation by filing a new form with Schwab at any time prior to your death. If you do not designate a beneficiary or if your designated beneficiary predeceases you, then your Shares will be delivered to your estate.
Restrictions on Resale	You agree not to sell any shares at a time when applicable laws, Schwab policies or an agreement between Schwab and its underwriters prohibit a sale. This restriction will apply as long as your service continues and for such period of time after the termination of your service as Schwab may specify.
Plan Administration	The Plan Administrator has discretionary authority to make all determinations related to this grant and to construe the terms of the Plan, the Notice of Non-Employee Director Deferred Compensation Restricted Stock Unit Grant and this Agreement. The Plan Administrator's determinations are conclusive and binding on all persons, and they are entitled to deference upon any review.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Schwab stock, the number of your units will be adjusted accordingly, as Schwab may determine pursuant to the Plan.
The Plan and Other Agreements	The text of the Plan and the Deferred Compensation Plan (the "Plans") are incorporated in this Agreement by reference. This Agreement and the Plans constitute the entire understanding between you and Schwab regarding these units. Any prior agreements, commitments or negotiations concerning these units are superseded. This Agreement may be amended only by another written agreement, signed by both parties. If there is any inconsistency or conflict between any provision of this Agreement and the Plans, the terms of the Plans will control.

**BY ACCEPTING THIS GRANT,
YOU AGREE TO ALL OF THE TERMS AND CONDITIONS
DESCRIBED ABOVE AND IN THE PLANS.**