

SCHWAB CHARLES CORP  
Form DEF 14A  
March 28, 2008  
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**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |   |  |
|---|--|
| <input type="checkbox"/> Preliminary Proxy Statement                        | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement              |  |
| <input type="checkbox"/> Definitive Additional Materials                    |  |
| <input type="checkbox"/> Soliciting Material Pursuant to Section 240.14a-12 |  |

**The Charles Schwab Corporation**

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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.. Fee previously paid with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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THE CHARLES SCHWAB CORPORATION **2008** PROXY STATEMENT

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March 28, 2008

Dear Fellow Stockholders,

We cordially invite you to attend our 2008 Annual Meeting of Stockholders. The meeting will be held on Thursday, May 15, 2008, at 2:00 p.m., Pacific Time, at the Westin Hotel, 50 Third Street, San Francisco, California.

At the meeting we will:

- elect five directors for three-year terms,
- vote on two stockholder proposals, and
- consider any other business properly coming before the meeting.

We also will report on our corporate performance in 2007 and answer your questions.

We are pleased to offer you the convenience of viewing our annual meeting by webcast at [www.schwabevents.com](http://www.schwabevents.com). If you prefer to attend the meeting in person, please follow the advance registration instructions as outlined in this proxy statement. We look forward to your participation.

Sincerely,

**CHARLES R. SCHWAB**

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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**NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS**

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The 2008 Annual Meeting of Stockholders of The Charles Schwab Corporation will be held on Thursday, May 15, 2008, at 2:00 p.m., Pacific Time, at the Westin Hotel, 50 Third Street, San Francisco, California, to conduct the following items of business:

- elect five directors for three-year terms,
- vote on two stockholder proposals, and
- consider any other business properly coming before the meeting.

Stockholders who owned shares of our common stock at the close of business on March 17, 2008 are entitled to attend and vote at the meeting and any adjournment or postponement of the meeting. A complete list of registered stockholders will be available prior to the meeting at our principal executive offices at 120 Kearny Street, San Francisco, California 94108.

By Order of the Board of Directors,

**CARRIE E. DWYER**

EXECUTIVE VICE PRESIDENT,

GENERAL COUNSEL AND

CORPORATE SECRETARY



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**PROPOSAL FOR WHICH WE REQUEST YOUR VOTE**

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This proxy statement describes the proposals on which you may vote as a stockholder of The Charles Schwab Corporation. We, the company's Board of Directors, are sending these proxy materials to you on or about March 28, 2008.

Stockholders who owned the company's common stock at the close of business on March 17, 2008 may attend and vote at the annual meeting. Each share is entitled to one vote. There were 1,146,948,645 shares of common stock outstanding on March 17, 2008.

**PROPOSAL FOR WHICH WE REQUEST YOUR VOTE**

We recommend that you vote *for* the election of five directors for three-year terms.

There are also two stockholder proposals that we recommend that you vote against. Those proposals are described in the section Stockholder Proposals.

**ELECTION OF DIRECTORS**

Nominees for directors this year are:

- Frank C. Herringer
- Stephen T. McLin
- Charles R. Schwab
- Roger O. Walther
- Robert N. Wilson

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Each nominee is presently a director of the company and has consented to serve a three-year term. Biographical information about each of the nominees is contained in the following section.

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**THE BOARD OF DIRECTORS**

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**MEMBERS OF THE BOARD OF DIRECTORS**

**WILLIAM F. ALDINGER III**

DIRECTOR SINCE 2005

Mr. Aldinger, age 60, is President and Chief Executive Officer of Capmark Financial Group Inc., a financial services company, and a member of its board of directors. Prior to joining Capmark, he was the Chairman and Chief Executive Officer of HSBC North America Inc., a financial services company, from 2003 until 2005. Mr. Aldinger also served as Chairman and Chief Executive Officer of Household International, Inc. (now HSBC Finance Corporation) from 1994 until 2005. Mr. Aldinger is a director of Illinois Tool Works, Inc., a developer and processor of engineered components, industrial systems and consumables; AT&T Inc., a voice, video and data communications company; and KKR Financial Corp., a specialty finance company. Mr. Aldinger's term expires in 2010.

**NANCY H. BECHTLE**

DIRECTOR SINCE 1992

Ms. Bechtle, age 70, served as President and Chief Executive Officer of the San Francisco Symphony from 1987 until 2001 and has served as a member of the San Francisco Symphony Board of Governors since 1984. She was a director and Chief Financial Officer of J.R. Bechtle & Co., an international consulting firm, from 1979 to 1998. Ms. Bechtle has served as Chairman and a director of Sugar Bowl Ski Corporation since 1998. She was appointed a director of the Presidio Trust in January 2008. She also served as a director of the National Park Foundation from 2002 until January 2008 and was its Vice Chairman from 2005 until 2008. Ms. Bechtle's term expires in 2009.

**C. PRESTON BUTCHER**

DIRECTOR SINCE 1988

Mr. Butcher, age 69, has been Chairman and Chief Executive Officer of Legacy Partners (formerly Lincoln Property Company N.C., Inc.), a real estate development and management firm, since 1998. Mr. Butcher served as President, Chief Executive Officer and Regional Partner of Lincoln Property Company N.C., Inc. from 1967 until 1998. He is a director of Northstar Realty Finance Corp. Mr. Butcher's term expires in 2009.

**DONALD G. FISHER**

DIRECTOR SINCE 1988

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Mr. Fisher, age 79, is the founder of Gap Inc., an international specialty retail clothing chain. He is Chairman Emeritus and a director of Gap Inc. He also was Chief Executive Officer of Gap Inc. from 1969 to 1995. Mr. Fisher is a member of the California State Board of Education. His term expires in 2010.

### **FRANK C. HERRINGER**

DIRECTOR SINCE 1996

Mr. Herringer, age 65, has been Chairman of the Board of Transamerica Corporation, a financial services company, since 1996. He served as Chief Executive Officer of Transamerica from 1991 to 1999 and President from 1986 to 1999, when Transamerica was acquired by AEGON N.V. From the date of the acquisition until 2000, Mr. Herringer served on the Executive Board of AEGON N.V. and as Chairman of the Board of AEGON USA, Inc. Mr. Herringer is also a director of AEGON U.S. Corporation, the holding company for AEGON N.V.'s operations in the United States; Amgen Inc., a biotechnology company; Safeway, Inc., a food and drug retailer; Mirapoint, Inc., an Internet message infrastructure equipment developer; and Cardax Pharmaceuticals, a biotechnology company. Mr. Herringer is a nominee for election this year.

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**THE BOARD OF DIRECTORS**

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**MARJORIE MAGNER**

DIRECTOR SINCE 2006

Ms. Magner, age 58, is a founding partner of Brysam Global Partners, a private equity firm. She served as Chairman and Chief Executive Officer of the Global Consumer Group for Citigroup, Inc., a financial services company, from 2003 until 2005. Ms. Magner joined Commercial Credit, a predecessor company to Citigroup, in 1987. She served as Chief Administrative Officer and Senior Executive Vice President, Global Consumer Group from 2000 until 2002, and Chief Operating Officer, Global Consumer Group from 2002 until 2003. Ms. Magner is a director of Gannett Company, Inc., a publishing company, and Accenture Ltd, a management consulting and technology services company. She also serves as Chairman of the Brooklyn College Foundation Board of Trustees and is a member of the Dean's Advisory Council of the Krannert School of Management at Purdue University. Ms. Magner's term expires in 2009.

**STEPHEN T. MCLIN**

DIRECTOR SINCE 1988

Mr. McLin, age 61, has been Chairman and Chief Executive Officer of STM Holdings LLC, which offers merger and acquisition advice, since 1998. From 1987 until 1998, he was President and Chief Executive Officer of America First Financial Corporation, a finance and investment banking firm, and parent of EurekaBank. Before that, he was an Executive Vice President of Bank of America. Mr. McLin is an advisory director of Headwaters MB, a merchant bank, and Financial Technology Ventures, a private equity fund. Mr. McLin is a nominee for election this year.

**CHARLES R. SCHWAB**

DIRECTOR SINCE 1986

Mr. Schwab, age 70, has been Chairman and a director of The Charles Schwab Corporation since its incorporation in 1986. Mr. Schwab was re-appointed as Chief Executive Officer of the company in 2004. He served as Co-Chief Executive Officer of the company from 1998 to 2003, and Chief Executive Officer of the company from 1986 to 1997. Mr. Schwab was a founder of Charles Schwab & Co., Inc. in 1971, has been its Chairman since 1978, and its Chief Executive Officer since 2004. Mr. Schwab is Chairman of Charles Schwab Bank and Chairman and trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios, all registered investment companies. Mr. Schwab is a nominee for election this year.

**PAULA A. SNEED**

DIRECTOR SINCE 2002

Ms. Sneed, age 60, served as Executive Vice President, Global Marketing Resources and Initiatives, of Kraft Foods, Inc., a global food and beverage company from 2005 until her retirement in 2006; Senior Vice President, Global Marketing Resources and Initiatives from 2004 to 2005; and Group Vice President and President of E-Commerce and Marketing Services for Kraft Foods North America, part of Kraft Foods, Inc., from 2000 until 2004. She joined General Foods Corporation (which later merged with Kraft Foods) in 1977 and held a variety of management positions. Ms. Sneed is a director of Airgas, Inc., a national distributor of industrial, medical and specialty gases and related equipment, and Tyco Electronics, a manufacturer of engineered electronic components, network solutions, wireless systems and telecommunications systems. Ms. Sneed's term expires in 2010.

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**THE BOARD OF DIRECTORS**

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**ROGER O. WALTHER**

DIRECTOR SINCE 1989

Mr. Walther, age 72, has served as Chairman and Chief Executive Officer of Tusker Corporation, a real estate and business management company, since 1997. He served as Chairman and Chief Executive Officer of ELS Educational Services, Inc., a provider in the United States and internationally of courses in English as a second language, between 1992 and 1997. Mr. Walther was President, Chief Executive Officer and a director of AIFS, Inc., which designs and markets educational and cultural programs internationally, from 1964 to 1993. Mr. Walther served as Chairman and a director of First Republic Bank from 1985 until November 2007. Mr. Walther is a nominee for election this year.

**ROBERT N. WILSON**

DIRECTOR SINCE 2003

Mr. Wilson, age 67, is Chairman of Still River Systems, a medical device company. Mr. Wilson was Chairman of Caxton Health Holdings, LLC, a healthcare-focused investment firm, from 2004 through 2007, and was Vice Chairman of the board of directors of Johnson & Johnson, a manufacturer of health care products, from 1989 until 2003. Mr. Wilson joined Johnson & Johnson in 1964. Mr. Wilson is also a director of Hess Corporation, an integrated oil and gas company, and Synta Pharmaceuticals Corporation, a bio-pharmaceutical company. Mr. Wilson is a nominee for election this year.

**NUMBER OF DIRECTORS AND TERMS**

The authorized number of directors is currently eleven and the company has eleven directors. Five directors are nominees for election this year and six directors will continue to serve the terms described in their biographies.

Our directors currently serve staggered terms. Each director who is elected at an annual meeting of stockholders serves a three-year term, and the directors are divided into three classes.

**Table of Contents****THE BOARD OF DIRECTORS****BOARD AND COMMITTEE MEETINGS**

The board held seven regular meetings and two special meetings in 2007. Each director attended at least 75% of all board and applicable committee meetings during 2007. Non-management directors meet regularly in executive session. The chairman of the Nominating and Corporate Governance Committee presides over the executive sessions of non-management directors. As provided in our Corporate Governance Guidelines, we expect directors to attend the annual meeting of stockholders. In 2007, eleven directors attended the annual meeting.

This table describes the board's standing committees.

<b>NAME OF COMMITTEE AND MEMBERS <sup>(1)</sup></b>	<b>FUNCTIONS OF THE COMMITTEE</b>	<b>NUMBER OF MEETINGS IN 2007</b>
<b>AUDIT</b>		9
Stephen T. McLin, Chairman <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• reviews and discusses with management and the independent auditors the company's annual and quarterly financial statements and the integrity of the financial reporting process</li> </ul>	
William F. Aldinger III <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• reviews the qualifications and independence of the independent auditors and performance of the company's internal and independent auditors</li> </ul>	
C. Preston Butcher		
Donald G. Fisher	<ul style="list-style-type: none"> <li>• reviews reports from management regarding major risk exposures and steps management has taken to address such exposures</li> </ul>	
Marjorie Magner	<ul style="list-style-type: none"> <li>• reviews compliance with legal and regulatory requirements</li> </ul>	



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NAME OF COMMITTEE AND MEMBERS <sup>(1)</sup> COMPENSATION	FUNCTIONS OF THE COMMITTEE	NUMBER OF MEETINGS IN 2007
Roger O. Walther, Chairman	<ul style="list-style-type: none"> <li>annually reviews and approves corporate goals and objectives relating to compensation of executive officers and other senior officers</li> </ul>	9
Nancy H. Bechtle	<ul style="list-style-type: none"> <li>evaluates the performance of executive officers and other senior officers and determines their compensation levels</li> </ul>	
Frank C. Herringer		
Paula A. Sneed	<ul style="list-style-type: none"> <li>reviews and approves compensatory arrangements for executive officers and other senior officers</li> </ul>	
Robert N. Wilson		
NOMINATING AND CORPORATE GOVERNANCE	<ul style="list-style-type: none"> <li>approves long-term awards for executive officers and other senior officers</li> <li>identifies and evaluates individuals qualified to serve on the board</li> </ul>	2
Frank C. Herringer, Chairman	<ul style="list-style-type: none"> <li>recommends nominees to fill vacancies on the board and each board committee and recommends a slate of nominees for election or re-election as directors by the stockholders</li> </ul>	
William F. Aldinger III		
Nancy H. Bechtle	<ul style="list-style-type: none"> <li>makes recommendations regarding succession planning for the Chief Executive Officer and executive management</li> </ul>	
C. Preston Butcher		
Donald G. Fisher	<ul style="list-style-type: none"> <li>assesses the performance of the board and its committees and recommends corporate governance principles for adoption by the board</li> </ul>	
Marjorie Magner		
Stephen T. McLin		
Paula A. Sneed		
Roger O. Walther		
Robert N. Wilson		

(1) In addition to the standing committees, we may from time to time establish *ad hoc* committees to assist in various matters.

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- (2) We have determined that Mr. McLin and Mr. Aldinger are Audit Committee financial experts and independent under the Nasdaq Stock Market corporate governance rules and the rules of the U.S. Securities and Exchange Commission.

**Table of Contents****THE BOARD OF DIRECTORS****DIRECTOR INDEPENDENCE**

We have considered the independence of each member of the board in accordance with the Nasdaq Stock Market corporate governance rules. We have determined that the following directors are independent: William F. Aldinger III, Nancy H. Bechtle, C. Preston Butcher, Donald G. Fisher, Frank C. Herringer, Marjorie Magner, Stephen T. McLin, Paula A. Sneed, Roger O. Walther, and Robert N. Wilson. All of the members of the Audit, Compensation and Nominating and Corporate Governance Committees are independent as determined in accordance with the listing standards of the Nasdaq Stock Market.

In determining independence, the Board of Directors considers broadly all relevant facts and circumstances regarding a director's relationships with the company. All non-employee directors receive compensation from the company for their service as a director, as disclosed in the section Compensation Information Director Compensation, and are entitled to receive reimbursement for their expenses in traveling to and participating in board meetings. As disclosed in the Transactions with Related Persons section of this proxy statement, some directors and entities with which they are affiliated have credit transactions with the company's banking and brokerage subsidiaries, such as mortgage loans, revolving lines of credit, or other extensions of credit. These transactions with directors and their affiliates are made in the ordinary course of business and to the extent permitted by the Sarbanes-Oxley Act of 2002. Such transactions are on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to the lender and do not involve more than the normal risk of collectibility or present other unfavorable features.

In addition to the relationships outlined above, the board considered the following types of relationships for the following directors:

<b>DIRECTOR</b>	<b>CATEGORY/NATURE OF RELATIONSHIP</b>
William F. Aldinger III	The director serves as a director of another company that provided telecommunications services to the company in the ordinary course of business through usual trade terms or competitive bids.
Donald G. Fisher	The director serves as a director of a nonprofit organization to which the company, its affiliates or its charitable foundation have made donations.
Marjorie Magner	The director serves as a director of another company that provided professional services to the company in the ordinary course of business through usual trade terms or competitive bids.
Stephen T. McLin	The director's son is employed by the company in a non-executive officer, non-managerial capacity.

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**THE BOARD OF DIRECTORS**

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**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

No member of the Compensation Committee is or has been an officer or employee of the company or any of its subsidiaries. There were no Compensation Committee interlocks as defined under Securities and Exchange Commission rules during 2007.

**DIRECTOR NOMINATIONS**

The Nominating and Corporate Governance Committee is composed entirely of independent directors as determined by the Board of Directors in accordance with the Nasdaq Stock Market listing standards.

The Board of Directors has adopted a written Nominating and Corporate Governance Committee charter. The charter is available on our website at [www.abotschwab.com/governance](http://www.abotschwab.com/governance). One of the committee's responsibilities is to recommend candidates for nomination to the board.

The Nominating and Corporate Governance Committee recommended all of the nominees for election included in this year's proxy statement. All nominees have been previously elected by stockholders as directors.

The Nominating and Corporate Governance Committee has a policy to consider candidates recommended by stockholders. The policy provides that stockholder recommendations must be in writing and include the following information: (i) the name, address and contact information of the recommending stockholder; (ii) proof of the stockholder's share ownership; (iii) a resume or statement of the candidate's qualifications; and (iv) a statement of the stockholder's relationship with the proposed candidate or interest in the proposed candidacy. The written recommendation must be addressed to the Assistant Corporate Secretary at the address provided in the Corporate Governance Information section of this proxy statement.

*Director Qualifications*

The qualifications for directors are described in our Corporate Governance Guidelines, which are available on the company's website. In addition, the committee believes that the following specific, minimum qualifications must be met by a nominee for the position of director:

- the ability to work together with other directors, with full and open discussion and debate as an effective group,

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- current knowledge and experience in the company's business or operations, or contacts in the community in which the company does business and in the industries relevant to the company's business, or substantial business, financial or industry-related experience, and
- the willingness and ability to devote adequate time to the company's business.

The committee also considers the following qualities and skills when making its determination whether a nominee is qualified for the position of director:

- relationships that may affect the independence of the director or conflicts of interest that may affect the director's ability to discharge his or her duties,
- diversity of experience and background, including the need for financial, business, academic, public sector and other expertise on the board or board committees, and
- the fit of the individual's skills and experience with those of the other directors and potential directors in comparison to the needs of the company.

When evaluating a candidate for nomination, the committee does not assign specific weight to any of these factors or believe that all of the criteria necessarily apply to every candidate.

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**THE BOARD OF DIRECTORS**

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*Identifying and Evaluating Candidates for Director*

The Nominating and Corporate Governance Committee reviews the appropriate skills and characteristics required of board members in the context of the current composition of the board. Candidates considered for nomination to the Board of Directors may come from several sources, including current and former directors, professional search firms and stockholder recommendations. Nominees for director are evaluated, in consultation with the company's Chairman, by the committee, which may retain the services of a professional search firm to assist it in identifying or evaluating potential candidates.

**COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

If you wish to communicate with the board, the chairman of the Nominating and Corporate Governance Committee, or with the independent directors as a group, you may send your communication in writing to the Assistant Corporate Secretary at the address provided in the Corporate Governance Information section of this proxy statement. You must include your name and address in the written communication and indicate whether you are a stockholder of the company.

The Assistant Corporate Secretary will compile all communications, summarize lengthy, repetitive or duplicative communications and forward them to the appropriate director or directors. The Assistant Corporate Secretary will not forward non-substantive communications or communications that pertain to personal grievances, but instead will forward them to the appropriate department within the company for resolution. If this is the case, the Assistant Corporate Secretary will retain a copy of such communication for review by any director upon his or her request.

**CORPORATE GOVERNANCE INFORMATION**

You may find our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters for the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee on the company's website at [www.aboutschwab.com/governance](http://www.aboutschwab.com/governance). You also may obtain a paper copy of these items, without charge, from:

Assistant Corporate Secretary

The Charles Schwab Corporation

Mailstop SF120KNY-04

101 Montgomery Street

San Francisco, California 94104

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**AUDIT INFORMATION**

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**AUDIT COMMITTEE REPORT**

The Audit Committee is composed entirely of independent directors as determined by the Board of Directors in accordance with the listing standards of the Nasdaq Stock Market. None of the directors on this committee is or has been an employee of The Charles Schwab Corporation or any of its subsidiaries. None of the committee members simultaneously serves on the audit committees of more than three public companies, including ours. All of the members of our committee are able to read and understand fundamental financial statements, including the company's balance sheet, income statement, and cash flow statement. The board has determined that William F. Aldinger III and Stephen T. McLin are Audit Committee financial experts.

The Board of Directors has adopted a written Audit Committee charter. The charter is available on our website at [www.abouschwab.com/governance](http://www.abouschwab.com/governance).

The committee has met and held discussions with management and the company's independent registered public accounting firm. As part of this process, the committee has:

- reviewed and discussed the audited financial statements with management,
- discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (*Communication with Audit Committees*), and
- received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), and discussed with the independent registered public accounting firm its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, for filing with the SEC.

**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

Stephen T. McLin, Chairman

William F. Aldinger III



C. Preston Butcher

Donald G. Fisher

Marjorie Magner

**Table of Contents****AUDIT INFORMATION****AUDITOR SELECTION AND FEES***Auditor Selection*

The Audit Committee has selected Deloitte & Touche LLP and the member firms of Deloitte Touche Tohmatsu (collectively referred to as Deloitte) as the company's independent registered public accounting firm for the 2008 fiscal year. Deloitte has served in this capacity since the company's inception. We expect representatives of Deloitte to attend the annual meeting of stockholders, where they will respond to appropriate questions from stockholders and have the opportunity to make a statement.

*Audit Fees*

The aggregate fees for professional services billed by Deloitte in connection with their audits of the consolidated annual financial statements and management's assessment of the effectiveness of internal control over financial reporting, and reviews of the consolidated financial statements included in quarterly reports on Form 10-Q were:

**Fiscal year ended December 31:**

<b>2007</b>	\$ 4.6 million
<b>2006</b>	\$ 5.8 million

*Audit-Related Fees*

Audit-Related fees include assurance and related services, such as reports on internal controls, review of Securities and Exchange Commission filings, merger and acquisition due diligence and related services. The aggregate fees billed by Deloitte for such services were:

**Fiscal year ended December 31:**

<b>2007</b>	\$ 1.3 million
<b>2006</b>	\$ 1.7 million

*Tax Fees*

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The Audit Committee has limited tax services by Deloitte to tax return review, preparation and compliance. The aggregate fees billed by Deloitte for these services were:

**Fiscal year ended December 31:**

<b>2007</b>	\$	0.1 million
<b>2006</b>	\$	0.1 million

*All Other Fees*

All other services represent fees not included in audit fees, audit-related fees, and tax fees. The aggregate fees billed by Deloitte for these services were:

**Fiscal year ended December 31:**

<b>2007</b>	None
<b>2006</b>	None

In addition to the services listed above, Deloitte provides audit services to certain unconsolidated affiliated mutual funds and foundations. The fees for such audit services are included in the expenses of the mutual funds and foundations and borne by the stockholders of the mutual funds and foundations. Amounts billed by Deloitte for these services were \$0.2 million and \$2.0 million in 2007 and 2006, respectively. These amounts are not included in the expenses of The Charles Schwab Corporation.

*Non-Audit Services Policies and Procedures*

The Audit Committee has adopted a policy regarding non-audit services performed by Deloitte. The Audit Committee's policy prohibits engaging Deloitte to perform the following services:

- any contingent fee arrangement,
- bookkeeping or other services relating to accounting records or financial statements,
- broker-dealer services,
- actuarial services,
- management and human resource functions, including executive search services,

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**AUDIT INFORMATION**

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- legal services and expert services unrelated to the audit,
- appraisal and valuation services, fairness opinions or contribution-in-kind reports,
- internal audit outsourcing,
- financial information systems design and implementation,