

News Release

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SCHWAB OFFERS NEW LOW AND SIMPLIFIED FIXED INCOME PRICING Clients Will Pay Only a \$1 Mark-up Per Bond For Online Trades

SAN FRANCISCO, June 12, 2007 — Charles Schwab today announced new low, easy to understand prices for bond trades, as well as lowered and capped expenses on the Schwab Funds® tax-free bond funds. The new pricing will be available to all account holders, regardless of their balance.

“Bonds are a key part of a diversified investment strategy, especially for investors who are nearing or in retirement,” said Walt Bettinger, president and chief operating officer of Charles Schwab. “But for too long, bonds have been behind other securities in terms of convenience and price transparency. Over the last few years we’ve expanded trading hours, upgraded our BondSource® website with better information and more tools, introduced low and simpler pricing that all together make Schwab a leader in the fixed income marketplace and a great home for bond investors.”

Effective July 1, Schwab will show itemized pricing that includes the price of the bond and the new mark-up (or mark-down) — based on the schedule below — all prior to the trade confirmation.¹

	Online Trades	Broker-Assisted Trades
Treasuries (secondary market)	\$0	Online pricing plus \$25 per transaction
<ul style="list-style-type: none"> • Treasury Bonds • Treasury Bills • Treasury Notes • TIPS 		
Other Secondary Trades	\$1 per bond (\$10 min/\$250 max per transaction)	Online pricing plus \$25 per transaction
<ul style="list-style-type: none"> • CDs • Corporate Bonds • Government Agencies • Municipal Bonds • STRIPS • Zero-coupon Treasury bonds • Mortgage-Backed Securities 		

Clients enrolled in Schwab Private Client™ or Schwab Advised Investing Signature™ will pay \$0 mark-ups with no broker-assisted charge.

“When clients are seeking a bond, the net yield-to-maturity and net yield-to-call are the most important factors to consider. Without knowing all the costs involved, it’s difficult to predict these net yields,” said Jim White, senior vice president of Fixed Income Trading. “Schwab helps clients make smart purchasing decisions by displaying the net yield-to-maturity right up-front in the search results.”

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New Low Pricing for Schwab Institutional® Clients

Independent investment advisors who custody assets with Schwab will also benefit from the new pricing, per the mark-up schedule below.

	Online Trades	Broker-Assisted Trades ²
Treasuries (secondary market)	\$0	Online pricing plus \$25 per transaction
<ul style="list-style-type: none"> • Treasury bonds • Treasury bills • Treasury notes • TIPS 		
Other Secondary Trades	\$1.00 per bond (\$10 min / \$250 max per transaction)	\$1.20 per bond (\$10 min / \$275 max per transaction)
<ul style="list-style-type: none"> • CDs • Corporate bonds • Municipal bonds • STRIPS • Zero-coupon Treasury bonds • Mortgage-backed securities 		
Government Agencies	\$0.20 per bond (\$10 min, \$250 max per transaction)	\$0.24 per bond (\$10 min, \$275 max per transaction)

New Operating Expense Ratio Caps for Schwab Funds Tax-Free Bond Funds

Effective May 7, Charles Schwab Investment Management, Inc. lowered the OER on four of its Schwab Fund tax-free bond funds to between 0.45 and 0.49 percent (previously ranging from 0.60 to 0.65 percent) and capped the potential future OERs for all six tax-free bond funds at 0.49 percent. Schwab Funds are available with an initial investment minimum of only \$100.

About Fixed Income at Schwab

Schwab offers a suite of fixed income services and products including:

- Access to a daily inventory of more than 20,000 fixed income securities and more than 340 bond funds
- Relationships with more than 200 bond dealers
- Regional fixed income trading centers that service clients, Schwab financial consultants and independent investment advisors
- Bond specialists with an average of 15 years of industry experience who can assist clients, create investment ladders and provide trade history, or detailed S&P Rating reports
- New Issue bond alert service
- Online articles from proprietary and third party sources
- Tools such as BondSource and Mutual Fund OneSource to help narrow down the selection process
- Educational webcasts
- Online economic events calendar
- Briefing.com bond market Analysis
- Toll-free number for assistance with fixed income investing available during regular trading hours (In addition to Schwab's main toll-free assistance hotline available 24 hours a day, seven days a week)

Contact Information for Investors

Individual investors new to Schwab and seeking more information on the fixed income investing at Schwab can call 1-800-435-4000 or visit www.schwab.com/bonds. Schwab clients who work with independent advisors may contact the advisor directly or call Schwab Alliance at 800-515-2157.

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¹ Pricing for new-issues and Treasuries at Auction will not change. The \$10 minimum and certain broker-assisted fees will be waived through Aug. 10, 2007.

² Trades placed by Schwab Institutional investment advisors through a Schwab Alliance or Schwab Investor Services representative will be charged an additional \$25 broker assist fee, subject to a \$35 minimum and a \$275 maximum. Trades for new issues placed through a broker are not subject to these premiums.

About Charles Schwab

The Charles Schwab Corporation (Nasdaq: SCHW) is a leading provider of financial services, with more than 300 offices and 6.8 million client brokerage accounts, 1,117,000 corporate retirement plan participants, 154,000 banking accounts, and \$1.3 trillion in client assets. Through its operating subsidiaries, the company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC, <http://www.sipc.org>), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through its Schwab Institutional division. The Charles Schwab Bank, N.A. (member FDIC) provides banking and mortgage services and products. CyberTrader®, Inc. (member SIPC, <http://www.sipc.org>) is an electronic trading technology and brokerage firm providing services to highly active, online traders. More information is available at www.schwab.com.

Important Disclosures

INVESTORS SHOULD CONSIDER CAREFULLY INFORMATION CONTAINED IN THE PROSPECTUS, INCLUDING INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. YOU CAN REQUEST A PROSPECTUS BY CALLING 800-435-4000. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.

FIXED INCOME INVESTMENTS ARE SUBJECT TO VARIOUS RISKS INCLUDING CHANGES IN INTEREST RATES, CREDIT QUALITY, LIQUIDITY, EARLY REDEMPTION AND OTHER FACTORS.

ACCESS TO ELECTRONIC SERVICES MAY BE LIMITED OR UNAVAILABLE DURING PERIODS OF PEAK DEMAND, MARKET VOLATILITY, SYSTEMS UPGRADE, MAINTENANCE, OR FOR OTHER REASONS.

Charles Schwab & Co., Inc. member SIPC, receives remuneration from fund companies participating in the Mutual Fund OneSource™ service for record keeping and shareholder services and other administrative services. Schwab also may receive remuneration from transaction fee fund companies for certain administrative services. (0607-5662)

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