

SCHWAB CHARLES CORP

Form 424B5

June 03, 2009

Table of Contents

Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-156152

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered</b>	<b>Proposed maximum offering price per note</b>	<b>Proposed maximum aggregate offering price</b>	<b>Amount of registration fee (1)</b>
4.950% Senior Notes due 2014	\$ 750,000,000	99.621%	\$ 747,157,500	\$ 41,850

(1) The filing fee is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

**Table of Contents**

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 16, 2008)

**\$750,000,000**

**The Charles Schwab Corporation**

**4.950% Senior Notes due 2014**

The Charles Schwab Corporation ( CSC ) will offer \$750,000,000 of 4.950% Senior Notes due 2014, which CSC refers to in this prospectus supplement as the notes.

The notes will mature on June 1, 2014. The notes will pay interest at 4.950% per annum. Interest on the notes will be paid each June 1 and December 1, beginning on December 1, 2009. The notes will be senior unsecured obligations of CSC, ranking equally with all of CSC's other unsecured senior indebtedness. CSC may redeem some or all of the notes at any time at the make-whole redemption price, as described under Description of the Notes Optional Redemption.

CSC does not intend to apply for listing of the notes on any securities exchange.

**Investing in the notes involves risk. See Risk Factors beginning on page S-4.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these notes or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

These notes are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. These notes are not savings accounts, deposits or other obligations of any bank. **This debt is *not* guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program.**

	<b>Price to Public (1)</b>	<b>Underwriting Discount or Commission</b>	<b>Proceeds to CSC</b>
Per note	99.621%	0.650%	98.971%
Total	\$ 747,157,500	\$ 4,875,000	\$ 742,282,500

(1) Plus accrued interest from June 5, 2009 if settlement occurs after that date.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about June 5, 2009.

*Joint Book-Running Managers*

**J.P. Morgan**

**UBS Investment Bank**

Edgar Filing: SCHWAB CHARLES CORP - Form 424B5

*Co-Manager*

**Credit Suisse**

June 2, 2009

**Table of Contents**

**Table of Contents**

**Prospectus Supplement**

	<b>Page</b>
<u>About This Prospectus Supplement</u>	ii
<u>Where You Can Find More Information</u>	iii
<u>Forward-Looking Statements</u>	iv
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-4
<u>Consolidated Ratios of Earnings to Fixed Charges</u>	S-6
<u>Use of Proceeds</u>	S-7
<u>Capitalization</u>	S-8
<u>Description of the Notes</u>	S-9
<u>Underwriting</u>	S-12
<u>Legal Matters</u>	S-14
<u>Experts</u>	S-14
<b>Prospectus</b>	

	<b>Page</b>
<u>About this Prospectus</u>	1
<u>Forward-looking Statements</u>	1
<u>Where You Can Find More Information</u>	2
<u>The Charles Schwab Corporation</u>	3
<u>The Trusts</u>	3
<u>Consolidated Ratios of Earnings to Fixed Charges</u>	4
<u>Use of Proceeds</u>	5
<u>Description of Debt Securities of The Charles Schwab Corporation</u>	5
<u>Description of the Trust Preferred Securities</u>	14
<u>Description of the Junior Subordinated Debentures of The Charles Schwab Corporation</u>	25
<u>Description of the Trust Securities Guarantees of The Charles Schwab Corporation</u>	36
<u>Relationship Among the Trust Preferred Securities, the Corresponding Junior Subordinated Debentures and the Trust Securities Guarantees</u>	38
<u>Description of Preferred Stock</u>	40
<u>Description of Depositary Shares</u>	43
<u>Description of Common Stock</u>	45
<u>Description of Purchase Contracts</u>	47
<u>Description of Warrants</u>	47
<u>Description of Units</u>	50
<u>Global Securities</u>	51
<u>Plan of Distribution</u>	54
<u>Validity of Securities</u>	56
<u>Experts</u>	56

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document consists of two parts. The first part is the prospectus supplement, which describes the price per note, interest rate, maturity date and aggregate principal amount of this offering. The second part is the prospectus, which describes more general information, some of which may not apply to this offering. You should read this prospectus supplement and the accompanying prospectus, together with additional information described under "Where You Can Find More Information" in this prospectus supplement.

References in this prospectus supplement to "CSC" mean The Charles Schwab Corporation. References in this prospectus supplement to the "Company" mean CSC and its majority-owned subsidiaries.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus relating to the notes issued hereby prepared by or on behalf of CSC at the time of pricing. No one is authorized to give information other than that contained herein and therein. This prospectus supplement may be used only for the purpose for which it has been prepared. CSC has not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

The representations, warranties and covenants made by CSC in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement and the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of CSC's affairs.

CSC is not, and the underwriters are not, making an offer to sell these notes in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. CSC's business, financial condition, results of operations and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer or solicitation on CSC's behalf or on behalf of the underwriters to subscribe for and purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

**Table of Contents**

**WHERE YOU CAN FIND MORE INFORMATION**

CSC files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). CSC's SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. Copies of certain information filed by CSC with the SEC are also available on CSC's corporate website at <http://www.aboutschwab.com>. The website addresses of the SEC and CSC are included as inactive textual references only, and the information contained on those websites is not a part of this prospectus supplement or the accompanying prospectus. You may also read and copy any document that CSC files at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC allows CSC to incorporate by reference information CSC has filed with the SEC, which means that CSC can disclose important information to you by referring you to other documents. The information incorporated by reference is considered to be a part of this prospectus supplement.

This prospectus supplement incorporates by reference the documents listed below:

Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (including such information from the Proxy Statement filed March 30, 2009 that is incorporated by reference in Part III of such Annual Report), as updated by CSC's Form 8-K filed on June 1, 2009 relating to CSC's realigned segment reporting structure;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2009; and

Current Report on Form 8-K filed on June 1, 2009 relating to CSC's realigned segment reporting structure. You may request a copy of these filings at no cost, by writing, telephoning or sending an email to the following address:

**The Charles Schwab Corporation**

**101 Montgomery Street**

**San Francisco, California 94104**

**Attention: Corporate Secretary**

**Telephone: (415) 627-7000**

**Email: [investor.relations@schwab.com](mailto:investor.relations@schwab.com)**

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, contain not only historical information but also forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are identified by words such as believe, anticipate, expect, intend, plan, will, may, aim, target, and other similar expressions. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, refer to future events. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements.

These forward-looking statements, which reflect management's beliefs, objectives, and expectations as of the date hereof, or in the case of any documents incorporated by reference, as of the date of those documents, are necessarily estimates based on the best judgment of CSC's senior management. These statements relate to, among other things:

the use of proceeds from this debt offering;

the ratings for the notes;

a trading market for the notes;

the replacement of CSC's credit facility;

the Company's ability to pursue its business strategy;

the impact of legal proceedings and regulatory matters;

the impact of current market conditions on the Company's results of operations;

target capital ratios;

sources of liquidity, capital and level of dividends;

capital expenditures;

the impact of changes in management's estimates on the Company's results of operations;

the impact of expensing stock options on the Company's results of operations;

the impact of changes in estimated costs related to past restructuring initiatives on the Company's results of operations;

the impact of changes in the likelihood of indemnification and guarantee payment obligations on the Company's results of operations;  
and

the other risks and uncertainties described in this prospectus supplement.

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

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

changes in general economic and financial market conditions;

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

unanticipated adverse developments in litigation or regulatory matters;

fluctuations in client asset values due to changes in equity valuations;

the performance of securities available for sale;



**Table of Contents**

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

the level of brokerage client cash balances and deposits from banking clients;

the availability and terms of external financing;

the level of the Company's stock repurchase activity;

the timing and impact of changes in the Company's level of investments in technology and buildings;

CSC's ability to maintain favorable ratings from ratings agencies;

the Company's ability to sublease certain properties;

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

the level of interest rates.

You should refer to the "Risk Factors" section of this prospectus supplement and to CSC's periodic and current reports filed with the SEC for specific risks which would cause actual results to be significantly different from those expressed or implied by these forward-looking statements. In particular, certain of these factors, as well as general risk factors affecting CSC and its subsidiaries, are discussed in greater detail in "Item 1A Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this prospectus supplement and accompanying prospectus.

**Table of Contents**

**SUMMARY**

*This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus supplement. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in the notes. You should read this entire prospectus supplement and accompanying prospectus, including the Risk Factors section and the documents incorporated by reference, which are described under Where You Can Find More Information in this prospectus supplement.*

**The Charles Schwab Corporation**

The Charles Schwab Corporation, headquartered in San Francisco, California, was incorporated in 1986 and engages, through its subsidiaries (primarily located in San Francisco except as indicated), in securities brokerage, banking, and related financial services. At March 31, 2009, CSC had \$1.1 trillion in client assets, 7.5 million active brokerage accounts, 1.5 million corporate retirement plan participants, and 508,000 banking accounts. CSC's two reportable segments are Investor Services and Institutional Services.

Significant subsidiaries of CSC include:

Charles Schwab & Co., Inc., which was incorporated in 1971, is a securities broker-dealer with 305 domestic branch offices in 45 states, as well as a branch in each of the Commonwealth of Puerto Rico and London, U.K., and serves clients in Hong Kong through one of CSC's subsidiaries;

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

Charles Schwab Investment Management, Inc. is the investment advisor for Schwab's proprietary mutual funds, which are referred to as the Schwab Funds®.

CSC's common stock is listed and traded on The NASDAQ Stock Market under the symbol SCHW.

CSC's principal executive office is located at 120 Kearny Street, San Francisco, California 94108, and CSC's telephone number is (415) 636-7000. CSC's corporate Internet website is [www.aboutschwab.com](http://www.aboutschwab.com). CSC's website address is included as an inactive textual reference only, and the information contained on CSC's website is not a part of this prospectus supplement or the accompanying prospectus.

**Recent Developments**

CSC is in the process of obtaining commitments for a new credit facility to replace its \$800 million committed, unsecured credit facility, which is scheduled to expire on June 12, 2009. CSC expects that the new credit facility will be for the same amount and contain similar terms as the expiring credit facility. However, because commitments are subject to certain pre-closing conditions, there can be no assurance that the new credit facility will be for the same amount or contain similar terms.

**Table of Contents**

**The Offering**

Issuer	The Charles Schwab Corporation ( CSC ), a Delaware corporation.
Securities Offered	4.950% Senior Notes due 2014 (the notes )
Aggregate Principal Amount	\$750,000,000
Ranking	The notes will be CSC s senior unsecured obligations.
Issue Price	99.621%
Interest Rate	The notes will bear interest at a fixed rate of 4.950% per annum.
Interest Payments	Interest will be paid each June 1 and December 1, beginning on December 1, 2009.
Maturity Date	The notes will mature on June 1, 2014.
Original Issue Date	June 5, 2009
Use of Proceeds	CSC intends to use the net proceeds from this issuance of the notes, which are expected to be approximately \$740,872,500 million after underwriting discounts or commissions and estimated offering expenses, for general corporate purposes, including, but not limited to, the repayment of \$8.5 million aggregate principal amount of its 7.50% senior notes due August 13, 2009 and \$200.0 million aggregate principal amount of its 8.05% senior notes due March 1, 2010.
Redemption	CSC may redeem some or all of the notes at any time at the make-whole redemption price, as described under Description of the Notes Optional Redemption.
Listing	The notes will not be listed on any securities exchange.
No Prior Market	The notes will be new securities for which there is no existing market. Although the underwriters have informed CSC that they intend to make a market in the notes, they are not obligated to do so, and they may discontinue market-making activities at any time without notice. CSC cannot assure you that an active or liquid market for the notes will develop or be maintained.

## Edgar Filing: SCHWAB CHARLES CORP - Form 424B5

Denominations	\$1,000 and any integral multiple of \$1,000 in excess thereof.
Forms of Notes	The notes will be issued in fully registered form and will be represented by a global security registered in the name of a nominee of The Depository Trust Company, as depositary ( DTC ).
Additional Notes	CSC may in the future create and issue additional notes having the same terms and conditions as the notes offered by this prospectus supplement, except for any differences in the issue date and price and interest accrued prior to the issue date of the additional notes, as described under Description of the Notes Additional Notes.

S-2

**Table of Contents**

Trustee and Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Governing Law	California
Expected Ratings	CSC expects that the notes will be rated A2, A, and A by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively. None of these securities ratings is a recommendation to buy, sell or hold these notes. Each rating may be subject to review, revision, suspension, reduction or withdrawal at any time and should be evaluated independently of any other rating.
Risk Factors	Investment in the notes involves risks. You should carefully consider the information set forth in the section of this prospectus supplement entitled "Risk Factors" beginning on page S-4, as well as other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding whether to invest in the notes.

**Table of Contents**

**RISK FACTORS**

*Your investment in the notes involves certain risks. You should consult with your own financial and legal advisers as to the risks involved in an investment in the notes and to determine whether the notes are a suitable investment for you. The notes may not be a suitable investment for you if you are unsophisticated about debt securities. Before investing in the notes, you should carefully consider, among other matters, the risk factors below and information set forth under the heading "Risk Factors" in CSC's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which is incorporated by reference into this prospectus supplement and accompanying prospectus, as the same may be updated from time to time by filings under the Exchange Act that CSC incorporates by reference herein.*

**Risks Relating to the Notes**

**The notes will not be guaranteed by the FDIC or by any of CSC's subsidiaries. The notes will be structurally subordinated to the debt and other liabilities of CSC's subsidiaries, which means that creditors of CSC's subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.**

The notes will not be guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program. The notes will be obligations of CSC only and will not be guaranteed by any of its subsidiaries. The notes will be structurally subordinated to all debt and other liabilities of CSC's subsidiaries (including liabilities to trade creditors), which means that creditors of CSC's subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.

**The price at which you will be able to sell your notes prior to maturity will depend on a number of factors and may be substantially less than the amount you originally invest.**

CSC believes that the value of the notes in any secondary market will be affected by the supply and demand of the notes, the interest rate and a number of other factors. Some of these factors are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe what CSC expects to be the impact on the market value of the notes of a change in a specific factor, assuming all other conditions remain constant.

*United States Interest Rates.* CSC expects that the market value of the notes will be affected by changes in United States interest rates. In general, if United States interest rates increase, the market value of the notes may decrease.

*CSC's Credit Rating, Financial Condition and Results.* Actual or anticipated changes in CSC's credit ratings or financial condition may affect the market value of the notes.

CSC wants you to understand that the impact of one of the factors above, such as an increase in United States interest rates, may offset some or all of any change in the market value of the notes attributable to another factor, such as an improvement in CSC's credit rating.

**You may not be able to sell your notes if an active trading market for the notes does not develop.**

The notes constitute a new issue of securities, for which there is no existing trading market. In addition, CSC does not intend to apply to list the notes on any securities exchange. CSC cannot provide you with any assurance regarding whether a trading market for the notes will develop, the ability of holders of the notes to sell their notes or the price at which holders may be able to sell their notes. The underwriters have advised CSC that they currently intend to make a market in the notes. The underwriters, however, are not obligated to do so, and any market-making activity with respect to the notes may be discontinued at any time without notice. If no active trading market develops, you may be unable to resell the notes at any price or at their fair market value or at all.

## **Table of Contents**

In addition to CSC's creditworthiness, many factors affect the trading market for, and trading value of, your notes. These factors include:

the method of calculating the principal and interest in respect of your notes;

the time remaining to the maturity of your notes;

the outstanding amount of notes relative to your notes; and

the level, direction and volatility of market interest rates generally.

There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all. You should not purchase any notes unless you understand and are able to bear the risk that the notes may not be readily saleable, that the value of the notes will fluctuate over time and that these fluctuations may be significant.

In addition, if your investment activities are subject to laws and regulations governing investments, you may not be able to invest in certain types of notes or your investment in them may be limited. You should review and consider any applicable restrictions before investing in the notes.

### **CSC's credit ratings may not reflect all risks of an investment in the notes.**

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

### **There are limited covenants in the senior debt indenture.**

Neither CSC nor any of its subsidiaries is restricted from incurring additional debt or other liabilities, including additional senior debt, under the senior debt indenture. If CSC incurs additional debt or liabilities, its ability to pay its obligations on the notes could be adversely affected. CSC expects that it will from time to time incur additional debt and other liabilities. In addition, CSC is not restricted under the senior debt indenture from granting security interests over its assets, except to the extent described under "Description of the Notes—Limitations on Liens" in this prospectus supplement, or from paying dividends or issuing or repurchasing its securities.

In addition, there are no financial covenants in the senior debt indenture. You are not protected under the senior debt indenture in the event of a highly leveraged transaction, reorganization, a default under CSC's existing indebtedness, restructuring, merger or similar transaction that may adversely affect you, except to the extent described under "Description of Debt Securities of The Charles Schwab Corporation—Merger, Consolidation, Sale, Lease or Conveyance" included in the accompanying prospectus.

### **Redemption may adversely affect your return on the notes.**

CSC has the right to redeem some or all of the notes prior to maturity, as described under "Description of the Notes—Optional Redemption" in this prospectus supplement. CSC may redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.

**Table of Contents****CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES**

The following table sets forth CSC's consolidated ratio of earnings to fixed charges for the periods indicated.

	Three Months Ended March 31,	Year Ended December 31,				
	2009	2008	2007	2006	2005	2004
Ratio of earnings to fixed charges (1)	8.1	7.6	3.7	3.0	2.8	3.3
Ratio of earnings to fixed charges excluding deposits from banking clients and payables to brokerage clients interest expense (2)	11.4	14.9	17.0	14.7	10.9	6.0

- (1) The ratio of earnings to fixed charges is calculated in accordance with SEC requirements. For such purposes, earnings consist of earnings from continuing operations before taxes on earnings and fixed charges. Fixed charges consist of interest expense incurred on deposits from banking clients, payables to brokerage clients, short-term borrowings, long-term debt and other interest bearing liabilities. Fixed charges also include one-third of rental expense, which is estimated to be representative of the interest factor. For all periods presented, there were no preference security dividends.
- (2) Because interest expense incurred in connection with both deposits from banking clients and payables to brokerage clients is completely offset by interest revenue on related investments and loans, CSC considers such interest to be an operating expense. Accordingly, the ratio of earnings to fixed charges excluding deposits from banking clients and payables to brokerage clients interest expense reflects the elimination of such interest expense as a fixed charge.



**Table of Contents**

**USE OF PROCEEDS**

CSC intends to use the net proceeds from this issuance of the notes, which are expected to be approximately \$740,872,500 million after underwriting discounts or commissions and estimated offering expenses, for general corporate purposes, including, but not limited to, the repayment of \$8.5 million aggregate principal amount of its 7.50% senior notes due August 13, 2009 and \$200.0 million aggregate principal amount of its 8.05% senior notes due March 1, 2010.

S-7

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

The following table sets forth the consolidated cash and cash equivalents and capitalization of CSC at March 31, 2009, on an actual basis and as adjusted basis to reflect the issuance of \$750 million of the notes offered hereby.

You should read the following table together with CSC's consolidated financial statements and notes thereto included in CSC's Annual Report on Form 10-K for the year ended December 31, 2008, as updated by CSC's Current Report on Form 8-K filed on June 1, 2009 relating to CSC's realigned segment reporting structure, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, all of which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	<b>March 31, 2009</b>	
	(in millions)	
	(unaudited)	
	Actual	As Adjusted
Cash and cash equivalents	\$ 6,535	\$ 7,276
Long-term debt	\$ 816	\$ 816
Notes offered hereby		747
Total debt	\$ 816	\$ 1,563
Stockholders' equity		
Preferred stock	\$	\$
Common stock	14	14
Additional paid-in capital	2,234	2,234
Retained earnings	6,883	6,883
Treasury stock, at cost	(4,330)	(4,330)
Accumulated other comprehensive loss	(500)	(500)
Total stockholders' equity	\$ 4,301	\$ 4,301
Total capitalization	\$ 5,117	\$ 5,864

---

**Table of Contents**

**DESCRIPTION OF THE NOTES**

*The notes offered by this prospectus supplement will be issued by CSC under an indenture to be dated as of June 5, 2009, between CSC and The Bank of New York Mellon Trust Company, N.A., as trustee (the "senior debt indenture"). The accompanying prospectus provides a more complete description of the senior debt indenture. The notes will be senior debt securities, as such term is understood in the accompanying prospectus. The following description of the notes supplements, and to the extent inconsistent therewith replaces, the descriptions of the general terms and provisions of the notes set forth under "Description of Debt Securities of The Charles Schwab Corporation" included in the accompanying prospectus.*

**General**

The notes issued in this offering initially will be limited to \$750,000,000 aggregate principal amount.

**Ranking**

The notes will be senior unsecured obligations and will rank equally with all of CSC's other unsecured senior debt, subject to statutory exceptions in the event of liquidation upon insolvency.

**Payment at Maturity**

The notes will mature on June 1, 2014. At maturity, you will receive an amount in cash equal to \$1,000 per \$1,000 principal amount of the notes you then hold, plus any accrued and unpaid interest. If the maturity date falls on a day that is not a business day, CSC will postpone the payment of principal and interest to the next succeeding business day, but the payment made on such date will be treated as being made on the date that the payment was first due and the holders of the notes will not be entitled to any further interest or other payments with respect to such postponement.

Business Day means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in Los Angeles, California or New York, New York are authorized or obligated by law or executive order to close.

**Interest**

The notes will bear interest at a fixed rate of 4.950% per annum. Interest on the notes will accrue from and including June 5, 2009, or the most recent date to which interest has been paid or duly provided for. Interest will be payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2009. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

If an interest payment date falls on a day that is not a business day, CSC will postpone the interest payment to the next succeeding business day, but the payment made on such date will be treated as being made on the date that the payment was first due and the holders of the notes will not be entitled to any further interest or other payments with respect to such postponement.

The interest payable on the notes on any interest payment date, subject to certain exceptions, will be paid to the person in whose name the notes are registered at the close of business on May 15 and November 15, whether or not a business day, next preceding the applicable interest payment date. Interest that CSC pays on the maturity date will be paid to the person to whom the principal will be payable.

**Optional Redemption**

The notes are redeemable at any time and from time to time, as a whole or in part, at CSC's option, on at least 30 days, but not more than 60 days, prior notice mailed to the registered address of each holder of notes to be redeemed, at a redemption price (the "make-whole redemption price") equal to the greater of:

100% of the principal amount of the notes to be redeemed; or

---

**Table of Contents**

as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of interest and principal thereon (exclusive of interest accrued and unpaid to, but not including, the redemption date) discounted to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 37.5 basis points, plus, in either case, accrued and unpaid interest to, but not including, the redemption date. However, if the redemption date is after a record date and on or prior to a corresponding interest payment date, the interest will be paid on the redemption date to the holder of record on the record date.

*Comparable Treasury Issue* means the United States Treasury security or securities selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

*Comparable Treasury Price* means, with respect to any redemption date, (A) the arithmetic average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Quotation Agent obtains fewer than four such Reference Treasury Dealer Quotations, the arithmetic average of all such quotations for such redemption date.

*Primary Treasury Dealer* means a primary U.S. Government securities dealer in the United States of America.

*Quotation Agent* means the Reference Treasury Dealer that is selected by CSC to act as Quotation Agent in connection with an optional redemption, in addition to acting as a Reference Treasury Dealer; provided, however, that if such Reference Treasury Dealer ceases to be a Primary Treasury Dealer, CSC will substitute another Primary Treasury Dealer.

*Reference Treasury Dealer* means (i) J.P. Morgan Securities Inc. (or its successor) or any affiliate that is a Primary Treasury Dealer, (ii) UBS Securities LLC (or its successor) or any affiliate that is a Primary Treasury Dealer, and (iii) up to two other Primary Treasury Dealers that are selected by CSC; provided, however, that if any of the foregoing or their affiliates cease to be a Primary Treasury Dealer, CSC will substitute therefor another Primary Treasury Dealer.

*Reference Treasury Dealer Quotations* means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

*Treasury Rate* means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

On and after the redemption date for the notes, interest will cease to accrue on the notes or any portion thereof called for redemption, unless CSC defaults in the payment of the redemption price and accrued interest, if any. On or before the redemption date for the notes, CSC will deposit with a paying agent, or the trustee, funds sufficient to pay the redemption price of and accrued and unpaid interest on such notes to be redeemed on such date.

If less than all of the notes are to be redeemed, the notes to be redeemed will be selected by the trustee by such method as the trustee deems fair and appropriate; provided, however, that no notes of a principal amount of \$1,000 or less shall be redeemed in part.

## **Table of Contents**

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Once notice of redemption is mailed, the notes called for redemption will become due and payable on the redemption date and at the applicable redemption price, plus accrued and unpaid interest to, but not including, the redemption date.

### **Limitations on Liens**

As long as any of the notes are outstanding, CSC will not, and will not permit any of its subsidiaries to, create, assume, incur or guarantee any indebtedness for borrowed money secured by a pledge, lien or other encumbrance on the voting securities of Charles Schwab & Co., Inc., Schwab Bank, Charles Schwab Investment Management, Inc., or Schwab Holdings, Inc., without securing the notes to the same extent. Schwab Holdings, Inc. is CSC's wholly owned subsidiary that owns all of the common stock of Charles Schwab & Co., Inc. However, the senior debt indenture permits liens on the voting stock of Charles Schwab & Co., Inc., Schwab Bank, Charles Schwab Investment Management, Inc., or Schwab Holdings, Inc. without securing the notes if the liens arise because of:

claims against CSC for taxes or other governmental charges that are not then due and delinquent, that CSC is contesting in good faith, or that are for less than \$1 million;

legal proceedings that CSC is contesting in good faith or that involve claims against CSC for less than \$1 million;

deposits to secure, or in place of, any surety, stay, appeal or customs bonds; or

any other reason if CSC's Board of Directors determines that the lien will not materially detract from or interfere with the present value or control by CSC of the voting stock subject to the lien.

### **Delivery and Form**

The notes will be represented by one or more permanent global certificates (each, a global note) deposited with, or on behalf of, DTC and registered in the name of Cede & Co. (DTC's nominee). The notes will be issued in registered form in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof.

### **Trustee and Paying Agent**

The trustee under the senior debt indenture is The Bank of New York Mellon Trust Company, N.A.

On the date of this prospectus supplement, the agent for the payment, transfer and exchange of the notes is The Bank of New York Mellon Trust Company, N.A., acting through its corporate trust office at 700 South Flower Street, Suite 500, Los Angeles, CA 90017, Attention: Corporate Unit. The Bank of New York Mellon Trust Company, N.A., acting in this capacity, is referred to as the paying agent.

### **Additional Notes**

CSC may in the future from time to time, without notice to or consent of the holders of the notes, create and issue additional notes having the same terms and conditions as the notes offered by this prospectus supplement in all respects, except for any differences in the issue date and price and interest accrued prior to the issue date of the additional notes; provided that no such additional notes may be issued unless they will be fungible with the notes offered hereby for U.S. federal income tax and securities law purposes; and provided, further, that the additional notes have the same CUSIP number as the notes offered hereby. The notes offered hereby and any additional notes would rank equally and ratably and would be treated as a single class for all purposes under the senior debt indenture. No additional notes may be issued if any event of default has occurred and is continuing with respect to the notes.

**Table of Contents****UNDERWRITING**

CSC and the underwriters named below have entered into an underwriting agreement with respect to the notes being offered. Subject to the terms and conditions set forth in the underwriting agreement, each of the underwriters has severally agreed to purchase, and CSC has agreed to sell, the respective principal amount of notes set forth opposite its name in the following table. J.P. Morgan Securities Inc. and UBS Securities LLC are the joint book-running managers and the representatives of the underwriters.

<b>Underwriter</b>	<b>Principal Amount of Notes</b>
J.P. Morgan Securities Inc.	\$ 318,750,000
UBS Securities LLC	318,750,000
Credit Suisse Securities (USA) LLC	112,500,000
<b>Total</b>	<b>\$ 750,000,000</b>

The underwriting agreement provides that, subject to certain conditions, the underwriters are obligated to purchase all of the notes in the offering if they purchase any notes. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The following table summarizes the discount or commission to be received by the underwriters in connection with the sale of the notes:

	<b>Underwriting Discount or Commission</b>
Per note	0.650%
Total	\$ 4,875,000

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to 0.40% per note from the initial public offering price. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to 0.25% per note from the initial public offering price. After the initial offering of the notes, the underwriters may, from time to time, vary the offering price and the other selling terms.

The underwriters intend to offer the notes for sale in the United States either directly or through affiliates or other dealers acting as selling agents.

The notes constitute a new issue of securities, for which there is no existing trading market. CSC does not intend to apply to list the notes on any securities exchange. Although CSC has been advised that the underwriters intend to make a market in the notes, those underwriters are not obligated to do so and may discontinue market making at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the notes.

In connection with the offering, the underwriters may purchase and sell the notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids for or purchases of the notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in process. The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

**Table of Contents**

These activities by the underwriters, as well as other purchases by the underwriters for their own account, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

CSC has agreed for a period from the date of this prospectus supplement to and including the closing date of this offering, not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any notes (except for the notes offered hereby), any securities that are substantially similar to the notes, or any securities that are convertible into or exchangeable for or that represent the right to receive any such substantially similar securities of CSC, except with the prior written consent of the representatives.

CSC estimates that its share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$1,410,000.

CSC has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Certain of the underwriters and their affiliates have in the past provided, are currently providing and may in the future from time to time provide, investment banking and other financing and banking services to CSC (including as parties to CSC's credit agreement), for which they have in the past received, and may currently or in the future receive, customary fees and expenses.

**Table of Contents**

**LEGAL MATTERS**

Howard Rice Nemerovski Canady Falk & Rabkin, A Professional Corporation, San Francisco, California, will pass on the validity of the notes. Directors of that firm beneficially own an aggregate of less than 1% of CSC's common stock. Simpson Thacher & Bartlett LLP, New York, New York, will pass upon for the underwriters, certain legal matters relating to the offering.

**EXPERTS**

The consolidated financial statements and the related financial statement schedule appearing in CSC's Annual Report on Form 10-K for the year ended December 31, 2008, as updated by CSC's Form 8-K filed on June 1, 2009 relating to CSC's realigned segment reporting structure, and the effectiveness of CSC's internal control over financial reporting as of December 31, 2008 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports thereon, included therein, and incorporated in this prospectus supplement by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

S-14



**Table of Contents**

**The Charles Schwab Corporation**

**Debt Securities**

**Preferred Stock**

**Depositary Shares**

**Common Stock**

**Purchase Contracts**

**Warrants**

**Units Consisting of Two or More Securities**

**Schwab Capital Trust II      Schwab Capital Trust III**  
**Trust Preferred Securities**

**Fully and Unconditionally Guaranteed by The Charles Schwab Corporation**

The Charles Schwab Corporation from time to time may offer and sell debt securities, preferred stock, depositary shares, common stock, purchase contracts, warrants and units consisting of two or more of the securities being offered by this prospectus. Our debt securities, preferred stock, purchase contracts and warrants may be convertible into or exchangeable for shares of our common stock or other securities.

Schwab Capital Trust II and Schwab Capital Trust III are Delaware statutory trusts and are referred to as the trusts. Each trust may from time to time:

sell trust preferred securities representing undivided beneficial interests in the trust to the public;

sell trust common securities representing undivided beneficial interests in the trust to The Charles Schwab Corporation;

use the proceeds from these sales to buy an equal principal amount of junior subordinated debentures of The Charles Schwab Corporation; and

distribute the cash payments it receives or the junior subordinated debentures it owns to the holders of the trust preferred and trust common securities.

We will fully and unconditionally guarantee the payment by the trusts of the trust preferred securities based on obligations discussed in this prospectus. This is called the trust preferred securities guarantee.

The common stock of The Charles Schwab Corporation is listed on the NASDAQ Global Select Market and trades under the symbol SCHW.

We will provide the specific terms of any securities to be offered and the specific manner in which they may be offered in supplements to this prospectus. You should read this prospectus and the accompanying prospectus supplement or supplements carefully before you invest.

## Edgar Filing: SCHWAB CHARLES CORP - Form 424B5

This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement for those securities.

These securities are not deposits or other obligations of any bank or savings association and the securities are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

**Neither the Securities and Exchange Commission, any state securities commission, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

Charles Schwab & Co., Inc., which is our wholly-owned subsidiary, or any of our affiliates may use this prospectus and any accompanying prospectus supplement in connection with offers and sales of the securities in market-making transactions for any of the securities listed above or similar securities after their initial sale. Unless you are informed otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.

**The date of this prospectus is December 16, 2008**

**Table of Contents**

**TABLE OF CONTENTS**

<u>ABOUT THIS PROSPECTUS</u>	1
<u>FORWARD-LOOKING STATEMENTS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>THE CHARLES SCHWAB CORPORATION</u>	3
<u>THE TRUSTS</u>	3
<u>CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES</u>	4
<u>USE OF PROCEEDS</u>	5
<u>DESCRIPTION OF DEBT SECURITIES OF THE CHARLES SCHWAB CORPORATION</u>	5
<u>DESCRIPTION OF THE TRUST PREFERRED SECURITIES</u>	14
<u>DESCRIPTION OF THE JUNIOR SUBORDINATED DEBENTURES OF THE CHARLES SCHWAB CORPORATION</u>	25
<u>DESCRIPTION OF THE TRUST SECURITIES GUARANTEES OF THE CHARLES SCHWAB CORPORATION</u>	36
<u>RELATIONSHIP AMONG THE TRUST PREFERRED SECURITIES, THE CORRESPONDING JUNIOR SUBORDINATED DEBENTURES AND THE TRUST SECURITIES GUARANTEES</u>	38
<u>DESCRIPTION OF PREFERRED STOCK</u>	40
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	43
<u>DESCRIPTION OF COMMON STOCK</u>	45
<u>DESCRIPTION OF PURCHASE CONTRACTS</u>	47
<u>DESCRIPTION OF WARRANTS</u>	47
<u>DESCRIPTION OF UNITS</u>	50
<u>GLOBAL SECURITIES</u>	51
<u>PLAN OF DISTRIBUTION</u>	54
<u>VALIDITY OF SECURITIES</u>	56
<u>EXPERTS</u>	56

---

**Table of Contents**

**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing a shelf registration process. Under this shelf registration process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings. We may offer debt securities of The Charles Schwab Corporation; trust preferred securities of the trusts and related junior subordinated debentures and guarantees of The Charles Schwab Corporation; preferred stock, depositary shares and common stock of The Charles Schwab Corporation; and purchase contracts and units consisting of two or more securities. We may also offer warrants to purchase debt securities or warrants to purchase or sell, or whose cash value is determined by reference to the performance level, or value of, one or more of:

securities of one or more issuers, including our common stock, preferred stock or depositary shares, other securities described in this prospectus or the debt or equity securities of third parties;

one or more currencies, currency units or composite currencies;

one or more commodities;

any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; and

one or more indices or baskets of the items described in this paragraph.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading *Where You Can Find More Information*. The prospectus supplement may also contain information about United States federal income tax considerations relating to the securities covered by the prospectus supplement.

References in this prospectus to *we*, *us* and *our* mean The Charles Schwab Corporation. References to the *trusts* mean Schwab Capital Trust II and Schwab Capital Trust III. References to *junior subordinated debentures* mean junior subordinated debentures issued by us to a trust in connection with the trust's issuance of trust preferred securities.

**FORWARD-LOOKING STATEMENTS**

This prospectus and any accompanying prospectus supplements, including the documents incorporated by reference, do or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (referred to here as the *Securities Act*), and Section 21E of the Securities Exchange Act of 1934, as amended (referred to here as the *Exchange Act*). Forward-looking statements are identified by words such as *believe*, *anticipate*, *expect*, *intend*, *plan*, *will*, *may*, *estimate*, *aim*, *target*, and other similar expressions. Forward-looking statements, which may be expressed in a variety of ways, including the use of future or present tense language, refer to future events. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances, are forward-looking statements.

These forward-looking statements, which reflect management's beliefs, objectives and expectations as of the date of this prospectus, the prospectus supplement, or in the case of documents incorporated by reference, as of the date of those documents, are necessarily estimates based on the best judgment of our senior management. Achievement of the expressed beliefs, objectives and expectations described in these statements is subject to certain risks and uncertainties that could cause actual results to differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus, the prospectus supplement or, in the case of documents incorporated by reference, as of the date of those documents.

## Edgar Filing: SCHWAB CHARLES CORP - Form 424B5

You should refer to our periodic and current reports filed with the SEC or to an applicable prospectus supplement for specific risks which could cause actual results to be significantly different from those expressed

## **Table of Contents**

or implied by these forward-looking statements, including risks described in the Risk Factors section. See Where You Can Find More Information in this prospectus for information about how to obtain copies of our periodic and current reports.

Statements in this prospectus, any prospectus supplement, and any documents incorporated by reference speak only as of the date on which those statements are made, and we undertake no obligation to update any statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

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

We have filed with the SEC a registration statement (Nos. 333- , 333- -01 and 333- -02) under the Securities Act relating to the securities offered by this prospectus. This prospectus is a part of that registration statement, which includes additional information.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. Copies of certain information filed by us with the SEC are also available on our corporate website at <http://www.aboutschwab.com>. We have included the SEC's website address and our website address as inactive textual references only, and the information contained on those websites is not a part of this prospectus. You may also read and copy any document that we file at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Our common stock is listed on the NASDAQ Global Select Market. You may inspect reports, proxy statements and other information about us at the offices of The NASDAQ Stock Market LLC, One Liberty Plaza, 165 Broadway, New York, NY 10006.

The SEC allows us to incorporate by reference information we file with it, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is considered to be a part of this prospectus and information that we file later with the SEC will automatically update and supersede this information. In all cases, you should rely on the later information over different information included in this prospectus.

We incorporate by reference the documents listed below and any future filings we make with the SEC after the date of this prospectus under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until our offering is completed, other than, in each case, documents or portions of documents furnished and not filed:

Annual report on Form 10-K for the fiscal year ended December 31, 2007;

Quarterly reports on Form 10-Q for the quarterly periods ended March 31, 2008, June 30, 2008 and September 30, 2008;

Current reports on Form 8-K filed on February 26, May 28, July 25, September 12, September 29, October 28 and November 20, 2008; and

The description of our common stock contained in our registration statement filed under Section 12 of the Exchange Act, and any amendment or report filed for the purpose of updating that description.

You may request a copy of these filings at no cost, by writing, telephoning or sending an email to us at the following address:

**The Charles Schwab Corporation**

**101 Montgomery Street**

**San Francisco, California 94104**

**Attention: Corporate Secretary**

Edgar Filing: SCHWAB CHARLES CORP - Form 424B5

**Telephone: (415) 627-7000**

**Email: [investor.relations@schwab.com](mailto:investor.relations@schwab.com)**

2

## Table of Contents

### **THE CHARLES SCHWAB CORPORATION**

The Charles Schwab Corporation was incorporated under the laws of Delaware in 1986 and is headquartered in San Francisco, California. We are a savings and loan holding company and engage, through our subsidiaries, in securities brokerage, banking and related financial services. Our significant subsidiaries include:

Charles Schwab & Co., Inc., which was incorporated in 1971, is a securities broker-dealer with branch offices nationwide and in the Commonwealth of Puerto Rico and London, U.K., and serves clients in Hong Kong through one of its subsidiaries;

Charles Schwab Bank, which commenced operations in 2003, is a retail bank located in Reno, Nevada; and

Charles Schwab Investment Management, Inc., is the investment advisor for Schwab's proprietary mutual funds, which are referred to as the Schwab Funds.

Because we are a holding company, we are dependent upon the earnings and cash flow of our subsidiaries to meet our obligations. We, as a savings and loan holding company, and Charles Schwab Bank, as a federal savings bank, are both subject to supervision and regulation by the Office of Thrift Supervision. As our depository institution subsidiary, Charles Schwab Bank is also subject to supervision and regulation and to various requirements and restrictions under federal and state laws, including regulatory capital guidelines. Among other things, these requirements govern transactions with us and our non-depository institution subsidiaries, including loans and other extensions of credit, investments or asset purchases, dividends, and investments. In addition, some of our other subsidiaries, including Charles Schwab & Co., Inc., are restricted from paying dividends or making loans or advances to us by net capital requirements under the Exchange Act and under rules of securities exchanges and other regulatory bodies. Our rights and the rights of our creditors, including the holders of debt securities and junior subordinated debentures, to participate in the assets of any of our subsidiaries upon the subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary.

Our principal executive office is located at 120 Kearny Street, San Francisco, California 94108. Our telephone number is (415) 636-7000. Our corporate Internet website is <http://www.aboutschwab.com>. We have included our website address as an inactive textual reference only, and the information contained on our website is not a part of this prospectus.

### **THE TRUSTS**

Each of the trusts is a statutory trust formed in 2004 under Delaware law pursuant to a trust agreement between The Charles Schwab Corporation, as depositor of each trust, and the Delaware trustee (as defined below), and the filing of a certificate of trust with the Delaware Secretary of State. The trust agreement of each trust was amended and restated in its entirety in 2007 to continue the existence of each trust. The trust agreement of each trust will again be amended and restated in its entirety, substantially in the form filed as an exhibit to the registration statement of which this prospectus is a part (each of these amended and restated trust agreements is referred to as a "trust agreement"), prior to the issuance of trust preferred securities by the trust. Each trust agreement will be qualified as an indenture under the Trust Indenture Act of 1939, as amended.

Each trust exists for the exclusive purposes of:

issuing and selling trust preferred securities to investors and trust common securities to The Charles Schwab Corporation (the trust preferred securities and trust common securities as to a particular trust are together referred to as such trust's "trust securities");



**Table of Contents**

investing the gross proceeds of the trust securities in a series of corresponding junior subordinated debentures issued by The Charles Schwab Corporation; and

engaging only in those activities convenient, necessary or incidental thereto (such as registering the transfer of the trust securities). As a result, the corresponding junior subordinated debentures will be the only assets of the trust, and the payments under the junior subordinated debentures will be the only revenues of the trust. All of the trust common securities will be directly or indirectly owned by The Charles Schwab Corporation. The trust common securities will rank equally with, and payments will be made *pro rata* with, the trust preferred securities of the related trust, except that upon the occurrence and continuance of an event of default under the trust agreement resulting from an event of default under the junior subordinated indenture, the rights of the holders of the trust common securities to payment in respect of distributions and payments upon liquidation or redemption will be subordinated to the rights of the holders of the related trust preferred securities. Unless otherwise indicated in the applicable prospectus supplement, we will acquire all of the trust common securities of each trust in an aggregate liquidation amount equal to at least three percent of the total capital of the trust.

Each trust's business and affairs will be conducted by its trustees, each appointed by The Charles Schwab Corporation as holder of the related trust common securities. Unless otherwise indicated in any prospectus supplement, the trustees of each trust will be The Bank of New York Mellon Trust Company, N.A. as the property trustee, BNY Mellon Trust of Delaware as the Delaware trustee, and individual trustees, the administrative trustees, who are employees or officers of or affiliated with The Charles Schwab Corporation or its subsidiaries. The Bank of New York Mellon Trust Company, N.A., as the property trustee, will act as sole trustee under each trust agreement for purposes of compliance with the Trust Indenture Act. The property trustee, unless otherwise indicated in any prospectus supplement, will also act as trustee under the guarantees and the junior subordinated indenture. See Description of the Trust Securities Guarantees of The Charles Schwab Corporation and Description of the Junior Subordinated Debentures of The Charles Schwab Corporation.

The holder of the trust common securities of each trust, or the holders of a majority in liquidation amount of the trust preferred securities of such trust if an event of default under the trust agreement has occurred and is continuing, will be entitled to appoint, remove or replace the property trustee and/or the Delaware trustee for the trust. The right to vote to appoint, remove or replace the administrative trustees is vested exclusively in the holders of the trust common securities, and in no event will the holders of trust preferred securities have such right.

Unless otherwise specified in the applicable prospectus supplement, each trust has a defined term, but may be terminated earlier as provided in the applicable trust agreement.

The Charles Schwab Corporation will pay all fees and expenses related to the trusts and the offering of trust securities and will pay all ongoing costs, expenses and liabilities of each trust.

The principal executive office of each trust is c/o The Charles Schwab Corporation, 120 Kearny Street, San Francisco, California 94108, Attention: Corporate Secretary, and its telephone number is (415) 636-7000.

**CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES**

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

	Nine Months Ended September 30, 2008	Year Ended December 31,				
	2008	2007	2006	2005	2004	2003
Ratio of earnings to fixed charges (1)	7.4	3.7	3.0	2.8	3.3	4.1
Ratio of earnings to fixed charges, excluding brokerage and banking client interest expense (2)	14.8	17.0	14.7	10.9	6.0	6.2

---

**Table of Contents**

- (1) The ratio of earnings to fixed charges is calculated in accordance with SEC requirements. For such purposes, earnings consist of earnings from continuing operations before taxes on earnings, extraordinary gain and fixed charges. Fixed charges consist of interest expense incurred on brokerage client cash balances, deposits from banking clients, long-term debt and other interest-bearing liabilities. Fixed charges also include one-third of rental expense, which is estimated to be representative of the interest factor. For all periods presented there were no preference dividends.
- (2) Because interest expense incurred in connection with both payables to brokerage clients and deposits from banking clients is completely offset by interest revenue on related investments and margin loans, we consider such interest to be an operating expense. Accordingly, the ratio of earnings to fixed charges, excluding brokerage and banking client interest expense, reflects the elimination of such interest expense as a fixed charge.

**USE OF PROCEEDS**

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of the offered securities for general corporate purposes. General corporate purposes include working capital, capital expenditures, investments in or loans to our subsidiaries, refinancing or repayment of debt, including outstanding commercial paper and other short-term indebtedness, if any, redemption or repurchase of our outstanding securities, funding of possible acquisitions and satisfaction of other obligations.

**ERISA Matters**

The Employee Retirement Income Security Act of 1974, as amended, referred to here as ERISA, imposes certain restrictions on employee benefit plans that are subject to ERISA and on persons who are fiduciaries with respect to those plans. In accordance with ERISA's general fiduciary requirements, a fiduciary with respect to any such plan who is considering the purchase of the debt or equity securities of The Charles Schwab Corporation or the trust preferred securities of the trusts on behalf of the plan should determine whether the purchase is permitted under the governing plan documents and is prudent and appropriate for the plan in view of its overall investment policy and the composition and diversification of its portfolio.

The Charles Schwab Corporation has subsidiaries and affiliates, including broker-dealer subsidiaries and affiliates, that provide services to many employee benefit plans. The Charles Schwab Corporation and any direct or indirect subsidiary or affiliate of The Charles Schwab Corporation may each be considered a party in interest within the meaning of ERISA and a disqualified person under corresponding provisions of the Internal Revenue Code of 1986, as amended, referred to here as the Code, to many employee benefit plans and retirement accounts. Prohibited transactions within the meaning of ERISA and the Code may result if any offered securities are acquired by an employee benefit plan as to which The Charles Schwab Corporation or any direct or indirect subsidiary or affiliate of The Charles Schwab Corporation is a party in interest, unless the offered securities are acquired pursuant to an applicable statutory or administrative exemption.

Any employee benefit plan or other entity to which such provisions of ERISA or the Code apply proposing to acquire the offered securities should consult with its legal counsel. Please consult the applicable prospectus supplement for further information with respect to a particular offering of securities.

**DESCRIPTION OF DEBT SECURITIES OF THE CHARLES SCHWAB CORPORATION**

The debt securities will be either senior debt securities or senior subordinated debt securities and will be issued in one or more series under one or more separate indentures between us and a trustee. Senior debt securities will be issued under a senior indenture and senior subordinated debt securities will be issued under a

## **Table of Contents**

senior subordinated indenture. Except as otherwise set forth in the applicable prospectus supplement, The Bank of New York Mellon Trust Company, N.A. will be the trustee under the indentures. The Bank of New York Mellon Trust Company, N.A. serves as trustee for series of our outstanding indebtedness under other indentures. The debt securities may provide that they may be convertible into or exchangeable for shares of our common stock or other securities. In the following discussion, we sometimes refer to the senior indenture and the senior subordinated indenture as the indentures. When we refer to the trustee, we mean both the senior trustee and the senior subordinated trustee unless we indicate otherwise. Each indenture is qualified under the Trust Indenture Act, and the terms of the debt securities will include those stated in the applicable indenture and those made part of the indenture by reference to the Trust Indenture Act.

This section of the prospectus summarizes the material terms of the senior indenture, the senior subordinated indenture, the senior debt securities and the senior subordinated debt securities to be offered by any prospectus supplement. It is not complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the respective indentures as may be amended or supplemented, including the definitions of terms, and the Trust Indenture Act. The particular terms of the debt securities offered by any prospectus supplement will be described in the prospectus supplement relating to the offered securities. The terms of any series of debt securities may differ from the terms described below. For additional information, you should look at the applicable indenture and certificates evidencing the applicable debt security that is filed as an exhibit to the registration statement that includes this prospectus. We encourage you to read these indentures. Instructions on how you can get copies of these documents is provided above under the heading **Where You Can Find More Information**.

### **General**

We may issue the debt securities from time to time, without limitation as to aggregate principal amount, and in one or more series. We are not limited as to the amount of debt securities that we may issue under the indentures. Unless otherwise provided in a prospectus supplement, a series of debt securities may be reopened to issue additional debt securities of such series. This section summarizes the terms of the debt securities that are common to all series, whether senior or senior subordinated. The debt securities will not be secured by any of our property or assets. All of the discussions below are subject to, and qualified by, the information contained in the applicable prospectus supplement.

We may issue debt securities upon the satisfaction of conditions contained in the indentures. Most of the material financial and other specific terms of the debt securities of your series will be described in the prospectus supplement relating to your series, including:

the title of your series of debt securities;

any limit on the aggregate principal amount or initial offering price of your series of debt securities;

the date or dates on which your series of debt securities will mature;

the annual rate or rates (which may be fixed or variable) at which your series of debt securities will bear interest, if any, and the date or dates from which the interest, if any, will accrue;

the dates on which interest, if any, on your series of debt securities will be payable and the regular record dates for those interest payment dates;

the place where the principal and interest are payable;

the person to whom interest is payable if other than the registered holder on the record date;

any mandatory or optional sinking funds or analogous provisions or provisions for redemption at your option;

the date, if any, after which and the price or prices at which your series of debt securities may, in accordance with any optional or mandatory redemption provisions, be redeemed and the other detailed terms and provisions of any such optional or mandatory redemption provision;

**Table of Contents**

if other than denominations of \$1,000 and any integral multiple thereof, the denomination in which your series of debt securities will be issuable;

any events of default in addition to those in the indenture;

any other covenant or warranty in addition to those in the indenture;

if debt securities are sold for one or more foreign currencies or foreign currency units, or principal, interest or premium are payable in foreign currencies or foreign currency units, the restrictions, elections, tax consequences and other information regarding the issue and currency or currency units;

the currency of payment of principal, premium, if any, and interest on your series of debt securities if other than in United States dollars;

any index or formula used to determine the amount of payment of principal of, premium, if any, and interest on your series of debt securities;

the portion of the principal amount that will be payable upon acceleration of maturity, if other than the entire principal amount;

if the principal amount payable at a stated maturity will not be determinable as of any date prior to stated maturity, the amount or method of determining the amount which will be deemed to be the principal amount;

any paying agents, authenticating agents, security registrars or other agents for the debt;

the applicability of the provisions described below under Discharge; Defeasance and Covenant Defeasance ;

whether any debt securities will be certificated securities or will be issued in the form of one or more global securities and the depositary for the global security or securities;

whether your series of debt securities are subordinated debt securities or senior debt securities;

if your series of debt securities are subordinated debt securities, whether the subordination provisions summarized below or different subordination provisions will apply;

if debt securities are sold bearing no interest or below market interest, known as original issue discount securities, the amount payable upon acceleration and special tax, accounting and other considerations;

the price or prices at which your series of debt securities will be issued;

the convertibility or exchangeability, if any, of your series of debt securities into any other debt or equity securities; and

any other material terms of your series of debt securities.

The terms may vary from the terms described here. This summary is qualified by reference to the description of the terms of your series to be described in the prospectus supplement.

Prospective purchasers of debt securities should be aware that special federal income tax, accounting and other considerations may be applicable to instruments such as the debt securities. The prospectus supplement relating to an issue of debt securities will describe these considerations, if they apply.

A debt security may be an original issue discount debt security. A debt security of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount debt security may be a zero coupon debt security. A debt security issued at a discount to its principal may, for U.S. federal income tax purposes, be considered an original issue discount debt security. If we issue an original issue discount debt security, the prospectus supplement will contain a description of the U.S. federal income tax consequence related to the issuance.

## **Table of Contents**

### **Senior Debt**

Our senior debt securities will be issued under the senior debt indenture and will rank equally with all of our other unsecured and unsubordinated debt.

### **Senior Subordinated Debt**

We may issue senior subordinated debt securities under the senior subordinated debt indenture. Senior subordinated debt securities will be subordinate and junior in right of payment to all of our senior indebtedness.

In some circumstances relating to our liquidation, dissolution, winding-up, reorganization, insolvency or similar proceedings, the holders of all senior indebtedness will be entitled to receive payment in full before the holders of the subordinated debt securities will be entitled to receive any payment on the subordinated debt securities.

In addition, we may make no payment on the subordinated debt securities in the event:

there is a default in any payment or delivery on any senior indebtedness; or

there is an event of default on any senior indebtedness which permits the holders of the senior indebtedness to accelerate the maturity of the senior indebtedness.

By reason of this subordination in favor of the holders of senior indebtedness, in the event of an insolvency, our creditors who are not holders of senior indebtedness or the subordinated debt securities may recover less, proportionately, than holders of senior indebtedness and may recover more, proportionately, than holders of the subordinated debt securities.

Unless otherwise specified in a prospectus supplement, senior indebtedness will include the principal of and premium, if any, and interest on our indebtedness, whether outstanding on the date of the senior subordinated debt indenture or later created, that is:

for money that we borrowed, including capitalized lease obligations;

for money borrowed by others and guaranteed, directly or indirectly, by us; or

secured and unsecured purchase money indebtedness or indebtedness secured by property at the time of our acquisition of the property for the payment of which we are directly or contingently liable.

Senior indebtedness also includes all deferrals, renewals, extensions and refundings of and amendments, modifications and supplements to the senior indebtedness described in the preceding sentence.

Senior indebtedness does not include:

our indebtedness to any of our subsidiaries for money borrowed or advances from any subsidiary;

the senior subordinated debt securities; or

## Edgar Filing: SCHWAB CHARLES CORP - Form 424B5

any indebtedness if the terms creating or evidencing the indebtedness expressly provide that the indebtedness is not superior in right of payment to the senior subordinated debt securities and/or that the indebtedness is not superior in right of payment to any of our other indebtedness that is equal to or subordinated to the senior subordinated debt securities in right of payment.

Indebtedness is obligations of, or guaranteed or assumed by, us for borrowed money or evidenced by bonds, debentures, notes or other similar instruments, including capitalized lease obligations.



## **Table of Contents**

At September 30, 2008, we owed a total of approximately \$458 million in principal amount of medium term notes, all of which was senior indebtedness, without counting any accrued interest on that debt, and had no outstanding medium term notes that were senior subordinated indebtedness. The indenture does not limit the amount of senior debt that we are permitted to have, and we may in the future incur additional senior debt.

### **Restrictive Covenants**

Neither indenture contains any significant financial or restrictive covenants, including covenants restricting either us or any of our subsidiaries from issuing, assuming or guaranteeing any indebtedness secured by a lien on any of our subsidiaries' property or capital stock, or restricting us or any of our subsidiaries from entering into sale and leasehold transactions. The prospectus supplement relating to a series of debt securities may describe restrictive covenants, if any, to which we may be bound under the applicable indenture.

### **Merger, Consolidation, Sale, Lease or Conveyance**

Unless otherwise indicated in the applicable prospectus supplement, as long as any debt securities are outstanding, we will not be permitted to merge or consolidate with any other entity and will not be permitted to sell, lease or convey all or substantially all of our assets to any person, unless:

we are the continuing corporation or our successor or the person that acquires or leases all or substantially all of our assets is a corporation, association, company, limited liability company, joint-stock company or business trust organized under the laws of the United States or one of the states of the United States or the District of Columbia and the successor entity expressly assumes all of our obligations under the applicable indenture and the related debt securities; and

immediately after any merger, consolidation, sale, lease or conveyance, we or our successor is not in default in the performance or observance of the covenants and conditions of the applicable indenture.

This covenant would not apply to a recapitalization transaction, a change of control of The Charles Schwab Corporation or a highly leveraged transaction unless the transaction or change of control is structured to include a merger or consolidation or a sale, lease or conveyance of all or substantially all of our assets. Except as may be described in the prospectus supplement applicable to a particular series of debt securities, there are no covenants or other provisions in the indentures requiring us to repurchase the debt securities or that would afford holders of debt securities additional protection or economic benefits in the event of a recapitalization or a change of control of The Charles Schwab Corporation or a highly leveraged transaction.

### **Events of Default**

Unless otherwise specified in the applicable prospectus supplement, an Event of Default will occur for any series of debt securities if:

we fail to pay when due any principal of that series of debt securities;

we fail to pay any interest on that series of debt securities within 30 days after the interest is due;

we fail to deposit when due any sinking fund payment required under the terms of that series of debt securities;

we fail to cure our default of any other covenant or agreement to which that series of debt securities is subject within 60 days after we receive written notice of the default;

specified events of bankruptcy, insolvency or reorganization occur; or

any other default or event of default provided with respect to debt securities of that series occurs.

## **Table of Contents**

If an Event of Default, other than a default relating to our bankruptcy, insolvency or reorganization, occurs and continues, the trustee or the holders of 25% of the aggregate principal amount of all affected series of debt securities, voting together as a single class, may require us to repay immediately the entire principal of the debt securities of all affected series and any accrued interest. For example, if an Event of Default relates to our failure to pay interest on two series of senior debt securities and we have issued ten series of outstanding senior debt securities, the holders of 25% of the two affected series, voting together as a single class, would have the right to require us to immediately repay the senior debt securities that are part of those two series. However, if the Event of Default were to affect all ten series, then 25% of all senior debt securities outstanding under the senior debt indenture, voting together as a single class, would have the right to require us to immediately repay all outstanding series of senior debt securities. If an Event of Default relating to our bankruptcy, insolvency or reorganization occurs, the entire principal of the affected debt securities will automatically become payable. Any payment by us on the subordinated debt securities following any acceleration will be subject to the subordination provisions applicable to the subordinated debt securities.

The holders of a majority of the aggregate principal amount of the debt securities of all affected series, voting together as a single class, can rescind any acceleration or waive any past default or Event of Default. However, they cannot waive certain defaults in payment of principal of, premium, if any, or interest on, any of the debt securities or any right of a holder to have a debt security converted into our common stock.

Other than its duties in case of a default, the trustee is not obligated to exercise any of its rights or powers under the indenture at the request, order or direction of any holders, unless the holders offer the trustee protection from expenses and liability reasonably satisfactory to it, called an indemnity. If they provide this indemnity, the holders of a majority in principal amount of all affected series of debt securities, voting together as a single class, may direct the time, method and place of conducting any proceeding or any remedy available to the trustee, or exercising any power conferred upon the trustee, for any series of debt securities.

A holder of a debt security may not institute any action against us under the indenture unless:

the holder gives the trustee written notice that a default has occurred and is continuing;

the holders of at least 25% of the outstanding aggregate principal amount of all affected series, voting together as a single class, request that the trustee institute the action while offering the trustee an indemnity reasonably satisfactory to it;

the holders offer the trustee reasonable security or indemnity against the costs and liabilities to be incurred in complying with the request; and

the trustee fails to institute the action within 60 days after receiving the request.

Even if these conditions are met, the holder may not institute an action if holders of a majority in aggregate principal amount of all affected series, voting together as a single class, direct the trustee to take action inconsistent with the request of the holder desiring to institute action against us. Holders may institute an action for payment of overdue principal or interest or to enforce their rights to convert securities into our other securities without complying with the preceding conditions.

We are required to file annually with the trustee a certificate stating whether we are in default under any of the provisions of either indenture, specifying any default that exists.

### **Discharge, Defeasance and Covenant Defeasance**

We may be discharged from our obligations on the debt securities of any series if we deposit enough money with the trustee to pay all the principal, interest and any premium due to the stated maturity date or redemption date of the debt securities.

## **Table of Contents**

Each indenture contains a provision that permits us to elect either or both of the following:

We may elect to be discharged from all of our obligations, subject to limited exceptions, with respect to any series of debt securities then outstanding. If we make this election, the holders of the debt securities of the series will not be entitled to the benefits of the indenture, except for the rights of holders to receive payments on debt securities or the registration of transfer and exchange of debt securities and replacement of lost, stolen or mutilated debt securities.

We may elect to be released from our obligations under some or all of any financial or restrictive covenants applicable to the series of debt securities to which the election relates and from the consequences of an event of default resulting from a breach of those covenants.

To make either of the above elections, we must deposit in trust with the trustee enough money to pay in full the principal, interest and premium on the debt securities. This amount may be made in cash and/or United States government obligations or, in the case of debt securities that are denominated in a currency other than United States dollars, cash in the currency in which the debt securities are denominated and/or foreign government obligations. As a condition to either of the above elections, we must deliver to the trustee an opinion of counsel that the holders of the debt securities will not recognize income, gain or loss for federal income tax purposes as a result of the action.

Foreign government obligations means, with respect to debt securities of any series that are denominated in a currency other than United States dollars:

direct obligations of the government that issued or caused to be issued the currency in which such securities are denominated and for the payment of which obligations its full faith and credit is pledged, or, with respect to debt securities of any series which are denominated in euros, direct obligations of certain members of the European Union for the payment of which obligations the full faith and credit of the members is pledged, which in each case are not callable or redeemable at the option of the issuer; or

obligations of a person controlled or supervised by or acting as an agency or instrumentality of that government the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by that government, which are not callable or redeemable at the option of the issuer.

## **Modification of the Indentures**

Without the consent of the holders of debt securities, we and the trustee may enter into supplemental indentures to:

document that a successor corporation has assumed our obligations;

add covenants or events of default for the protection of the holders of debt securities;

cure any ambiguity or correct any inconsistency in the indentures;

permit the facilitation of the defeasance and discharge of the securities;

establish the forms or terms of debt securities of any series;

provide for conversion rights;

provide for guarantees;

document the appointment of a successor trustee; or

other changes specified in the indenture.

**Table of Contents**

If the holders of a majority in principal amount of all affected series, voting together as a single class, consent, we and the trustee may add to, change or eliminate any of the provisions of an indenture or modify in any way the rights of holders of the affected series. However, each affected holder must consent before we can:

extend the stated maturity of the principal;

reduce the amount of the principal;

reduce the rate or extend the time of payment of interest;

if subordinated debt securities, make any change relating to the subordination of the debt securities in a materially adverse manner;

reduce any premium payable on redemption;

change the currency in which an