

## DIRECTOR INDEPENDENCE STANDARDS

A director of The Charles Schwab Corporation (the "Company") will be considered independent if the director has no material relationships with the Company and no other relationships that, in the opinion of the Board, would interfere with the director's exercise of independent judgment. The Board will consider broadly all relevant facts and circumstances regarding a director's relationships with the Company as well as these independence guidelines when making a final determination of whether or not a director is independent.

A director with one or more of the following relationships with the Company or its subsidiaries will not be considered independent if, within the last three years:

- The director has been an employee or an affiliated person, or an immediate family member has been an executive officer who performs a policy making function.
- The director received, or immediate family member (other than an immediate family member employed in a non-executive officer position) received, more than \$120,000 per year in direct compensation (other than director and committee fees and pension or other forms of deferred compensation for prior service).
- The director has been affiliated with or employed by, or immediate family member has been affiliated with or employed in a professional capacity by, a present or former internal or external auditor.
- The director has been employed, or immediate family member has been employed, as an executive officer of another company where any of the present executives of the Company or its subsidiaries have served on that company's compensation committee.
- The director is an executive officer, partner, controlling shareholder or an employee, or an immediate family member is an executive officer, partner, or controlling shareholder of a company that has made payments to, or received payments from, the Company or its subsidiaries for property or services in an amount which, in any of the past three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

In addition, a director with one or more of the following relationships will not be considered independent if:

- The director obtains brokerage, banking, or related financial services on terms more favorable to those offered to clients or employees of the Company or its subsidiaries.
- The director serves on the board of a charitable or not for profit organization that, during the director's service on the board of the charitable organization, receives donations from the Company, its subsidiaries, or the Charles Schwab Foundation that exceeds in a fiscal year the greater of 2% of the organization's consolidated gross revenues or \$200,000.

- The director receives a loan from the Company or its subsidiaries (not subject to the grandfathering provisions of the Sarbanes-Oxley Act of 2002), unless:
  - (1) it is a home improvement and manufactured home loan (as defined in Section 5 of the Home Owners' Loan Act), consumer credit (as defined in Section 103 of the Truth in Lending Act), or any extension of credit under an open end credit plan (as defined in Section 103 of the Truth in Lending Act), or a charge card (as defined in Section 127(c)(4)(E) of the Truth in Lending Act), and such loan is:
    - made in the ordinary course of the consumer credit business,
    - of the type that is generally made available to the public, and
    - made on market terms, or terms that are no more favorable than those to the general public for such extension of credit,
  - or --
  - (2) it is made or maintained by a subsidiary of the Company that is an insured depository institution (as defined in Section 3 of the Federal Deposit Insurance Act) if the loan is subject to the insider lending restrictions of Section 22(h) of the Federal Reserve Act.
- The director is an Audit or Compensation Committee member and, during his or her service as an Audit or Compensation Committee member, has accepted any consulting, advisory, or other compensatory fee from the Company or its subsidiaries other than for service as a director or Board committee member.