

CHARLES SCHWAB Founder, Chairman and CEO
The Charles Schwab Corporation
101 Montgomery Street San Francisco California 94104

Dear Client,

I want to thank you for entrusting us with your business, and I want to let you know about some important improvements we're making.

When I came back to the chief executive role at Schwab two years ago, I promised we would do everything in our power to strengthen our products and services and to improve the value you get as a Schwab client.

We've taken a number of steps to act on that promise—cutting trading costs, eliminating account service fees, and adding new and innovative investment and banking products. Our goal has been to make it an easier—and hopefully a better—experience when working with us.

We've made a good start, but we're committed to doing more.

Over this past year, we've engaged with our clients in a very productive conversation. We heard overwhelmingly that you want us to continue to find ways to make our services more responsive and easier to use, and to make our prices simpler and more straightforward.

You're talking, and we're listening. So today, I want to let you know about some additional improvements aimed at making your Schwab experience better. These new changes include:

- Lowered, simplified pricing for equity, option, mutual fund and bond transactions, all effective July 1, 2006.
- Elimination of nuisance fees, such as ATM fees for brokerage accounts, branch check pickup fees and Schwab *BillPay*® fees.
- We're also investing more in our 24/7 phone services, so when you call us you can expect a quicker response and a better overall experience.
- Earlier this year, we initiated the Schwab Security Guarantee, our promise that Schwab will cover 100% of any losses in any of your Schwab accounts due to unauthorized activity, providing you with an extra measure of comfort.

Your feedback is tremendously useful, and I want to thank you for your advice and guidance. We'll keep you updated about further enhancements to your experience at Schwab. In the meantime, please call us or visit a Schwab branch or schwab.com if you have any questions or comments, or if we can help in any way.

Sincerely,



Charles Schwab
Founder, Chairman and CEO