

## **COMPENSATION COMMITTEE CHARTER**

### **THE CHARLES SCHWAB CORPORATION**

---

#### **PURPOSE**

The Compensation Committee (“Committee”) of the Board of Directors (“Board”) assists the Board in fulfilling its oversight responsibilities by discharging the Board’s responsibilities relating to compensation of the company’s directors, executive officers, and other senior officers as determined by the Committee. The Committee produces an annual report on executive compensation for inclusion in the corporation’s proxy statement, in accordance with applicable rules and regulations.

#### **COMPOSITION AND MEMBERSHIP**

The Board appoints the members of the Committee and the chairperson on the recommendation of the Nominating and Corporate Governance Committee. The membership of the Committee consists of at least three directors, all of whom shall (a) meet the independence requirements of the Nasdaq Stock Market and other applicable laws and regulations, as determined by the Board, (b) be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (c) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code. The Board may remove a member from the Committee at any time with or without cause.

#### **AUTHORITY**

The Committee shall have the sole authority to retain and terminate special legal, compensation or other consultants to advise the Committee and the authority to approve their fees and other terms related to their retention. The Committee may request any officer or employee of the corporation or its outside counsel or consultants to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

#### **MEETINGS**

There shall be not less than four regular meetings each year, and additional meetings may be held as circumstances warrant. A majority of members of the Committee shall constitute a quorum. The action of a majority of members at a meeting at which a quorum is present will be the action of the Committee.

## **RESPONSIBILITIES**

Responsibilities of the Committee include, but are not limited to, the following:

1. Review annually and approve corporate goals and objectives relating to compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and either as a Committee or together with the other independent directors of the Board (as directed by the Board), determine the Chief Executive Officer's compensation level based on this evaluation, including the amount of annual base salary, annual incentive opportunity, and long-term incentive opportunity (including any equity-based awards). In determining the long-term incentive component of compensation of the Chief Executive Officer, the Committee will consider the corporation's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Chief Executive Officer in past years. The Chief Executive Officer may not be present during such deliberations or voting.
2. Review annually and approve, for all other executive officers and other senior officers as determined by the Committee, corporate goals and objectives relating to their compensation, evaluate their performance in light of those goals and objectives, and determine their compensation levels based on this evaluation, including the amount of annual base salary, annual incentive opportunity, and long-term incentive opportunity (including any equity-based awards).
3. Review and approve, for executive officers and other senior officers as determined by the Committee, any employment agreements, severance arrangements, change in control agreements or provisions, and any special or supplemental benefits, in each case as, when and if appropriate.
4. Produce an annual report on executive compensation for inclusion in the corporation's proxy statement.
5. Review and recommend incentive compensation plans for executive officers and all equity-based plans of the corporation and its subsidiaries, and recommend changes to the plans to the Board (or effect such plan changes, to the extent authorized by the Board or the applicable plan document).
6. Review, approve, and establish guidelines for the compensation of directors, including appropriate levels of compensation for service on Board committees.
7. Recommend to the Board share reserves under equity-based plans, and approve grants under equity-based plans for officers.

8. Meet separately and independently from management as deemed necessary and appropriate to carry out the Committee's responsibilities. Meet periodically and separately with compensation and other consultant(s) as deemed necessary and appropriate to advise the Committee.
9. Form and delegate authority to subcommittees where appropriate, and delegate authority to executive management where appropriate for matters not relating to directors or executive officers.
10. Update the full Board on Committee activities and significant decisions on a regular basis, but not less frequently than quarterly.
11. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
12. Conduct an annual performance evaluation of the Committee.

Last amended: January 26, 2006