SCHWAB CHARLES CORP
Form 424B5
September 12, 2007

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-36410

PRICING SUPPLEMENT

(To Prospectus dated May 19, 2000 and

Prospectus Supplement dated May 19, 2000)

$250,000,000

The Charles Schwab Corporation

Medium-Term Notes, Series A

6.375% Senior Notes due 2017

The Charles Schwab Corporation (CSC) will offer $250,000,000 of 6.375% Senior Notes due 2017, which CSC refers to in this pricing supplement as the notes. Capitalized terms used in this pricing supplement that are defined in the accompanying prospectus supplement or prospectus shall have the meanings assigned to them in the prospectus supplement or prospectus.

The notes will mature on September 1, 2017. The notes will pay interest at 6.375% per annum. Interest on the notes will be paid each March 1 and September 1, beginning on March 1, 2008. The notes will be senior unsecured obligations of CSC, ranking equally with all of CSC s other unsecured senior indebtedness. The notes cannot be redeemed prior to maturity.

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 PS-6.

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 pricing supplement or the accompanying prospectus supplement and 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.

	Price to Public(1)	Agent s Discount or Commission	Proceeds to CSC
Per note	99.719%	0.65%	99.069%
Total	$249,297,500	$1,625,000	$247,672,500

(1) Plus accrued interest from September 14, 2007 if settlement occurs after that date.

The agents expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company, for the accounts of its participants, including Clearstream Banking, *société anonyme*, Luxembourg and/or Euroclear Bank S.A./N.V., against payment in New York, New York on or about September 14, 2007.

The agents are acting as underwriters in this offering of notes.

Agents

UBS Investment Bank **JPMorgan**

September 11, 2007

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About this pricing supplement

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

References in this pricing supplement to CSC mean The Charles Schwab Corporation.

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

You should rely only on the information contained in or incorporated by reference in this pricing supplement, the accompanying prospectus supplement and 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 pricing supplement may be used only for the purpose for which it has been prepared. CSC has not, and the agents 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 pricing supplement and the accompanying prospectus supplement and 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 agents 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 pricing supplement, the accompanying prospectus supplement and 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 pricing supplement nor the accompanying prospectus supplement and prospectus constitutes an offer, or an invitation on CSC s behalf or on behalf of the agents, 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.

The agents are acting as underwriters in this offering of notes.

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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*. This website is not a part of this pricing supplement or the accompanying prospectus supplement and prospectus. You may also read and copy any document that CSC files at the SEC s Public Reference Room, 450 Fifth Street, N.W., 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 pricing supplement.

This pricing supplement incorporates by reference the documents listed below:

Ø Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (including such information from the Proxy Statement filed March 30, 2007 that is incorporated by reference in Part III of such Annual Report), as updated by CSC s Form 8-K filed on July 17, 2007 relating to CSC s realigned segment reporting structure;

Ø Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007; and

Ø Current Reports on Form 8-K filed on January 26, 2007, February 23, 2007, April 10, 2007, April 27, 2007, May 21, 2007, July 3, 2007, July 17, 2007 (relating to CSC s realigned segment reporting structure) and September 11, 2007.

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

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Forward-looking statements

This pricing supplement and the accompanying prospectus supplement and 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 of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are identified by words such as believe , anticipate , expect , intend , plan , will , may , estimate , aim , target , could , continue , potentially 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:

- CSC s ability to service CSC s debt, fund future dividends and capital requirements and have appropriate financial flexibility for general corporate purposes from CSC s cash balances, anticipated cash flows from operations and borrowing capacity;
- CSC s expected offering of hybrid capital securities in connection with CSC s capital restructuring, including the amount, timing and terms of such issuances;
- the use of proceeds from this debt offering;
- a trading market for the notes;
- the incurrence of additional debt by CSC;
- the tax treatment of the notes;
- CSC s ability to pursue its business strategy;
- the impact of changes in unrecognized tax benefits on CSC s results of operations;
- the impact of changes in the likelihood of indemnification payment obligations on CSC s results of operations;
- the impact of changes in estimated costs related to past restructuring initiatives on CSC s results of operations;

Ø the impact of legal proceedings and regulatory matters;

Ø the impact of changes in the income tax benefit related to the sale of U.S. Trust Corporation (U.S. Trust);

Ø sources of liquidity, capital and level of dividends;

Ø the timing and amount of capital expenditures;

Ø target capital ratios; and

Ø the other risks and uncertainties described in this pricing 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 from the expressed

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Forward-looking statements

beliefs, objectives and expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this pricing 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:

Ø unanticipated changes in the amounts of CSC s cash balances, cash flows from CSC s operations and/or borrowing capacity;

Ø market conditions, including the demand for new hybrid capital issues;

Ø changes in general economic and financial market conditions;

Ø changes in interest rates;

Ø the level of CSC s stock repurchase activity;

Ø changes in the competitive environment, including price competition and continued consolidation in the financial services industry;

Ø unanticipated adverse developments in litigation or regulatory matters;

Ø CSC s ability to sublease certain properties;

Ø the amount of loans to CSC s banking and brokerage clients;

Ø the timing and impact of changes in CSC s level of investments in technology;

Ø changes in CSC s level of personnel;

Ø potential breaches of contractual terms for which CSC has indemnification obligations;

Ø changes in the income tax benefit based on the results of a tax survey related to the sale of U.S. Trust;

Ø the timing and impact of the settlement of tax audits;

Ø the timing and impact of strategic transactions;

Ø changes in unrecognized tax benefits on CSC s results of operations;

Ø changes in estimated costs related to past restructuring initiatives on CSC s results of operations;

Ø changes in legislation or rules and regulations which affect CSC s business and/or the hybrid capital securities;

Ø CSC s ability to maintain favorable ratings from rating agencies;

Ø effects of critical accounting policies and judgments;

Ø changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies; and

Ø fluctuation of CSC s stock price.

You should refer to CSC s periodic and current reports filed with the SEC for specific risks which could 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 CSC s Annual Report on Form 10-K for the year ended December 31, 2006. See Where You Can Find More Information in this pricing supplement.

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Summary

This summary highlights information contained elsewhere, or incorporated by reference, in this pricing 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 pricing supplement and accompanying prospectus supplement and prospectus, including the Risk Factors section and the documents incorporated by reference, which are described under Where You Can Find More Information in this pricing supplement.

THE CHARLES SCHWAB CORPORATION

CSC was incorporated in 1986 and is headquartered in San Francisco, California. CSC engages, through its subsidiaries (primarily located in San Francisco except as indicated below), in securities brokerage, banking and related financial services. At June 30, 2007, CSC had $1.384 trillion in client assets, 6.9 million active brokerage accounts, 1.1 million retirement plan participants and 177,000 banking accounts. CSC s three reportable segments are Schwab Investor Services, Schwab Institutional and Schwab Corporate and Retirement Services. CSC s major (or primary) subsidiaries include:

Ø Charles Schwab & Co., Inc. (CS&Co.), which was incorporated in 1971, is a securities broker-dealer with 305 domestic branch offices in 45 states and a branch in each of the Commonwealth of Puerto Rico and London, United Kingdom, and serves clients in Hong Kong through one of CSC s other subsidiaries;

Ø Charles Schwab Bank, N.A., which commenced operations in 2003, is a retail bank located in Reno, Nevada;

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

Ø CyberTrader, Inc., which was acquired in 2000, is located in Austin, Texas, and is an electronic trading technology and brokerage firm providing services to highly active, online traders; and

Ø The Charles Schwab Trust Company, which serves as trustee for employee benefit plans, primarily 401(k) plans.

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

On July 1, 2007, CSC sold to Bank of America Corporation all of the outstanding stock of its wealth management subsidiary, U.S. Trust, for approximately $3.3 billion in cash. The after-tax cash proceeds from this sale were approximately $2.7 billion.

On March 31, 2007, CSC completed its acquisition of The 401(k) Companies, Inc., which offers defined contribution plan services, for $115 million in cash.

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.* The information contained on CSC s website is not a part of this pricing supplement or the accompanying prospectus supplement and prospectus.

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THE CAPITAL RESTRUCTURING

This offering of the notes is part of the capital restructuring plan CSC announced on July 2, 2007 to return up to approximately $3.5 billion of capital to CSC s stockholders. The other components of the capital restructuring plan are:

- *Tender Offer and Stock Purchase*. On July 31, 2007, CSC completed a modified Dutch Auction tender offer by purchasing 84 million shares of CSC s outstanding common stock at a purchase price of $20.50 per share. On August 15, 2007, pursuant to a stock purchase agreement (the Stock Purchase Agreement) by and among CSC, Charles R. Schwab, CSC s Chairman and Chief Executive Officer and CSC s largest stockholder, and certain additional stockholders whose shares Mr. Schwab is deemed to beneficially own, CSC purchased 18 million shares of CSC s outstanding common stock at a purchase price of $20.50 per share;

- *Special Cash Dividend*. On July 2, 2007, CSC s board of directors declared a special cash dividend of $1.00 per share, or approximately $1.2 billion in the aggregate, which was paid on August 24, 2007 to all of CSC s stockholders of record as of the close of business on July 24, 2007; and

- *Expected Offering of Hybrid Capital Securities.* On July 2, 2007, CSC announced its intention to offer up to $500 million of hybrid capital securities. This is not an offer to sell or a solicitation of an offer to buy the hybrid capital securities. The proposed offer and sale of the hybrid capital securities may be made only pursuant to supplements to prospectuses relating to the hybrid capital securities that are contained in a shelf registration statement declared effective by the SEC.

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THE OFFERING

Aggregate principal amount	$250,000,000 of Series A medium-term notes
Denominations	$2,000 and any integral multiple of $1,000 in excess thereof
Ranking	The notes will be CSC s senior unsecured obligations.
Issue Price	99.719%
Agent s Discount or Commission	0.65%
Interest rate	The notes will bear interest at a fixed rate of 6.375% per annum.
Interest Payments	Interest will be paid each March 1 and September 1, beginning on March 1, 2008.
Maturity Date	The notes will mature September 1, 2017.
Original Issue Date	September 14, 2007
Net Proceeds to Issuer	$247,252,500 (after expenses and agent discounts or commissions)
Currency	The notes will be issued in United States dollars.
Redemption	The notes cannot be redeemed by CSC prior to maturity.
Repayment	The notes cannot be repaid prior to maturity.
Discount Note	The notes are not original issue discount notes.

Amortization	The notes will not be amortizing notes.
Agents Capacity	Principal
Listing	The notes will not be listed on any securities exchange.
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.
Paying Agent	The Bank of New York Trust Company, N.A.
CUSIP No.	80851QDA9

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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 most recent Annual Report on Form 10-K, which is incorporated by reference into this pricing supplement, accompanying prospectus supplement and prospectus, as the same may be updated from time to time by filings under the Exchange Act that CSC incorporates by reference herein.

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 have not been and will not be listed on any exchange. Upon issuance, your notes will not have an established trading market. A trading market for your notes may not develop or be maintained if developed. In addition to CSC s creditworthiness, many factors affect the trading market for, and trading value of, your notes. These factors include:

Ø the method of calculating the principal and interest in respect of your notes,

Ø the time remaining to the maturity of your notes,

Ø the outstanding amount of notes relative to your notes and

Ø 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.

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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 CSC s medium-term note program 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 tax consequences of holding the notes

Different noteholders will be treated differently depending on their own particular status and circumstances. Potential investors should consider, and consult with their own tax advisers about, the United States federal income (as well as applicable state, local and foreign income and other) tax consequences to them of investing in, holding, and disposing of the notes.

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Use of proceeds

CSC intends to use the net proceeds from this issuance of the notes, which are expected to be approximately $247,252,500 after expenses and agent discounts or commissions, for general corporate purposes.

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Capitalization

The following table sets forth the consolidated cash and cash equivalents and capitalization of CSC at June 30, 2007, on an actual basis and as adjusted basis to reflect the following:

- the receipt of approximately $3.3 billion in cash proceeds from the sale of U.S. Trust;
- the issuance of $250 million of the notes offered hereby and the expected issuance of $500 million of hybrid capital securities; and
- a net reduction in stockholders equity consisting of (i) approximately $2.1 billion for the purchase of 84 million shares in the tender offer and 18 million shares under the Stock Purchase Agreement (in each case at the purchase price of $20.50 per share) and (ii) approximately $1.2 billion for the special cash dividend, partially offset by (iii) the after-tax gain realized from the sale of U.S. Trust of approximately $1.2 billion.

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, 2006, as updated by CSC s Form 8-K filed on July 17, 2007 relating to CSC s realigned segment reporting structure, and Quarterly Report on Form 10-Q for the six months ended June 30, 2007, all of which are incorporated by reference in this pricing supplement and the accompanying prospectus supplement and prospectus.

	June 30, 2007 (unaudited)	
(in millions)	**Actual**	**As Adjusted**
Cash and cash equivalents	$ 3,471	$ 4,170
Long-term senior debt	$ 384	$ 634
Hybrid capital securities		500
Total long-term debt	384	1,134
Stockholders equity		
Preferred stock		
Common stock	14	14
Additional paid-in capital	1,985	1,985
Retained earnings	5,308	5,213
Treasury stock 140 shares as reported and 242 shares as adjusted	(2,177)	(4,276)
Accumulated other comprehensive loss	(56)	(22)
Total stockholders equity	$ 5,074	$ 2,914
Total long-term debt and stockholders equity	$ 5,458	$ 4,048

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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.

	Six Months Ended June 30,	Year Ended December 31,				
	2007	2006	2005	2004	2003	2002
Ratio of earnings to fixed charges[(1)]	3.3	3.0	2.8	3.3	4.1	1.7
Ratio of earnings to fixed charges excluding brokerage and banking client interest expense[(2)]	16.4	15.1	10.8	6.3	6.2	2.7

(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 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 loans, CSC considers 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.

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Selected consolidated unaudited pro forma financial information

The following unaudited pro forma condensed consolidated financial information consists of unaudited pro forma condensed consolidated statements of income for the year ended December 31, 2006 and the six months ended June 30, 2007 and an unaudited pro forma condensed consolidated balance sheet as of June 30, 2007. The pro forma statements reflect the following:

- Ø the receipt of approximately $3.3 billion in cash proceeds from the sale of U.S. Trust;

- Ø the issuance of $250 million of the notes offered hereby and the expected issuance of $500 million of hybrid capital securities;

- Ø a net reduction in stockholders equity consisting of (i) approximately $2.1 billion for the purchase of 84 million shares in the tender offer and 18 million shares under the Stock Purchase Agreement (in each case at the purchase price of $20.50 per share) and (ii) approximately $1.2 billion for the special cash dividend, partially offset by (iii) the after-tax gain realized from the sale of U.S. Trust of approximately $1.2 billion; and

- Ø various fees and income tax liabilities related to certain of the foregoing matters.

The matters described in the foregoing bullet points are collectively referred to as the transactions. The unaudited pro forma condensed consolidated statements of income for the year ended December 31, 2006 and the six months ended June 30, 2007 give effect to the transactions as if they occurred on January 1, 2006 and the unaudited pro forma condensed consolidated balance sheet gives effect to the transactions as if they had occurred on June 30, 2007.

CSC has derived the historical consolidated financial information for the year ended December 31, 2006 from its audited consolidated financial statements included in CSC s Annual Report on Form 10-K for the year ended December 31, 2006. CSC has derived the historical condensed consolidated financial information as of and for the six months ended June 30, 2007 from its unaudited condensed consolidated financial statements included in CSC s Quarterly Report on Form 10-Q for the six months ended June 30, 2007. The unaudited pro forma financial information should be read in conjunction 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, 2006, as updated by CSC s Form 8-K filed on July 17, 2007 relating to CSC s realigned segment reporting structure, and Quarterly Report on Form 10-Q for the six months ended June 30, 2007, all of which are incorporated by reference in this pricing supplement and the accompanying prospectus supplement and prospectus.

The unaudited pro forma financial information is intended for information purposes only and does not purport to represent what CSC s results of operations and financial condition would have been had the transactions described above actually occurred as of the dates indicated, nor does it project CSC s results of operations for any future period or CSC s financial condition at any future date. Such information has been prepared based upon currently available information and assumptions CSC believes are reasonable. Such currently available information and assumptions may prove to be inaccurate over time.

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Selected consolidated unaudited pro forma financial information

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share amounts)

(Unaudited)

	Year Ended December 31, 2006			Six Months Ended June 30, 2007		
	As Reported	Adjustments	Pro forma	As Reported	Adjustments	Pro forma
Net Revenues						
Asset management and administration fees	$ 1,945		1,945	$ 1,120		$ 1,120
Interest revenue	2,113		2,113	1,104		1,104
Interest expense	(679)	$ (54)a	(733)	(331)	$ (27)a	(358)
Net interest revenue	1,434	(54)	1,380	773	(27)	746
Trading revenue	785		785	400		400
Other	145		145	65		65
Total net revenues	4,309	(54)	4,255	2,358	(27)	2,331
Expenses Excluding Interest						
Compensation and benefits	1,619		1,619	879		879
Professional services	285		285	155		155
Occupancy and equipment	260		260	138		138
Advertising and market development	189		189	118		118
Communications	180		180	100		100
Depreciation and amortization	157		157	78		78
Other	143		143	75		75
Total expenses excluding interest	2,833		2,833	1,543		1,543
Income from continuing operations before taxes on income	1,476	(54)	1,422	815	(27)	788
Taxes on income	(585)	21 b	(564)	(323)	11 b	(312)
Income from continuing operations	$ 891	$ (33)	$ 858	$ 492	$ (16)	$ 476
Weighted-Average Common Shares Outstanding Basic	1,270	(102)c	1,168	1,247	(102)c	1,145
Weighted-Average Common Shares Outstanding Diluted	1,286	(102)c	1,184	1,262	(102)c	1,160
Earnings Per Share Basic						
Income from continuing operations	$ .70		$ .73	$ .39		$ .42
Earnings Per Share Diluted						
Income from continuing operations	$ .69		$ .72	$ .39		$ .41

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Selected consolidated unaudited pro forma financial information

CONDENSED CONSOLIDATED BALANCE SHEET

(In millions, except per share amounts)

(Unaudited)

	June 30, 2007		
	As Reported	Adjustments	Pro forma
Assets			
Cash and cash equivalents	$ 3,471	$ 699 d	$ 4,170
Cash and investments segregated and on deposit for federal or other regulatory purposes	9,148		9,148
Securities owned	8,249		8,249
Receivables from brokers, dealers, and clearing organizations	1,022		1,022
Receivables from brokerage clients net	11,339		11,339
Loans to banking clients net	2,727		2,727
Loans held for sale	43		43
Equipment, office facilities, and property net	609		609
Goodwill	524		524
Deferred tax assets	405	(205)e	200
Other assets	554		554
Assets of discontinued operations	10,913	(10,913)f	
Total	$ 49,004	$ (10,419)	$ 38,585
Liabilities and Stockholders Equity			
Deposits from banking clients	$ 11,685		$ 11,685
Drafts payable	294		294
Payables to brokers, dealers, and clearing organizations	2,151		2,151
Payables to brokerage clients	18,758		18,758
Accrued expenses and other liabilities	1,082	$ 567 g	1,649
Long-term debt	384	750 h	1,134
Liabilities of discontinued operations	9,576	(9,576)f	
Total liabilities	43,930	(8,259)	35,671
Stockholders equity:			
Preferred stock			
Common stock	14		14
Additional paid-in capital	1,985		1,985
Retained earnings	5,308	(95)	5,213
Treasury stock 140 shares as reported and 242 shares pro forma, at cost	(2,177)	(2,099)	(4,276)
Accumulated other comprehensive loss	(56)	34	(22)
Total stockholders equity	5,074	(2,160)i	2,914
Total	$ 49,004	$ (10,419)	$ 38,585
Shares outstanding at end of period	1,252	(102)	1,150
Book value per share outstanding	$ 4.05		$ 2.53

Notes to Consolidated Financial Statements.

(a) Reflects the adjustment to interest expense for the issuance of $250 million of the notes offered hereby and the expected issuance of $500 million of hybrid capital securities at the assumed annual rate of 7.18%. A 1/8% variance in interest rates would have an approximate $1 million effect on annual interest expense.

(b) Reflects the adjustment for income taxes for interest expense described in (a) above.

(c) Reflects the purchase of 84 million shares in the tender offer and 18 million shares under the Stock Purchase Agreement at the purchase price of $20.50 per share.

(d) Reflects (i) approximately $3.3 billion in cash proceeds from the sale of U.S. Trust and (ii) the issuance of $250 million of the notes offered hereby and the expected issuance of $500 million of hybrid capital securities, partially offset by (iii) approximately $2.1 billion in cash used to fund the tender offer and the purchase of shares under the Stock Purchase Agreement (in each case at the purchase price of $20.50 per share) and (iv) approximately $1.2 billion in cash used for the special dividend of $1.00 per share.

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Selected consolidated unaudited pro forma financial information

(e) Reflects the reclassification of deferred tax assets related to the sale of U.S. Trust.

(f) Reflects the sale of U.S. Trust.

(g) Reflects the anticipated transaction costs and the net income tax liability related to the sale of U.S. Trust.

(h) Reflects an increase in long-term borrowings of $750 million.

(i) Reflects a net reduction in stockholders equity consisting of (i) approximately $2.1 billion for the purchase of 84 million shares in the tender offer and 18 million shares under the Stock Purchase Agreement (in each case at the purchase price of $20.50 per share) and (ii) approximately $1.2 billion for the special cash dividend, partially offset by (iii) the after-tax gain realized from the sale of U.S. Trust of approximately $1.2 billion.

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Description of the notes

The description of the notes in this pricing supplement supplements, and to the extent inconsistent therewith replaces, the descriptions of the general terms and provisions of the notes set forth in the accompanying prospectus supplement and prospectus.

RANKING

The notes are senior unsecured obligations and 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 September 1, 2017. 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.

INTEREST

The notes will bear interest at a fixed rate of 6.375% per annum. Any interest on the notes will be paid each March 1 and September 1, beginning on March 1, 2008. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

REDEMPTION

The notes cannot be redeemed by CSC prior to maturity.

DENOMINATIONS

The notes will be in denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

PAYING AGENT

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

TRUSTEE

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

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Description of the notes

NOTICES OF DEFAULT

The senior debt indenture provides that the trustee will, within 90 days after the occurrence of a default with respect to the debt securities of any series (including the notes), give to the holders of debt securities of such series (including the notes) notice of all defaults with respect to such series (including the notes) known to the trustee, unless cured; provided that except in the case of default in the payment of principal of or interest on any debt securities of such series (including the notes) or in the payment of any sinking fund installment on such series, the trustee will be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or specified officers of the trustee in good faith determine that the withholding of such notice is in the interests of the holders of debt securities of such series (including the notes). The term default for the purpose of this provision means any event that is, or after notice or lapse of time, or both, would become, an event of default.

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The Depositary

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company, New York, New York, will be designated as the depositary for any registered global security. Each registered global security will be registered in the name of Cede & Co., the Depositary s nominee.

The Depositary has advised CSC that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. The Depositary holds securities that its direct participants deposit with the Depositary. The Depositary also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between participants accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both United States and non-United States securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The Depositary is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, which, in turn, is owned by a number of direct participants of the Depositary and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the Depositary system is also available to others, referred to as indirect participants , such as both United States and non-United States securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a direct or indirect custodial relationship with a direct participant. The rules applicable to the Depositary and its participants are on file with the SEC.

According to the Depositary, the foregoing information relating to the Depositary has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

CLEARSTREAM BANKING, SOCIETÉ ANONYME, LUXEMBOURG OR EUROCLEAR BANK S.A./N.V.

The following is based on information furnished by Clearstream Banking, societé anonyme, Luxembourg (Clearstream) or Euroclear Bank S.A./N.V. (Euroclear), as the case may be.

Holders of notes may also elect to hold beneficial interests in the global security certificates through either Clearstream or Euroclear, as participants in the Depositary.

Clearstream and Euroclear hold interests on behalf of their participating organizations through customers securities accounts in Clearstream s and Euroclear s names on the books of their respective depositaries, which hold those interests in customers securities accounts in the depositaries names on the books of the Depositary. At the present time, Citibank, N.A. acts as United States depositary for Clearstream and JPMorgan Chase Bank, N.A. acts as United States depositary for Euroclear (the United States Depositaries).

Clearstream holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants

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The Depositary

through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries.

Clearstream is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier and the Banque Centrale du Luxembourg, which supervise and oversee the activities of Luxembourg banks. Clearstream Participants are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, and may include the underwriters or their affiliates. Indirect access to Clearstream is available to other institutions that clear through or maintain a custodial relationship with a Clearstream Participant. Clearstream has established an electronic bridge with Euroclear as the operator of the Euroclear System (the Euroclear Operator) in Brussels to facilitate settlement of trades between Clearstream and the Euroclear Operator.

Interest payments with respect to the notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the United States Depositary for Clearstream.

Euroclear holds securities and book-entry interests in securities for participating organizations (Euroclear Participants) and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. Euroclear provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations, and may include the underwriters or their affiliates. Non-participants in Euroclear may hold and transfer beneficial interests in a global security certificate through accounts with a Euroclear Participant or any other securities intermediary that holds a book-entry interest in a global security certificate through one or more securities intermediaries standing between such other securities intermediary and Euroclear.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Interest payments with respect to notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the United States Depositary for Euroclear.

Transfers between Euroclear Participants and/or Clearstream Participants will be effected in the ordinary way in accordance with their respective rules and operating procedures.

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The Depositary

Subject to compliance with the transfer restrictions applicable to the global security certificates described herein, cross-market transfers between the Depositary s participating organizations (the Depositary Participants), on the one hand, and Euroclear Participants or Clearstream Participants, on the other hand, will be effected through the Depositary in accordance with the Depositary s rules on behalf of Euroclear or Clearstream, as the case may be, by its United States Depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (European time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its United States Depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the global security in the Depositary, and making or receiving payment in accordance with normal procedures for same-day fund settlement applicable to the Depositary. Euroclear Participants and Clearstream Participants may not deliver instructions directly to their respective United States Depositaries.

Due to time zone differences, the securities accounts of a Euroclear Participant or Clearstream Participant purchasing an interest in a global security certificate from a Depositary Participant in the Depositary will be credited, and any such crediting will be reported to the relevant Euroclear Participant or Clearstream Participant, during the securities settlement processing day (which must be a business day for Euroclear or Clearstream) immediately following the settlement date of the Depositary. Cash received in Euroclear or Clearstream as a result of sales of interests in a global security certificate by or through a Euroclear Participant or Clearstream Participant to a Depositary Participant will be received with value on the settlement date of the Depositary but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following the Depositary s settlement date.

The information in this section concerning Euroclear and Clearstream and their book-entry systems has been obtained from sources that CSC believes to be reliable, but CSC does not assume responsibility for the accuracy of that information.

Although Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the global security certificates among Euroclear Participants and Clearstream Participants, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of CSC, any of the underwriters or any trustee or agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations.

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Certain United States federal tax consequences

The following is a summary of certain United States federal income tax consequences of ownership and disposition of the notes. This summary is based on the Internal Revenue Code of 1986, as amended (Code), and existing and proposed Treasury regulations, revenue rulings, administrative interpretations and judicial decisions, all as currently in effect and all of which are subject to change, possibly with retroactive effect. Except as specifically discussed in this section, this summary deals only with notes purchased by a United States holder and held as capital assets within the meaning of Section 1221 of the Code.

This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances or to holders subject to special rules, such as insurance companies, dealers in securities or foreign currencies, persons holding the notes as part of a hedging transaction, straddle, conversion transaction, or other integrated transaction, or United States holders whose functional currency, as defined in Section 985 of the Code, is not the United States dollar. Persons considering the purchase of the notes should consult with their own tax advisors concerning the application of the United States federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign jurisdiction.

Certain tax consequences of ownership of the notes for United States holders are discussed in the accompanying prospectus supplement under the caption United States Federal Taxation. Except where otherwise indicated below, this summary supplements and, to the extent inconsistent, replaces the discussion under the caption United States Federal Taxation in the accompanying prospectus supplement.

CSC will treat the notes as having been issued without original issue discount, i.e., CSC will not treat the notes as discount notes.

If backup withholding applies to a payment on, or to proceeds of the sale before maturity of, the notes, the rate of withholding will be 28%.

NON-UNITED STATES HOLDERS

As used in this section, the term non-United States holder means a beneficial owner of a note (other than a partnership) who or that is not a United States holder.

The following discussion is a summary of certain United States federal income tax consequences that will apply to you if you are a non-United States holder of a note. Special rules may apply to certain non-United States holders, such as controlled foreign corporations , passive foreign investment companies , corporations that accumulate earnings to avoid United States federal income tax and certain expatriates, among others, that are subject to special treatment under the Code. Such taxpayers should consult their own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them. If a partnership holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the notes, you should consult your own tax advisors.

United States Federal Withholding Tax.

Subject to the discussion below concerning backup withholding, United States federal withholding tax will not apply to any payment by CSC or any paying agent of principal or interest (which for purposes of

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Certain United States federal tax consequences

this discussion includes any OID) to a non-United States holder on the notes under the portfolio interest exception, provided that:

- interest paid on the notes is not effectively connected with the non-United States holder s conduct of a trade or business in the United States;
- the non-United States holder does not actually or constructively own 10% or more of the total combined voting power of all classes of CSC s voting stock within the meaning of the Code and applicable United States Treasury regulations;
- the non-United States holder is not a controlled foreign corporation that is related to CSC through stock ownership;
- the non-United States holder is not a bank whose receipt of interest on the notes is described in Section 881(c)(3)(A) of the Code; and
- either (a) the non-United States holder provides its name and address on an IRS Form W-8BEN (or other applicable form), and certifies, under penalties of perjury, that it is not a United States person or (b) the non-United States holder holds the notes through certain financial intermediaries and satisfies the certification requirements of applicable United States Treasury regulations.

Special certification rules apply to non-United States holders that are pass-through entities rather than corporations or individuals. If a non-United States holder cannot satisfy the requirements of the portfolio interest exception described above, payments of premium, if any, and interest (including OID) made to the non-United States holder will be subject to a 30% United States federal withholding tax, unless the tax certificate the non-United States holder provided CSC or CSC s paying agent, as the case may be, is properly executed and claims exemption or reduction in withholding tax as follows:

- IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty; or