

SCHWAB CHARLES CORP

Form 424B5

December 04, 2012

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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-178525

Calculation of registration fee

<b>Title of Each Class of Securities Offered</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee<sup>(1)</sup></b>
0.850% Senior Notes due 2015	\$350,000,000	\$47,740

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

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PROSPECTUS SUPPLEMENT

(To Prospectus dated December 15, 2011)

***\$350,000,000******The Charles Schwab Corporation******0.850% Senior Notes due 2015***

The Charles Schwab Corporation ( CSC ) will offer \$350,000,000 aggregate principal amount of 0.850% Senior Notes due 2015, which CSC refers to in this prospectus supplement as the notes.

The notes will mature on December 4, 2015. The notes will pay interest at 0.850% per annum. Interest on the notes will be paid each June 4 and December 4, commencing on June 4, 2013. 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 or for inclusion of the notes in any automated dealer quotation system. Currently, there is no public market for the notes.

Investing in the notes involves risk. See **Risk factors** beginning on page S-5.

**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.

	Price to Public (1)	Underwriting Discount or Commission	Proceeds to CSC
Per note	100.000%	0.350%	99.650%
Total	\$350,000,000	\$1,225,000	\$348,775,000

(1) Plus accrued interest, if any, from December 6, 2012 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 for the accounts of its participants, including Euroclear Bank, S.A./N.V. and Clearstream Banking, *société anonyme*, and its indirect participants, against payment in New York, New York on or about December 6, 2012.

*Joint Book-Running Managers*

**Citigroup****Goldman, Sachs & Co.***Co-Managers*

**Credit Suisse**  
**UBS Investment Bank**  
December 3, 2012

**J.P. Morgan**  
**Wells Fargo Securities**

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**Prospectus**

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**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, aggregate principal amount and certain other terms 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 we, us, our and 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.

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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>. 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, 2011 (including such information from the Proxy Statement filed March 30, 2012 that is incorporated by reference in Part III of such Annual Report);

Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012; and

Current Reports on Form 8-K filed on January 26, 2012, February 2, 2012, March 13, 2012, May 22, 2012, June 6, 2012, June 18, 2012, July 31, 2012, August 1, 2012, August 29, 2012, October 30, 2012 and November 21, 2012.

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**

**211 Main Street**

**San Francisco, California 94105**

**Attention: Corporate Secretary**

**Telephone: (415) 667-1959**

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

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**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 of 1933 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 estimate, appear, aim, target, could and other similar expressions. These statements, which may be expressed in a variety of ways, including 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 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;

sources of liquidity, capital, and level of dividends;

the expected impact of the Federal Reserve's notices of proposed rulemakings;

target capital ratios;

capital expenditures;

the impact of changes in management's estimates 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;



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the impact on the Company's results of operations of recording stock option expense;

the launch of the home equity line of credit portion of Charles Schwab Bank's co-branded loan origination program with Quicken Loans, Inc.;  
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.

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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;

adverse developments in litigation or regulatory matters;

the extent of any charges associated with litigation and regulatory matters;

amounts recovered on insurance policies;

the Company's ability to attract and retain clients and grow client assets and relationships;

the Company's ability to develop and launch new products, services and capabilities in a timely and successful manner;

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

the Company's ability to monetize client assets;

the performance or valuation of securities available for sale and securities held to maturity;

trading activity;

the level of interest rates, including yields available on money market mutual fund eligible instruments;

the adverse impact of financial reform legislation and related regulations;

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

the level of the Company's stock repurchase activity;

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

the availability and terms of external financing;

capital needs;

acquisition integration costs;

level of expenses;

the timing and impact of changes in the Company's level of investments in software, equipment, leasehold improvements and technology;

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

CSC's ability to maintain favorable ratings from rating agencies.

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

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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, 2011, which is incorporated by reference into this prospectus supplement and accompanying prospectus.

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## **Summary**

*This summary highlights selected 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 documents incorporated by reference, especially the risks relevant to investing in the notes discussed under Risk factors contained herein and under Item 1A. Risk Factors beginning on page 7 of our Annual Report on Form 10-K for the year ended December 31, 2011 (incorporated by reference herein), as well as the consolidated financial statements and notes to those consolidated financial statements incorporated by reference herein. In addition, certain statements include forward-looking information that involves risks and uncertainties. See Forward-looking statements.*

### **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 September 30, 2012, CSC had \$1.89 trillion in client assets, 8.7 million active brokerage accounts, 1.5 million corporate retirement plan participants, and 844,000 banking accounts.

Significant business subsidiaries of CSC include:

Charles Schwab & Co., Inc. ( Schwab ), which was incorporated in 1971, is a securities broker-dealer with more than 300 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., which is the investment advisor for Schwab's proprietary mutual funds, which are referred to as the Schwab Funds®, and for Schwab's exchange-traded funds, which are referred to as the Schwab ETFs . The Company offers a broad range of products to address individuals' varying investment and financial needs. Examples of these product offerings include:

**Brokerage** an array of brokerage accounts including some with check-writing features, debit card, and billpay; individual retirement accounts; retirement plans for small to large businesses; 529 college savings accounts; designated brokerage accounts; equity incentive plan accounts; and margin loans, as well as access to fixed income securities, equity and debt offerings, options, and futures;

**Banking** checking accounts linked to brokerage accounts, savings accounts, certificates of deposit, demand deposit accounts, first mortgages, home equity lines of credit, and personal loans collateralized by securities;

**Trust** trust custody services, personal trust reporting services, and administrative trustee services;

**Advice solutions** separately managed accounts, customized personal advice for tailored portfolios, and specialized planning and full-time portfolio management;



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Mutual funds third-party mutual funds through Mutual Fund Marketplace®, including no-load mutual funds through the Mutual Fund OneSource® service, proprietary mutual funds from two fund families Schwab Funds® and Laudus Funds®, other third-party mutual funds, and mutual fund trading and clearing services to broker-dealers; and

Exchange-traded funds (ETFs) third-party and Schwab ETFs, as well as separately managed portfolios of ETFs. These products, and the Company's full array of investing services, are made available through its two segments Investor Services and Institutional Services.

### **Investor Services**

Through the Investor Services segment, the Company provides retail brokerage and banking services to individual investors.

The Company offers research, analytic tools, performance reports, market analysis, and educational material to all clients. Clients looking for more guidance have access to online portfolio planning tools, professional advice from Schwab's portfolio consultants who can help develop an investment strategy and carry out investment and portfolio management decisions, as well as a range of fully delegated managed solutions that provide ongoing portfolio management.

### **Institutional Services**

Through the Institutional Services segment, Schwab provides custodial, trading, technology, practice management, trust asset, and other support services to independent investment advisors (IAs). To attract and serve IAs, Institutional Services has a dedicated sales force and service teams assigned to meet their needs.

The Institutional Services segment also provides retirement plan recordkeeping and related services, retirement plan trust and custody services, specialty brokerage services, and mutual fund clearing services, and supports the availability of Schwab proprietary investment funds on third-party platforms. The Company serves a range of employer sponsored plans: equity compensation plans, defined contribution plans, defined benefit plans, nonqualified deferred compensation plans and other employee benefit plans.

CSC's common stock is listed and traded on The New York Stock Exchange under the symbol SCHW.

CSC's principal executive office is located at 211 Main Street, San Francisco, California 94105, and CSC's telephone number is (415) 667-7000. 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 incorporated by reference and does not form a part of this prospectus supplement or the accompanying prospectus.

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**The offering**

<b>Issuer</b>	The Charles Schwab Corporation ( CSC ), a Delaware corporation.
<b>Securities offered</b>	0.850% Senior Notes due 2015 (the notes )
<b>Aggregate principal amount</b>	\$350,000,000
<b>Ranking</b>	The notes will be CSC s senior unsecured obligations.
<b>Issue price</b>	100.000%
<b>Interest rate</b>	The notes will bear interest at a fixed rate of 0.850% per annum.
<b>Interest payments</b>	Interest will be paid each June 4 and December 4, commencing on June 4, 2013.
<b>Maturity date</b>	The notes will mature on December 4, 2015.
<b>Original issue date</b>	December 6, 2012
<b>Use of proceeds</b>	CSC intends to use the net proceeds from this issuance of the notes, which are expected to be approximately \$348 million after underwriting discounts or commissions and estimated offering expenses, for general corporate purposes.
<b>Redemption</b>	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.
<b>Certain covenants</b>	<p>The indenture governing the notes will limit CSC s ability to merge, consolidate, sell or otherwise dispose of all or substantially all of its assets. In addition, it will limit the ability of CSC and its subsidiaries to incur liens. See Description of Debt Securities Merger, Consolidation, Sale, Lease or Conveyance in the accompanying prospectus and Description of the notes Limitation on liens in this prospectus supplement.</p> <p>The indenture governing the notes will not limit the ability of CSC or any of its subsidiaries to incur additional debt or other liabilities.</p>
<b>Listing</b>	The notes will not be listed on any securities exchange or included in any automated dealer quotation system.
<b>No prior market</b>	The notes will be new securities for which there is no existing market. Although the underwriters have informed CSC that they currently 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.



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<b>Denominations</b>	\$1,000 and any integral multiple of \$1,000 in excess thereof.
<b>Forms of notes</b>	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 depository ( DTC ).
<b>Additional notes</b>	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.
<b>Trustee and paying agent</b>	The Bank of New York Mellon Trust Company, N.A.
<b>Governing law</b>	California
<b>Risk factors</b>	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-5, 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.

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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 Item 1A. Risk Factors in CSC's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as such discussion may be amended or updated in other reports filed by us with the SEC, including our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, and which is incorporated by reference into this prospectus supplement and accompanying prospectus.*

**Risks relating to the notes**

**The notes will not be insured by the FDIC or guaranteed 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 are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. 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 Ratings, 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 ratings.

**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

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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.

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—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****Ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends**

The following table sets forth CSC's consolidated ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends for the five fiscal years ended December 31, 2011 and the nine months ended September 30, 2012 (dollar amounts in millions):

	Nine Months Ended September 30,			Year Ended December 31,		
	2012	2011	2010	2009	2008	2007
<b>Ratio of earnings to fixed charges<sup>(1)</sup></b>	<b>7.6</b>	<b>6.9</b>	<b>4.1</b>	<b>6.0</b>	<b>8.0</b>	<b>3.7</b>
<b>Ratio of earnings to fixed charges, excluding deposits from banking clients and payables to brokerage clients interest expense<sup>(2)</sup></b>	<b>9.3</b>	<b>9.1</b>	<b>6.3</b>	<b>9.9</b>	<b>16.7</b>	<b>17.4</b>
<b>Ratio of earnings to fixed charges and preferred stock dividends<sup>(1), (3)</sup></b>	<b>6.3</b>	<b>6.9</b>	<b>4.1</b>	<b>6.0</b>	<b>8.0</b>	<b>3.7</b>
<b>Ratio of earnings to fixed charges and preferred stock dividends, excluding deposits from banking clients and payables to brokerage clients interest expense<sup>(2), (3)</sup></b>	<b>7.3</b>	<b>9.1</b>	<b>6.3</b>	<b>9.9</b>	<b>16.7</b>	<b>17.4</b>

(1) The ratios of earnings to fixed charges and earnings to fixed charges and preferred stock dividends are calculated in accordance with the requirements of the SEC. For such purposes, earnings consist of earnings from continuing operations before taxes on earnings and fixed charges. Fixed charges consist of interest expense and one-third of rental expense, which is estimated to be representative of the interest factor.

(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, and the ratio of earnings to fixed charges and preferred stock dividends, excluding deposits from banking clients and payables to brokerage clients interest expense, reflect the elimination of such interest expense as a fixed charge.

(3) The preferred stock dividend amounts used in the computation of the ratios of earnings to fixed charges and preferred stock dividends, and earnings to fixed charges and preferred stock dividends, excluding deposits from banking clients and payables to brokerage clients interest expense, represent the pre-tax earnings that would be required to pay the dividends on outstanding preferred stock. CSC did not have any outstanding preferred stock for the fiscal years ended December 31, 2007 to 2011.

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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 \$348 million after underwriting discounts or commissions and estimated offering expenses, for general corporate purposes.

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The following table sets forth the consolidated cash and cash equivalents and capitalization of CSC at September 30, 2012, on an actual basis and as adjusted basis to reflect the issuance of \$350 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, 2011, and Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, both of which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

<b>(In millions)</b>	<b>As of September 30, 2012</b>	
	<b>Actual</b>	<b>As Adjusted</b>
Cash and cash equivalents	\$ 8,523	\$ 8,871
Long-term debt	\$	