

Schwab ETFs™

2010 Schwab U.S. ETFs™ Quarterly Distributions

Ex-Date*: 09/20/10; Record Date: 09/22/10; Payable Date: 09/24/10

The table below shows the third quarter 2010 distributions for the Schwab U.S. Exchange-Traded Funds (“ETFs”). Schwab International ETFs are scheduled to make annual distributions in December.

- Dividend and interest distributions represent income payments from securities held in the ETF investment portfolio.
- Capital gains distributions represent profits realized when an ETF sells a security at a higher price than it paid to purchase the security. Capital gains are classified as short-term when the security sold was held for one year or less, and long term when the security was held longer than one year. Capital gains may be generated by events such as index rebalancing, corporate actions, portfolio investment policies and/or regulatory requirements.

The tax rate for long-term capital gains distributions is typically the same for all shareholders, while short-term capital gains and dividend and interest distributions are taxed at each shareholder’s ordinary income rate. This notice is provided to you for information purposes and should not be considered tax advice. Please consult with a tax advisor if you have any questions regarding your particular tax situation.

| ETF Name | Symbol | Ordinary Income Per Share (\$) | Short-Term Capital Gains Per Share (\$) | Long-Term Capital Gains Per Share (\$) |
|-----------------------------------|-------------|--------------------------------|---|--|
| Schwab U.S. Broad Market ETF™ | SCHB | 0.1200 | – | – |
| Schwab U.S. Large-Cap ETF™ | SCHX | 0.1400 | – | – |
| Schwab U.S. Large-Cap Growth ETF™ | SCHG | 0.0500 | – | – |
| Schwab U.S. Large-Cap Value ETF™ | SCHV | 0.1800 | – | – |
| Schwab U.S. Small-Cap ETF™ | SCHA | 0.0700 | – | – |

* The ex-distribution date (or ex-date) is the date that shares in an ETF begin trading following the distribution. As a result, the per-share net asset value of an ETF will be reduced by the amount of the per-share distribution on that date. Shareholders purchasing shares of an ETF on or after the ex-date are not eligible to receive distributions.

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges, and expenses. You can obtain a prospectus by visiting www.schwabetfs.com. Please read the prospectus carefully before investing.

Investment returns will fluctuate and are subject to market volatility, so that an investor’s shares, when redeemed or sold, may be worth more or less than their original cost. Unlike mutual funds, shares of ETFs are not individually redeemable directly with the ETF. The information provided is not intended to be investment or tax advice.

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