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optionsXpress Holdings, Inc.
Form 425
March 21, 2011

Filed by The Charles Schwab Corporation

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12 under

the Securities Exchange Act of 1934

Subject Company: optionsXpress Holdings, Inc.

Commission File No.: 001-32419

This communication contains 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 include statements that refer to expectations, projections or other characterizations of future events or circumstances and are identified by words such as believe, anticipate, expect, estimate, intend, plan, may, aim, target, could, should, continue, build, improve, growth, increase, and other similar expressions. These forward-looking statements relate to the business combination transaction involving The Charles Schwab Corporation (Schwab) and optionsXpress Holdings, Inc. (optionsXpress), including expected synergies; timing of closing; client and stockholder benefits; management; accretion; growth; client retention; and merger-related charges which reflect management's beliefs, objectives and expectations as of the date hereof. Achievement of the expressed beliefs, objectives and expectations is subject to risks and uncertainties that could cause actual results to differ materially from those beliefs, objectives or expectations. Important transaction-related factors that may cause such differences include, but are not limited to, the risk that expected revenue, expense and other synergies from the transaction may not be fully realized or may take longer to realize than expected; the parties are unable to successfully implement their integration strategies; failure of the parties to satisfy the closing conditions in the merger agreement in a timely manner or at all, including regulatory approvals; failure of the optionsXpress stockholders to approve the merger; and disruptions to the parties' businesses as a result of the announcement and pendency of the merger. Other important factors include general market conditions, including the level of interest rates, equity valuations and trading activity; the parties' ability to attract and retain clients and grow client assets/relationships; competitive pressures on rates and fees; the level of client assets, including cash balances; the impact of changes in market conditions on money market fund fee waivers, revenues, expenses and pre-tax margins; capital needs; the parties' ability to develop and launch new products, services and capabilities in a timely and successful manner; the effect of adverse developments in litigation or regulatory matters; any adverse impact of financial reform legislation and related regulations; and other factors set forth in Schwab's and optionsXpress Annual Reports on Form 10-K for the fiscal year ended December 31, 2010. Schwab and optionsXpress disclaim any obligation and do not intend to update or revise any forward-looking statements.

In connection with the proposed transaction, Schwab will file with the Securities and Exchange Commission (SEC) a registration statement on Form S-4 that will include a proxy statement/prospectus for the stockholders of optionsXpress. optionsXpress will mail the final proxy statement/prospectus to its stockholders. Investors and security holders are urged to read the proxy statement/prospectus regarding the proposed transaction and other relevant documents filed with the SEC when they become available because they will contain important information. Copies of all documents filed with the SEC regarding the proposed transaction may be obtained, free of charge, at the SEC's website (<http://www.sec.gov>). These documents, when available, may also be obtained, free of charge, from Schwab's website, www.aboutschwab.com/investor, under the tab Financials and SEC Filings or from optionsXpress website, www.optionsXpress.com/investor, under the item SEC Filings.

Schwab, optionsXpress and their respective directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from the optionsXpress stockholders in respect of the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed to be participants in the solicitation of the stockholders of optionsXpress in connection with the proposed transaction will be set forth in the proxy statement/prospectus when it is filed with the SEC. Information about Schwab's executive officers and

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directors is available in Schwab's Annual Report on Form 10-K filed with the SEC on February 25, 2011 and Schwab's definitive proxy statement filed with the SEC on March 30, 2010. Information about optionsXpress' executive officers and directors is available in optionsXpress' definitive proxy statement filed with the SEC on April 15, 2010. You can obtain free copies of these documents from Schwab and optionsXpress using the contact information above.

The following is an investor presentation by Schwab and optionsXpress in connection with the proposed transaction.

Redefining Full-Service Investing
A Best-in-Class Trading Platform for Clients

2
Forward-Looking Statements
This
presentation
contains
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 include statements that refer to expectations, projections or other characterizations of future events or circumstances and are identified by words such as believe,

anticipate,
expect,
estimate,
intend,
plan,
will,
may,
aim,
target,
could,
should,
continue,
build,
improve,
growth,

increase , and other similar expressions. These forward-looking statements relate to the business combination transaction involving Schwab and optionsXpress, including expected synergies; timing of closing; client and stockholder benefits; management; accretion; growth; client retention; and merger-related charges. These forward-looking statements, which reflect management's beliefs, objectives and expectations as of today, are necessarily

estimates
based
on
the
best
judgment
of
the
companies
senior
management.
Achievement

of
the
expressed beliefs, expectations and objectives is subject to risks and uncertainties that could cause actual results to

differ materially from those beliefs, objectives or expectations.

Important factors that may cause such differences are discussed in Schwab's and optionsXpress filings with the

Securities and Exchange Commission, including their Annual Reports on Form 10-K. Other important transaction-related factors include, but are not limited to, the risk that expected revenue, expense and other synergies from the transaction may not be fully realized or may take longer to realize than expected; the parties are unable to successfully implement their integration strategies; failure of the parties to satisfy the closing conditions in the merger agreement in a

timely manner or at all, including regulatory approvals; failure of the optionsXpress stockholders

to approve the merger;

and disruptions to the parties

businesses as a result of the announcement and pendency of the merger. Other important factors include general market conditions, including the level of interest rates, equity valuations and trading activity;

the parties' ability to attract and retain clients

and
grow
client
assets/relationships;
competitive
pressures
on
rates and fees; the level of client assets, including cash balances; the impact of changes in market conditions on money
market
fund
fee
waivers,
revenues,
expenses
and
pre-tax
margins;
capital
needs;
the
parties
ability
to
develop
and
launch new products, services and capabilities in a timely and successful manner; the effect of unanticipated adverse
developments in litigation or regulatory matters; and any adverse impact of financial reform legislation and related
regulations.
The
information
in
this
presentation
speaks
only
as
of
March
21,
2011
(or
such
earlier
date
as
may
be
specified
herein).
The company makes no commitment to update any of this information.

3
Two financial services leaders are joining forces
The Charles Schwab Corporation, one of the nation's largest brokerage service providers
is acquiring
optionsXpress Holdings, Inc, a pioneer in online brokerage focused on derivatives
Unites
complementary

trading
platform
strengths
across
equities,
options
and
futures

Combines broad range of investment products and services with extensive trading tools,
analytics and education for the benefit of all investors

Increases stockholder value through enhanced growth and operating leverage

4

Transaction Summary

Structured as a stock-for-stock exchange

\$17.91 per share based on 3/18 close

1.02 shares of SCHW per share of OXPS

Approximately \$1.0 billion total purchase price

Purchase price implies valuation multiples of 10.0x and 8.6x 2011 and 2012 EBITDA, respectively

(1)

Targeted to close Q3 2011

Expected to be accretive (~1-2%) over first full year, including synergies in the valuable options and futures trading arena

Increases Schwab total DART by 15%

Approximately \$80 million in synergies

Voting agreement representing approximately 23% of outstanding shares

Requires approvals from regulators and optionsXpress stockholders; subject to customary closing conditions

(1) Based on I/B/E/S analyst consensus estimates.

5

The opportunity: derivatives trading volume continues to expand,

Source: OCC (options), BIS (futures), and Aite Group (forex).

Global Retail FX Trading Volumes (\$ in Billions)

Global Futures Volume

(Contracts in Millions)

U.S. Listed Equity Options

(Contracts in Millions)

CAGR = 21.0%

CAGR = 19.2%

0
1,000
3,000
4,000
5,000
6,000
7,000
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
0
500
1,000
1,500
2,000
2,500
3,000
3,500
4,000
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
\$0
\$20
\$40
\$60
\$80
\$100
\$120

\$140

\$160

\$180

2001

2010

CAGR = 35.9%

2,000

6

the investors using these instruments represent a large and valuable client segment

We believe there are 750K

1MM U.S. investors trading at least 120 times/year.

Estimated growth rates range into double digits

Compared

to
our
average
Investor
Services
client,
option
traders
at
Schwab
have:
3X the assets held at the company
2X the estimated assets held outside
6X the trading activity
2X the Schwab bank product utilization rate
25% longer Schwab tenure
Schwab clients are increasingly utilizing derivatives to generate income and mitigate risk, with
approximately 10% of DARTs coming from options.
4Q 2010 Options DARTs
45K
(000 s)
27K
0
10
20
30
40
50
SCHW
SCHW + OXPS
27K
27K
18K

7

and we recognize the importance of offering a full range of investment platform capabilities to meet client needs.

The
general
investor
population

needs
ease,
convenience
and
education

Schwab offers branch/phone/web access, a broad range of investment products and services including advice; integrated brokerage and banking capabilities; and a host of resources to help investors achieve better outcomes.

optionsXpress client-focused approach to derivatives trading includes all-in-one account functionality; a choice of platforms; and an extensive education program that includes tutorials, webinars and workshops.

Active investors need access to

a
full
suite
of
products
and
tools
and
the
ability
to

execute more complex transactions, without losing ease and convenience

Schwab's StreetSmart Edge is the company's most powerful, flexible and intuitive securities trading platform to date.

optionsXpress combines web-based, software and mobile applications; online trading tools that are both easy to use and powerful; and expert client support to help derivatives traders execute both the simplest and most sophisticated strategies.

8

optionsXpress is a pioneer in equity options and futures trading

Launched in 2001, headquartered in Chicago, 408 employees (Dec. 2010)

Leading online broker focusing on equity options, futures and foreign exchange

379K client accounts; \$7.8 billion client assets, 44K DARTs in 2010

Offers three distinct platforms

browser-based, downloadable software and mobile -
to provide a
range of solutions for retail active investors

Trade securities and futures from same platform

Culture
of
persistent
innovation

portfolio
margin,ing,
IDEAS,
Universal
Trade
Ticket
Education
Services
offers
a
range
of
education
products
covering
equities,
market
analysis,
options, financial planning and foreign exchange
Consistently top-rated by multiple publications
Commissions currently 2/3 of revenue, followed by education, interest and other

Options and futures account for over 75% of retail DARTs

9
that will help our combined organization offer active investors an
unparalleled level of service and platform capabilities.

A
more
flexible
&

extendable
technology
platform
that
positions
Schwab
to
better
meet
active investor client needs today and in the future.
Schwab
Strong equity trading
capabilities
Broad product lineup, including
mutual funds, ETFs and bonds
Range of help and advice
options
Relentless client focus
optionsXpress
Strong derivatives trading
capabilities
Options and futures, also
foreign exchange
Trading tools and education for
all experience levels
Relentless client focus

10
Pro
Forma
Client
and
Financial
Data

4Q
2010
Schwab
optionsXpress
Combined
Brokerage Accounts
7,998K
379K
8,377K
Client Assets
\$1,574.5B
\$7.8B
\$1,582.3B
DARTs
272K
43K
315K
Options/DARTs
10%
43%
14%
Trading Revenue
\$206
\$45
\$251
Total Revenue
\$1,127
\$56
\$1,183

11
Synergies and 2012 Accretion
Accretion

1-2%
based
on

issuing
approximately
60
million
shares

(1)
Total synergies = \$80 million in the first full year.
Expenses
25%

Public company expense, redundancies, duplicative project and marketing spend
Revenues
75%

Sweep cash
optionsXpress client cash balances roughly 40% of total client assets at
February 2010

Incremental options and futures trading by Schwab clients, portfolio margining offer,
incremental asset gathering / share-of-wallet among optionsXpress clients
Restructuring / merger-related charges = \$55 million.
optionsXpress will join Schwab Investor Services, initially maintaining brand and existing
operations
/
locations.
David
Fisher
will
continue
as
President
of
optionsXpress
and
be
named a Schwab Senior Vice President.

(1) Based on current fully-diluted shares of optionsXpress and 1.02 fixed exchange ratio.

12

This combination helps to build a best-in-class full-service investing experience.

Improves the organization's scale, long-term growth and client retention

Complementary strengths across equities, options and futures

optionsXpress

derivative trading tools, analytics and education, as well as foreign

exchange capabilities, for Schwab's existing client base
Schwab's breadth of products and services for optionsXpress clients

A
more
flexible
&
extendable
technology
platform
that
positions
Schwab
to
better
meet
active investor client needs today and in the future.

Redefining Full-Service Investing
A Best-in-Class Trading Platform for Clients

14

Additional Information

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all documents filed with the SEC regarding the proposed transaction may be obtained, free of charge, at the SEC's website

These documents, when available, may also be obtained, free of charge, from Schwab's website, under the tab

Financials and SEC Filings or from optionsXpress website, under the item SEC Filings.

Schwab, optionsXpress and their respective directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from the optionsXpress stockholders in respect of the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed to be participants in the solicitation of the stockholders of optionsXpress in connection with the proposed transaction will be set forth in the proxy statement/prospectus when it is filed with the SEC. Information about Schwab's executive officers and directors is available in Schwab's Annual Report on Form 10-K filed with the SEC on February 25, 2011 and Schwab's definitive proxy statement filed with the SEC on March 30, 2010. Information about optionsXpress

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(<http://www.sec.gov>).

www.aboutschwab.com/investor,

www.optionsXpress.com/investor,