E TRADE FINANCIAL CORP
Form 424B2
November 28, 2017
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Filed pursuant to Rule 424(b)2
Registration No. 333-203953

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Maximum Aggregate Offering Price**	**Amount of Registration Fee(1)**
Depositary Shares each representing 1/100th of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B	$300,000,000	$37,350.00

(1) Calculated pursuant to Rule 457(r) under the Securities Act of 1933, as amended

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Prospectus Supplement

(To Prospectus dated February 22, 2017)

E*TRADE Financial Corporation

300,000 Depositary Shares

Each Representing 1/100th of a Share of

Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B

Each of the 300,000 depositary shares offered hereby represents a 1/100th ownership interest in a share of our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B (Series B Preferred Stock), liquidation preference $100,000 per share (equivalent to $1,000 per depositary share), deposited with The Bank of New York Mellon, as depositary. The depositary shares are evidenced by depositary receipts. As a holder of depositary shares, you are entitled to all proportional rights and preferences of the Series B Preferred Stock (including dividend, voting, redemption and liquidation rights). You must exercise such rights through the depositary.

Holders of Series B Preferred Stock will be entitled to receive dividend payments only when, as and if declared by our Board of Directors or a duly authorized committee of the Board of Directors. Any such dividends will be payable at a fixed rate per annum equal to 5.30% from the original issue date to, but excluding, March 15, 2023 and thereafter at a floating rate per annum equal to the three-month U.S. dollar LIBOR on the related dividend determination date plus 3.16%. Any such dividends will be payable from the date of original issue on a non-cumulative basis, semi-annually in arrears on the 15th day of March and September of each year, commencing on September 15, 2018 and ending on March 15, 2023, and thereafter quarterly in arrears on the 15th day of March, June, September and December of each year (each, a dividend payment date). Payment of dividends on the Series B Preferred Stock is subject to certain legal, regulatory and other restrictions as described elsewhere in this prospectus supplement.

In the event dividends are not declared on Series B Preferred Stock for payment on any dividend payment date, then those dividends will not be cumulative and will cease to accrue or be payable. If we have not declared a dividend before the dividend payment date for any dividend period, we will have no obligation to pay dividends accrued for that dividend period, whether or not dividends on the Series B Preferred Stock are declared for any future dividend period.

We may, at our option, redeem the shares of Series B Preferred Stock (i) in whole or in part, from time to time, on any dividend payment date on or after March 15, 2023 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements as described under Description of Series B Preferred Stock Redemption, in each case, at a redemption price of $100,000 per share (equivalent to $1,000 per depositary share), plus any declared

and unpaid dividends, without accumulation of any undeclared dividends. The Series B Preferred Stock will not have voting rights, except as set forth herein under Description of Series B Preferred Stock Voting Rights.

We do not intend to apply for listing of the depositary shares or Series B Preferred Stock on any securities exchange or for inclusion of the depositary shares or Series B Preferred Stock in any automated quotation system. Currently there is no public market for the depositary shares or Series B Preferred Stock.

The shares of Series B Preferred Stock and the depositary shares are not deposits or savings accounts. Neither of these securities are insured by the Federal Deposit Insurance Corporation or by any other governmental agency or instrumentality nor are they obligations of, or guaranteed by, a bank.

Investing in the depositary shares involves risks that are described in the Risk Factors section beginning on page S-11 of this prospectus supplement.

	Per Depositary Share	Total
Public offering price (1)	$ 1,000	$ 300,000,000
Underwriting discount	$ 12.50	$ 3,750,000
Proceeds, before expenses, to E*TRADE	$ 987.50	$ 296,250,000

(1) Does not include accrued dividends, if any, that may be declared. Dividends in respect of the first scheduled dividend payment date, if declared, will accrue from the date of original issuance, which is expected to be December 6, 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the depositary shares 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., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about December 6, 2017, which is the seventh business day following the date of this prospectus supplement

Joint Book-Running Managers

Credit Suisse	**J.P. Morgan**	**Wells Fargo Securities**
	Co-Managers	

BofA Merrill Lynch	**Barclays**	**Goldman Sachs & Co. LLC**	**Morgan Stanley**	**US Bancorp**

The date of this prospectus supplement is November 27, 2017

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Prospectus Supplement

Prospectus

We have not authorized anyone to provide you any information other than that contained in this prospectus supplement, the accompanying prospectus, any related free writing prospectus issued by us (which we refer to as a Company free writing prospectus) and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give to you. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement, the

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accompanying prospectus, any related Company free writing prospectus or any document incorporated herein or therein by reference is accurate as of any date other than its date. Also, you should not assume that there has been no change in the affairs of E*TRADE since the date of this prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (the SEC), utilizing a shelf registration process. This document contains two parts. The first part consists of this prospectus supplement, which provides you with specific information about the depositary shares representing Series B Preferred Stock that we are selling in this offering and about the offering itself. The second part, the accompanying prospectus dated February 22, 2017, provides more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us and other information you should know before investing in the depositary shares representing Series B Preferred Stock. Before purchasing any depositary shares, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading Where You Can Find More Information.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Certain information included in this prospectus supplement, the accompanying prospectus and the documents we incorporate herein or therein by reference may be deemed to be 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). Statements that are not statements of historical facts are hereby identified as forward-looking statements for these purposes. In particular, statements in this prospectus supplement related to our proposed acquisition of Trust Company of America, Inc. (TCA) and its benefits and timing, and our proposed use of proceeds from this offering, as well as statements that we make under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2016 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017 relating to our future plans, objectives, outlook, strategies, expectations and intentions relating to our business and future financial and operating results and the assumptions that underlie these matters, including statements regarding our business strategy, our objectives and vision, our plans and ability to deliver new products and solutions, our ability to improve client acquisition and deepen relationships with existing clients, our ability to effectively monetize brokerage relationships by investing in agency mortgage-backed securities, our capital plan initiatives, the expected balance sheet size, any balance sheet growth and the incremental regulatory and reporting requirements that our balance sheet size and growth may require, repurchases of our common stock, payment of dividends on our preferred stock, our ability to maintain required regulatory capital ratios, our plans for the payment of dividends from our subsidiaries to our parent company, our ability to identify and manage risks appropriately, our plans to run off our legacy mortgage and consumer loan portfolio and any other statement that is not historical in nature, are forward-looking statements. When used or incorporated by reference in this document, the words may, believe, expect, intend, anticipate, estimate, project, plan, should and similar expression identify forward-looking statements. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements.

These statements are based on assumptions and assessments made by our management in light of their experience and their perception of market conditions, historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements. Except as expressly stated herein, we

disclaim any duty to update any forward-looking statements.

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Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements are set forth under Risk Factors in this prospectus supplement and under the headings Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2016 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017, including the following:

- adverse changes in general business, economic and political conditions;
- performance, volume and volatility in the equity, fixed income and capital markets;
- our potential inability to manage the effects of changes in interest rates;
- customer demand for financial products and services and our potential inability to retain our current customer assets and accounts;
- our potential inability to compete effectively;
- cyber security threats, potential system disruptions and other security breaches or incidents;
- our potential inability to participate in consolidation opportunities in our industry or to realize synergies or implement integration plans;
- our potential inability to complete our proposed acquisition of TCA, or to achieve the expected synergies or other benefits of the acquisition within the anticipated timeframe, or at all, or any potential liabilities that we may inherit or incur as a result of the acquisition of TCA;
- our potential inability to service our indebtedness and, if necessary, to raise sufficient additional capital, and the potential negative regulatory consequences that may result therefrom;
- adverse changes in governmental regulations or enforcement practices, including those that may result from the implementation and enforcement of regulatory reform legislation and the fiduciary rule promulgated by the Department of Labor;
- our potential inability to move capital to our parent company from our subsidiaries;

liabilities and costs associated with investigations and lawsuits and adverse developments in litigation;

the timing and duration of, and the amount of shares repurchased and amount of cash expended in connection with, our stock repurchase program; and

other factors described elsewhere in this prospectus supplement or the accompanying prospectus or in our current and future filings with the SEC.

We do not undertake any obligation, other than as required by law, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, future risks or otherwise. New information, future events or future risks may cause the forward-looking events we discuss in this prospectus supplement, the accompanying prospectus or the incorporated documents not to occur.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. It does not contain all the information that you may consider important in making your investment decision. Therefore, you should read the entire prospectus supplement and the accompanying prospectus and the information incorporated by reference herein and therein carefully, including in particular the Risk Factors sections included and incorporated by reference in this prospectus supplement and the consolidated financial statements and related notes incorporated by reference in this prospectus supplement. Unless otherwise indicated or the context otherwise requires, the terms we, our, us, the Company and E*TRADE refer to E*TRADE Financial Corporation and its subsidiaries. References to the parent company are to E*TRADE Financial Corporation but not its subsidiaries. Unless otherwise indicated or the context otherwise requires, the term depositary share or depositary shares as used in this prospectus supplement refers to the depositary shares representing the Series B Preferred Stock offered hereby.

Overview

We are a financial services company that provides online brokerage and related products and services primarily to individual retail investors. Founded on the principle of innovation, we aim to enhance the financial independence of traders and investors through a powerful digital experience that includes tools and educational material, supported by professional guidance, to help individual investors and traders meet their near- and long-term investing goals. We provide these services to customers through our digital platforms and network of industry-licensed customer service representatives and financial consultants, over the phone and by email at two national branches and in-person at 30 regional branches across the United States. We operate federally chartered savings banks with the primary purpose of maximizing the value of deposits generated through our brokerage business.

Our corporate offices are located at 11 Times Square, 32nd Floor, New York, New York 10036. We were incorporated in California in 1982 and reincorporated in Delaware in July 1996. We had approximately 3,600 employees at September 30, 2017. We operate directly and through several subsidiaries, many of which are overseen by governmental and self-regulatory organizations. Our most important subsidiaries are described below:

E*TRADE Securities LLC is a registered broker-dealer that clears and settles securities transactions for its customers. Our legacy clearing firm, E*TRADE Clearing LLC, was merged into E*TRADE Securities LLC effective October 1, 2016. Additionally, on August 7, 2017, Aperture, LLC (dba OptionsHouse), which was acquired by the Company on September 12, 2016, was renamed E*TRADE Futures LLC.

E*TRADE Bank and its subsidiary E*TRADE Savings Bank are federally chartered savings banks which provide our customers with Federal Deposit Insurance Corporation insurance on qualifying amounts of customer deposits and other banking and cash management capabilities. We utilize our bank structure to effectively monetize the value of brokerage deposits.

E*TRADE Financial Corporate Services is a provider of software and services for managing equity compensation plans to our corporate clients.

Delivering a powerful digital offering to our customers is a core pillar of our business strategy. We believe our focus on being a digital leader in the financial services industry is a competitive advantage. Our hybrid service delivery

model is available through the following award-winning digital platforms: our website at *www.etrade.com*, E*TRADE mobile applications and our active trading platform. These digital platforms are complemented by our offline channels, which include our network of customer service representatives and

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financial consultants and our 24/7 customer service available via phone, email and online at our two national branches and in person through our 30 regional branches. Information on or accessible through our website is not a part of this prospectus supplement.

Announced Trust Company of America acquisition

On October 19, 2017, we announced that we had entered into an agreement to acquire Trust Company of America, Inc. (TCA), a leading provider of technology solutions and custody services to the registered investment adviser market, for $275 million in cash. We intend to fund the purchase price with the net proceeds of the offering. The acquisition is expected to close in the first half of 2018, subject to customary closing conditions and regulatory approvals.

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THE OFFERING

The following summary contains basic information about the depositary shares representing Series B Preferred Stock offered hereby and is not intended to be complete. For a more complete understanding of the depositary shares and the Series B Preferred Stock, please refer to Description of Series B Preferred Stock and Description of Depositary Shares. For purposes of the following summary, references to the Company, we, us and our refer to E*TRADE Financial Corporation and its successors, in each case excluding its subsidiaries.

Issuer	E*TRADE Financial Corporation.
Securities Offered	300,000 depositary shares each representing a 1/100th ownership interest in a share of our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B, $0.01 par value, with a liquidation preference of $100,000 (equivalent to $1,000 per depositary share). Each holder of a depositary share will be entitled, through the depositary, in proportion to the applicable fraction of a share of Series B Preferred Stock represented by such depositary share, to all the rights and preferences of the Series B Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights), as provided in the deposit agreement (as hereinafter defined). We may from time to time elect to issue additional depositary shares representing additional shares of the Series B Preferred Stock, and all the depositary shares would be deemed to form a single series representing the Series B Preferred Stock.
Dividends	Holders of Series B Preferred Stock will be entitled to receive dividend payments only when, as and if declared by our Board of Directors or a duly authorized committee of our Board of Directors. Any such dividends will be payable at a fixed rate per annum equal to 5.30% from the original issue date to, but excluding, March 15, 2023 (the fixed rate period) and thereafter at a floating rate per annum equal to the three-month U.S. dollar LIBOR on the related dividend determination date plus 3.16% (the floating rate period). Any such dividends will be payable on a non-cumulative basis, from the date of original issue to and excluding March 15, 2023, semi-annually in arrears on March 15 and September 15, commencing on September 15, 2018, and thereafter quarterly in arrears on the 15th day of March, June, September and December of each year and will be distributed to holders of depositary shares in the manner described under Description of Depositary Shares Dividends and Other Distributions below.

LIBOR for each dividend period during the floating rate period will be the rate for deposits in U.S. dollars for a period of three months, commencing on the first day of such dividend period, that appears on Reuters screen page LIBOR01, or any successor page, at approximately 11:00 a.m., London time, on the second London business day immediately preceding the first day of such dividend

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period, except in the circumstances described under Description of Series B Preferred Stock Dividends below.

A dividend period is the period from and including a dividend payment date to but excluding the next dividend payment date or any earlier redemption date, except that the initial dividend period will commence on and include the original issue date of the Series B Preferred Stock and will end on and exclude the September 15, 2018 dividend payment date.

Dividends on the Series B Preferred Stock will not be cumulative. If our Board of Directors (or a duly authorized committee of the Board of Directors) has not declared a dividend before the dividend payment date for any dividend period, we will have no obligation to pay dividends accrued for such dividend period after the dividend payment date for that dividend period, whether or not dividends on the Series B Preferred Stock are declared for any future dividend period. References to the accrual of dividends in this prospectus supplement refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

Payment of dividends on the Series B Preferred Stock is subject to certain legal, regulatory and other restrictions described under Risk Factors Risks Relating to the Depositary Shares and Series B Preferred Stock Our ability to pay dividends on the Series B Preferred Stock depends upon the results of operations of our subsidiaries and Risk Factors Our ability to pay dividends on the Series B Preferred Stock may be limited by extensive and changing regulatory considerations and Description of Series B Preferred Stock Dividends below.

The Series B Preferred Stock will be junior as to payment of dividends to any class or series of our preferred stock that is expressly stated to be senior as to payment of dividends to the Series B Preferred Stock (issued with the requisite consent of the holders of the Series B Preferred Stock). If at any time we have failed to pay, on the scheduled payment date, accrued dividends on any shares that rank senior in priority to the Series B Preferred Stock with respect to dividends, we may not pay any dividends on the Series B Preferred Stock or redeem or otherwise repurchase any shares of Series B Preferred Stock until we have paid or set aside for payment the full amount of the unpaid dividends on the shares that rank senior in priority with respect to dividends that must, under the terms of such shares, be paid before we may pay dividends on, or redeem or repurchase, the Series B Preferred Stock.

So long as any share of Series B Preferred Stock remains outstanding, no dividend or distribution shall be paid or declared or funds set aside for payment on our junior stock (as defined below), and no junior stock shall be purchased, redeemed or otherwise acquired for

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consideration by us, directly or indirectly, and no shares of parity stock shall be repurchased, redeemed or otherwise acquired for consideration by us, other than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series B Preferred Stock and such parity stock during a dividend period, unless the full dividends for the latest completed dividend period on all outstanding shares of Series B Preferred Stock have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside).

The foregoing limitation with respect to junior stock does not apply to:

repurchases, redemptions or other acquisitions of shares of junior stock of E*TRADE Financial Corporation in connection with (1) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants or (2) a dividend reinvestment plan or stockholder stock purchase plan;

purchases or repurchases of shares of our junior stock pursuant to a contractually binding requirement to buy junior stock existing prior to the commencement of the then-current dividend period, including under a contractually binding stock repurchase plan;

an exchange, redemption, reclassification or conversion of any class or series of E*TRADE Financial Corporation s junior stock for any class or series of E*TRADE Financial Corporation s junior stock;

the purchase of fractional interests in shares of E*TRADE Financial Corporation s junior stock under the conversion or exchange provisions of the junior stock or the security being converted or exchanged;

any declaration of a dividend payable solely in junior stock in connection with any stockholders rights plan, or the issuance of rights, stock or other property under any stockholders rights plan (so long as such right to stock or other property only consists of junior stock or the right to purchase junior stock), or the redemption or repurchase of rights pursuant to the plan; or

any dividend in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the

dividend is being paid or ranks equal or junior to that stock.

The foregoing limitation with respect to parity stock does not apply to:

purchases or repurchases of shares of our parity stock pursuant to a contractually binding requirement to buy parity stock existing prior to the commencement of the then-current dividend period, including under a contractually binding stock repurchase plan;

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an exchange, redemption, reclassification or conversion of any class or series of E*TRADE Financial Corporation s parity stock for any class or series of E*TRADE Financial Corporation s parity stock;

the purchase of fractional interests in shares of E*TRADE Financial Corporation s parity stock under the conversion or exchange provisions of the parity stock or the security being converted or exchanged; or

any dividend in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equal or junior to that stock.

In addition, the foregoing limitation shall not restrict the ability of us or any of our affiliates (i) to engage in any market-making transactions in our junior stock or parity stock in the ordinary course of business or (ii) to acquire record ownership in junior stock or parity stock for the beneficial ownership of any other persons (other than for the beneficial ownership by us or any of our subsidiaries), including as trustees or custodians.

For the avoidance of doubt, the foregoing limitation shall not restrict us from taking any of the actions set forth above after the original issue date of the Series B Preferred Stock and prior to the first dividend payment date on the Series B Preferred Stock.

As used in this prospectus supplement, junior stock means any class or series of capital stock of E*TRADE Financial Corporation that ranks junior to the Series B Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of E*TRADE Financial Corporation. Junior stock includes our common stock.

When dividends are not paid in full upon the shares of Series B Preferred Stock and any shares of parity stock (as defined below), all dividends declared with respect to shares of Series B Preferred Stock and all such parity stock for such dividend period shall be declared *pro rata* so that the respective amounts of such dividends shall bear the same ratio to each other as all accrued but unpaid dividends per share on the shares of Series B Preferred Stock for such dividend period and all such parity stock for such dividend period bear to each other.

As used in this prospectus supplement, parity stock means any other class or series of stock of E*TRADE Financial Corporation that ranks equally with the Series B Preferred Stock in the payment of dividends (whether cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of E*TRADE Financial Corporation. Parity stock includes our

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	previously issued Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A, liquidation preference $1,000 per share (Series A Preferred Stock).
	Subject to the foregoing, dividends (payable in cash, stock or otherwise) may be determined by the Board of Directors (or a duly authorized committee of the Board of Directors) and may be declared and paid on our common stock and any stock ranking, as to dividends, equally with or junior to the Series B Preferred Stock from time to time out of any funds legally available for such payment, and the shares of the Series B Preferred Stock shall not be entitled to participate in any such dividend.
Dividend Payment Dates	Any dividends will be payable on a non-cumulative basis, from the date of original issue, semi-annually in arrears on March 15 and September 15, commencing on September 15, 2018 and ending on March 15, 2023, and thereafter quarterly in arrears on the 15th day of March, June, September and December of each year. If any scheduled dividend payment date up to and including the March 15, 2023 scheduled dividend payment date is not a business day, then the payment will be made on the next succeeding business day and no additional dividends will accrue as a result of that postponement. If any scheduled dividend payment date thereafter is not a business day, then the dividend payment date will be postponed to the next succeeding business day unless such day falls in the next calendar month, in which case the dividend payment date will be brought forward to the immediately preceding day that is a business day, and, in either case, dividends will accrue to, but excluding, the date dividends are paid. Business day means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.
Redemption	The Series B Preferred Stock is perpetual and has no maturity date. We may, at our option, redeem the shares of the Series B Preferred Stock (i) in whole or in part, from time to time, on any dividend payment date on or after March 15, 2023 or (ii) in whole but not in part at any time within 90 days following a Regulatory Capital Treatment Event (as defined in Description of Series B Preferred Stock Redemption below), in each case, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends to, but excluding, the date fixed for redemption, without accumulation of any undeclared dividends. If we redeem the Series B Preferred Stock in whole or in part, the depositary will redeem a proportionate number of depositary shares.

Neither the holders of Series B Preferred Stock nor the holders of the depositary shares will have the right to require the redemption or repurchase of the Series B Preferred Stock.

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	Redemption of Series B Preferred Stock is subject to certain legal, regulatory and other restrictions described under Description of Series B Preferred Stock Redemption below.
Liquidation Rights	Upon any voluntary or involuntary liquidation, dissolution or winding up of E*TRADE Financial Corporation, holders of shares of Series B Preferred Stock are entitled to receive out of assets of E*TRADE Financial Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors, if any, before any distribution of assets is made to holders of our common stock or of any other class or series of our capital stock ranking junior as to such a distribution to the Series B Preferred Stock, $100,000 per share (equivalent to $1,000 per depositary share) plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Distributions will be made only to the extent of E*TRADE Financial Corporation s assets that are available after satisfaction of all liabilities to creditors, if any (pro rata as to the Series B Preferred Stock and any other shares of our stock ranking equally as to such distribution). See Description of Series B Preferred Stock Liquidation Rights below.
Voting Rights	None, except with respect to certain changes in the terms of the Series B Preferred Stock and in the case of certain dividend non-payments. See Description of Series B Preferred Stock Voting Rights below. Holders of depositary shares must act through the depositary to exercise any voting rights, as described under Description of Depositary Shares Voting the Series B Preferred Stock below.
Ranking	Shares of the Series B Preferred Stock will rank (i) senior to our common stock and any class or series of our capital stock expressly stated to be junior to the Series B Preferred Stock, (ii) junior to any class or series of our capital stock expressly stated to be senior to the Series B Preferred Stock (issued with the requisite consent of the holders of the Series B Preferred Stock) and (iii) equally with our Series A Preferred Stock and each other class or series of preferred stock we may issue that is not expressly stated to be senior or junior to the Series B Preferred Stock, with respect to the payment of dividends or the distribution of assets upon our liquidation, dissolution or winding up. We will generally be able to pay dividends and distributions upon our liquidation, dissolution or winding up only out of lawfully available funds for such payment (i.e., after taking account of all indebtedness and other non-equity or other senior claims).

We are not restricted from issuing additional Series B Preferred Stock or depositary shares representing Series B Preferred Stock or securities similar to such Series B Preferred Stock or depositary shares, including any securities that are convertible into or exchangeable for, or that represent the right to receive, Series B Preferred Stock or depositary shares.

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Maturity	The Series B Preferred Stock does not have any maturity date, and we are not required to redeem or repurchase the Series B Preferred Stock. Accordingly, the Series B Preferred Stock will remain outstanding indefinitely, unless and until we decide to redeem it and receive prior approval of the Board of Governors of the Federal Reserve System (Federal Reserve) (or any successor appropriate federal banking agency) to do so, if then required by applicable law.
Preemptive and Conversion Rights	None.
Listing	We do not intend to apply for listing of the depositary shares or Series B Preferred Stock on any securities exchange or interdealer market quotation system.
CUSIP / ISIN	269246BR4 / US269246BR45
Risk Factors	You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein. In particular, you should evaluate the information set forth under Cautionary Statement Concerning Forward-Looking Statements and Risk Factors in this prospectus supplement before deciding whether to invest in the depositary shares. See Risk Factors beginning on page S-11 of this prospectus supplement for important information regarding us and an investment in the depositary shares representing the Series B Preferred Stock.
Tax Consequences	Subject to applicable limitations and restrictions, dividends paid to corporate U.S. Holders (as defined in Material U.S. Federal Tax Consequences below) will be eligible for the dividends-received deduction. Dividends paid to a Non-U.S. Holder (as defined in Material U.S. Federal Tax Consequences below) generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. For further discussion of the tax consequences relating to the depositary shares, see Material U.S. Federal Tax Consequences below.
Use of Proceeds	We estimate that the net proceeds from the sale of the depositary shares representing interests in the Series B Preferred Stock will be approximately $295 million after deducting the underwriters discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering to fund our acquisition of TCA, and intend to use any remaining proceeds for general corporate

	purposes. If the acquisition of TCA is not consummated, we intend to use the net proceeds of this offering for general corporate purposes, which may include acquisitions or other investment opportunities. However, other than our agreement to acquire TCA, we currently have no agreements or commitments with respect to any material acquisition.
Transfer Agent, Registrar and Depositary	The Bank of New York Mellon

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Calculation Agent	We will appoint a calculation agent for the Series B Preferred Stock prior to the commencement of the floating rate period. We may appoint ourselves or an affiliate of ours as calculation agent.

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RISK FACTORS

Unless otherwise indicated or the context otherwise requires, the terms we, our, us, the Company and E*TRADE this Risk Factors section refer to E*TRADE Financial Corporation and its subsidiaries. Under the heading Risks Relating to the Depositary Shares and Series B Preferred Stock, the terms we, our, us and E*TRADE refer to E*TRADE Financial Corporation, the issuer of the Series B Preferred Stock, and not to its subsidiaries. References to the parent company in this Risk Factors section are to E*TRADE Financial Corporation but not its subsidiaries.

Definitions for certain terms used under the heading Risks Relating to the Depositary Shares and Series B Preferred Stock but not defined therein are found below in this prospectus supplement under Description of Series B Preferred Stock.

In considering whether to purchase any depositary shares representing fractional interests of our Series B Preferred Stock, you should carefully consider all the information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors described below, which are not exhaustive.

Risks Relating to the Depositary Shares and Series B Preferred Stock

You are making an investment decision with respect to the depositary shares as well as the Series B Preferred Stock.

We are issuing fractional interests in shares of Series B Preferred Stock in the form of depositary shares. Accordingly, the depositary will rely on the payments it receives on the Series B Preferred Stock to fund all payments on the depositary shares. You should carefully review the information in the accompanying prospectus and in this prospectus supplement regarding both of these securities.

The Series B Preferred Stock is equity and is subordinate to our existing and future indebtedness.

The shares of Series B Preferred Stock are equity interests in E*TRADE and do not constitute indebtedness. As such, the shares of Series B Preferred Stock will rank junior to all indebtedness and other non-equity claims on E*TRADE with respect to assets available to satisfy claims on E*TRADE Financial Corporation, including in the event of a liquidation of E*TRADE. As of September 30, 2017, the total principal amount of corporate debt at E*TRADE is $1.0 billion. Additionally, unlike indebtedness, where principal and interest would customarily be payable on specified due dates, in the case of preferred stock like the Series B Preferred Stock (1) dividends are payable only when, as and if declared by our Board of Directors (or a duly authorized committee of the Board of Directors), (2) as a corporation, we are subject to restrictions on payments of dividends and any redemption price out of lawfully available funds and (3) as a savings and loan holding company, our ability to declare and pay dividends is subject to the oversight of the Federal Reserve.

The Series B Preferred Stock may be subordinate to other preferred stock we may issue in the future.

The Series B Preferred Stock will be junior as to payment of dividends to any class or series of our preferred stock that may be issued (with the requisite consent of the holders of the Series B Preferred Stock) in the future that is expressly stated to be senior as to payment of dividends to the Series B Preferred Stock. If at any time we have failed to pay, on the applicable payment date, accrued dividends on any of those shares that rank senior in priority with respect to dividends, we may not pay any dividends on the Series B Preferred Stock or redeem or otherwise repurchase any shares of Series B Preferred Stock until we have paid or set aside for payment the full amount of the unpaid dividends on the shares that rank senior in priority with respect to dividends that must, under the terms of such

shares, be paid before we may pay dividends on, or redeem or repurchase, the Series B Preferred Stock. In addition, in the event of any liquidation, dissolution or winding up of E*TRADE, holders of

the Series B Preferred Stock will not be entitled to receive the liquidation preference of their shares until we have paid or set aside an amount sufficient to pay in full the liquidation preference of any class or series of our capital stock ranking senior as to rights upon liquidation, dissolution or winding up.

Dividends on the Series B Preferred Stock are discretionary and non-cumulative.

Dividends on the Series B Preferred Stock are discretionary and non-cumulative. Consequently, if our Board of Directors (or a duly authorized committee of the Board of Directors) does not authorize and declare a dividend for any dividend period, holders of the Series B Preferred Stock would not be entitled to receive any such dividend, and such unpaid dividend will cease to accrue or be payable. We will have no obligation to pay dividends accrued for a dividend period after the dividend payment date for such period if our Board of Directors (or a duly authorized committee of the Board of Directors) has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to the Series B Preferred Stock or any other preferred stock we may issue.

Our ability to pay dividends on the Series B Preferred Stock depends upon the results of operations of our subsidiaries.

Our ability to declare and pay dividends is primarily dependent on the receipt of dividends, distributions and other payments from our subsidiaries. Payments of dividends and distributions to us by our subsidiaries will be contingent upon our subsidiaries earnings, business considerations, compliance with debt instruments at those subsidiaries and various regulatory considerations, including regulatory approval for dividends paid to us by E*TRADE Bank and regulatory notification for dividends paid by our broker-dealer subsidiaries.

Our ability to pay dividends on the Series B Preferred Stock is subject to restrictions and may in the future be further limited by changing regulatory considerations.

We are subject to extensive laws, regulations and rules, both in the United States and internationally, that may limit directly or indirectly the payment of dividends on the Series B Preferred Stock.

In particular, the Federal Reserve, Office of the Comptroller of the Currency (OCC) and FDIC have authority to prohibit or to limit the payment of dividends by the banking organizations they supervise, including, for example, the parent company, if in the relevant banking regulator s opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization, or if the parent company would not be at least adequately capitalized following the distribution. For information on potential restrictions on issuances of dividends by our banking subsidiary, see Risk Factors We conduct all of our operations through subsidiaries and rely on dividends from our subsidiaries for a substantial amount of our cash flows in our Annual Report on Form 10-K for the year ended December 31, 2016. In addition, although as a savings and loan holding company the parent company currently is not subject to the Federal Reserve s Comprehensive Capital Analysis and Review (CCAR) rule, the Federal Reserve may in the future require us to comply with the CCAR process or some modified version of the CCAR process. Under CCAR, the Federal Reserve measures the minimum capital requirement levels of an institution under various stress scenarios. Further, as a savings and loan holding company the parent company currently is not subject to the Federal Reserve s capital planning rule, the parent company may in the future be required to prepare and submit a form of capital plan to the Federal Reserve, and we may be required to seek the Federal Reserve s review and approval of our capital plan consistent with the capital planning rule. To the extent we are made subject to the CCAR process or the capital planning rule, our ability to return capital to shareholders or to reinvest capital in our business may be curtailed.

In addition, we surpassed $50 billion in total consolidated assets on a four quarter average basis in the first quarter of 2017. Total consolidated assets of $50 billion, which is measured in accordance with each applicable regulation, but generally on the basis of the average of the four most recent quarters, is a meaningful regulatory

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threshold as U.S. banking organizations that reach that size become subject to a number of additional and, in some cases, more stringent regulatory requirements, including modified liquidity coverage ratio and stress testing requirements. We expect these regulatory requirements, not all of which have been finalized, to start becoming applicable to us in 2018. Compliance with these regulations may create further constraints on our ability to pay dividends.

If LIBOR is discontinued, dividends on the Series B Preferred Stock during the floating rate period may be calculated using another base rate.

On July 27, 2017, the Chief Executive of the U.K. Financial Conduct Authority (the FCA), which regulates the London Interbank Offered Rate (LIBOR), announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR (including the three-month LIBOR rate) after 2021. Such announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Based on the foregoing, it appears likely that LIBOR will be discontinued or modified by 2021. Under the terms of the Series B Preferred Stock, the dividend rate on the Series B Preferred Stock for each dividend period during the floating rate period is based on three-month LIBOR. If the calculation agent is unable to determine three-month LIBOR based on screen-based reporting of that base rate, and if the calculation agent is also unable to obtain suitable quotations for three-month LIBOR from reference banks, then the calculation agent will determine three-month LIBOR after consulting such sources as it deems comparable or reasonable. In addition, if the calculation agent determines that three-month LIBOR has been discontinued, then the calculation agent will determine whether to calculate the relevant dividend rate using a substitute or successor base rate that it has determined in its sole discretion is most comparable to three-month LIBOR, provided that if the calculation agent determines there is an industry-accepted successor base rate, the calculation agent will use that successor base rate. In such instances, the calculation agent in its sole discretion may determine what business day convention to use, the definition of business day, the dividend determination date to be used and any other relevant methodology for calculating such substitute or successor base rate, including any adjustment factor needed to make such substitute or successor base rate comparable to the LIBOR base rate, in a manner that is consistent with industry-accepted practices for such substitute or successor base rate, with respect to the calculation of dividends on the Series B Preferred Stock during the floating rate period. Any of the foregoing determinations or actions by the calculation agent could result in adverse consequences to the applicable dividend rate on the Series B Preferred Stock during the floating rate period, which could adversely affect the return on, value of and market for the Series B Preferred Stock and the depositary shares. The calculation agent has not been appointed, and we will appoint a calculation agent prior to the commencement of the floating rate period.

Regulation and reform of interest rate benchmarks, including LIBOR, may cause such benchmarks to perform differently than in the past, to disappear entirely or to have other consequences which cannot be predicted.

LIBOR and other interest rate, equity, foreign exchange rate and other types of indices which are deemed to be benchmarks are the subject of recent international, national and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the return on, value of and market for the Series B Preferred Stock and the depositary shares. Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of LIBOR and other benchmarks could increase the costs and risks of administering or otherwise participating in the setting of such benchmarks and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks. In particular, changes in the manner of administration of LIBOR could result in adverse consequences to the applicable dividend rate on the Series B Preferred Stock during the floating rate period,

which could adversely affect the return on, value of and market for the Series B Preferred Stock and the depositary shares.

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The Series B Preferred Stock will be subordinated to the obligations of our subsidiaries.

We are a savings and loan holding company and conduct substantially all of our operations through our subsidiaries. Our right to receive any assets of any of our subsidiaries upon their liquidation, reorganization or otherwise, and thus your ability to benefit indirectly from such distribution as a holder of depositary shares representing a factional interest in the Series B Preferred Stock, will be subject to the prior claims of the subsidiaries creditors. Even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of those subsidiaries and any indebtedness of those subsidiaries senior to that held by us. Also as of September 30, 2017, our subsidiaries had $11.0 billion of indebtedness and other liabilities (including $0.2 billion of secured indebtedness), plus deposits, which were $41.5 billion, to which the Series B Preferred Stock would have been structurally subordinated.

General market conditions and unpredictable factors could adversely affect market prices for the depositary shares.

There can be no assurance about the market prices for the depositary shares. Several factors, many of which are beyond our control, will influence the market value of the depositary shares representing Series B Preferred Stock. Factors that might influence the market value of the depositary shares include:

whether dividends have been declared and are likely to be declared on the Series B Preferred Stock from time to time;

our operating performance, financial condition and prospects, or the operating performance, financial condition and prospects of our competitors;

our creditworthiness;

the ratings given to our securities by credit rating agencies, including any ratings given to the depositary shares or Series B Preferred Stock;

changes in interest rates;

the market for similar securities; and

economic, financial, geopolitical or regulatory events that affect us or the financial markets generally.

Accordingly, the depositary shares that you purchase, whether in this offering or in the secondary market, may trade at a discount to the price that you paid for such shares.

The depositary shares and the Series B Preferred Stock may not have an active trading market.

The depositary shares and the Series B Preferred Stock are new issue securities with no established trading market and we do not intend to apply for listing of the depositary shares or the Series B Preferred Stock on any securities exchange or for inclusion in any automated quotation system. There may be little or no secondary market for the depositary shares. Even if a secondary market for the depositary shares develops, it may not provide significant liquidity and transaction costs in any secondary market could be high. As a result, the difference between bid and asked prices in any secondary market could be substantial. We do not expect that there will be any separate trading market for the shares of the Series B Preferred Stock except as represented by the depositary shares.

Investors should not expect us to redeem the Series B Preferred Stock on or after the date it becomes redeemable at our option and our ability to redeem the Series B Preferred Stock will be subject to the prior approval of the Federal Reserve.

The Series B Preferred Stock will be a perpetual equity security. This means that it will have no maturity or mandatory redemption date and will not be redeemable at the option of the holders. The Series B Preferred Stock

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may be redeemed by us at our option (i) either in whole or in part, from time to time, on any dividend payment date on or after March 15, 2023 or (ii) in whole but not in part, at any time within 90 days following a Regulatory Capital Treatment Event (as defined in Description of Series B Preferred Stock Redemption below). Any decision we may make at any time to propose a redemption of the Series B Preferred Stock will depend upon, among other things, our evaluation of our capital position, the composition of our shareholders equity and general market conditions at that time.

Although the terms of the Series B Preferred Stock have been established to satisfy the criteria for additional Tier 1 capital instruments consistent with Basel III as set forth in the joint final rulemaking issued in July 2013 by the Federal Reserve, the FDIC and the OCC, it is possible that the Series B Preferred Stock may not satisfy the criteria set forth in future rulemaking or interpretations. As a result, a Regulatory Capital Treatment Event (as defined in Description of Series B Preferred Stock Redemption below) could occur.

Additionally, any redemption of the Series B Preferred Stock will be subject to our receipt of required prior approval by the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency, if any), and to the satisfaction of conditions set forth in the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) applicable to redemption of the Series B Preferred Stock, if any. Under the Federal Reserve s current risk-based capital rules applicable to savings and loan holding companies, any redemption of the Series B Preferred Stock is subject to prior approval of the Federal Reserve. We cannot assure you that the Federal Reserve will approve any redemption of the Series B Preferred Stock that we may propose. There also can be no assurance that, if we propose to redeem the Series B Preferred Stock without replacing such Preferred Stock with common equity Tier 1 capital or additional Tier 1 capital instruments, the Federal Reserve will authorize the redemption. We understand that the factors that the Federal Reserve will consider in evaluating a proposed redemption, or a request that we be permitted to redeem the Series B Preferred Stock without replacing it with common equity Tier 1 capital or additional Tier 1 capital instruments, include its evaluation of the overall level and quality of our capital components, considered in light of our risk exposures, earnings and growth strategy, and other supervisory considerations, although the Federal Reserve may change these factors at any time.

We have the right under certain circumstances to redeem the Series B Preferred Stock prior to March 15, 2023.

By its terms, the Series B Preferred Stock may be redeemed by us prior to March 15, 2023 upon the occurrence of certain events involving the capital treatment of the Series B Preferred Stock. In particular, upon our determination in good faith that an event has occurred that would constitute a Regulatory Capital Treatment Event, we may, at our option, redeem in whole, but not in part, the shares of Series B Preferred Stock, subject to the prior approval of the Federal Reserve. See Description of Series B Preferred Stock Redemption.

If we are not paying full dividends on any outstanding parity stock or on any parity stock that we may issue in the future, we will not be able to pay full dividends on Series B Preferred Stock.

When dividends are not paid in full on the shares of Series B Preferred Stock and any shares of parity stock, including our outstanding Series A Preferred Stock and any parity stock we may issue in the future, all dividends declared with respect to shares of Series B Preferred Stock and all parity stock for such dividend period shall be declared *pro rata* so that the respective amounts of such dividends bear the same ratio to each other as all accrued but unpaid dividends per share on the shares of Series B Preferred Stock for such dividend period and all parity stock for such dividend period bear to each other. Therefore, if we are not paying full dividends on any outstanding parity stock or parity stock that we may issue in the future, we will not be able to pay full dividends on Series B Preferred Stock.

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Holders of the depositary shares and Series B Preferred Stock will have limited voting rights.

Holders of the Series B Preferred Stock have no voting rights with respect to matters that generally require the approval of voting shareholders. However, holders of the Series B Preferred Stock will have the right to vote as a class on certain fundamental matters that may affect the preference or special rights of the Series B Preferred Stock, as described under Description of Series B Preferred Stock Voting Rights below. In addition, if dividends on the Series B Preferred Stock, or any other voting preferred stock (as defined in Description of Series B Preferred Stock Voting Rights below), have not been declared or paid for the equivalent of three semi-annual or six quarterly full dividend payment periods, whether or not for consecutive dividend periods, the holders of such shares, voting together as a class with holders of any and all other series of voting preferred stock then outstanding, will be entitled to vote for the election of a total of two additional members of our Board of Directors, subject to the terms and to the limited extent described under Description of Series B Preferred Stock Voting Rights below. Holders of depositary shares must act through the depositary to exercise any voting rights in respect of Series B Preferred Stock. The Series B Preferred Stock places no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the limited voting rights referred to above. To the extent that the Series B Preferred Stock are deemed to be voting securities for federal banking regulation purposes, certain regulatory restrictions and consequences may apply to holders of the Series B Preferred Stock, depending, among other things, on their ownership percentage and their regulatory status. See Description of Series B Preferred Stock Voting Rights below.

There may be future sales of depositary shares and Series B Preferred Stock, which may adversely affect the market price of the depositary shares.

We are not restricted from issuing additional Series B Preferred Stock or depositary shares representing fractional interests in Series B Preferred Stock, or securities similar to such depositary shares or Series B Preferred Stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, depositary shares or shares of Series B Preferred Stock. Holders of the depositary shares or Series B Preferred Stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series. The market price of the depositary shares could decline as a result of sales of additional depositary shares or shares of Series B Preferred Stock made after this offering or the perception that such sales could occur. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of the depositary shares bear the risk that our future offerings will reduce the market price of the depositary shares and dilute their ownership of the Series B Preferred Stock.

We may repurchase our common stock and reduce cash reserves and stockholders equity that is available for payment of dividends on and redemption of the depositary shares.

We have repurchased, and may continue to repurchase, our common stock in the open market or in privately negotiated transactions. In the future, we may repurchase our common stock with cash or other of our assets. While we may not, subject to certain exceptions otherwise described in this prospectus supplement, repurchase our common stock unless the full dividends for the last completed dividend period have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside) on the Series A Preferred Stock and Series B Preferred Stock, any repurchases of our common stock that we may make in the future may be significant, and any such repurchase would reduce cash and stockholders equity that is available for subsequent dividends or redemptions of the Series B Preferred Stock. In the years ended December 31, 2016 and December 31, 2015, we repurchased a total of $452 million and $50 million of common stock, respectively, and in the nine months ended September 30, 2017, we repurchased a total of $187 million of common stock. On July 20, 2017, our board of directors authorized the repurchase of up to $1 billion of common stock.

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Risks Relating to the Nature and Operation of Our Business

We operate in a rapidly changing economic, financial and regulatory environment that presents numerous risks, many of which are driven by factors that we cannot control or predict. The risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2016, which are incorporated by reference into this prospectus supplement, highlight some of these risks. You should read our Annual Report on Form 10-K, including the section entitled Risk Factors, as well as the other documents incorporated herein by reference.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the depositary shares representing Series B Preferred Stock will be approximately $295 million after deducting the underwriters discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering to fund our acquisition of TCA, and intend to use any remaining proceeds for general corporate purposes. If the acquisition of TCA is not consummated, we intend to use the net proceeds of this offering for general corporate purposes, which may include acquisitions or other investment opportunities. However, other than our agreement to acquire TCA, we currently have no agreements or commitments with respect to any material acquisition.

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RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth our consolidated ratio of earnings to fixed charges:

	Nine months ended September 30,	Year Ended December 31,				
	2017	2016	2015	2014	2013	2012
Ratio of earnings to fixed charges (a)	11.13	10.06	1.42	2.39	1.53	(b)
Ratio of earnings to combined fixed charges and preferred stock dividends (c)(d)	7.11	10.06	1.42	2.39	1.53	(b)

(a) The ratio of earnings to fixed charges is computed by dividing fixed charges into income (loss) before income taxes less equity in the income of investments. Fixed charges include, as applicable, interest expense, amortization of debt issuance costs and the estimated interest component of rent expense (calculated as one-third of net rent expense).

(b) Earnings for the year ended December 31, 2012 were inadequate to cover fixed charges. The coverage deficiency was $132 million.

(c) The ratio of earnings to combined fixed charges and preferred stock dividends is computed as the ratio of earnings to fixed charges less the preferred stock dividend requirement. The preferred stock dividend amount represents the pre-tax earnings that would be required to pay the dividends on outstanding preferred stock.

(d) On August 25, 2016, we issued 400,000 shares of our Series A Preferred Stock in a public offering registered under the Securities Act. On or prior to December 31, 2016, we had not paid dividends on any shares of preferred stock, including the Series A Preferred Stock. Prior to the issuance of the Series A Preferred Stock, we had no shares of preferred stock outstanding, so our ratio of earnings to fixed charges and preferred stock dividends (or related coverage deficiency) was equal to our ratio of earnings to fixed charges (or related coverage deficiency) for the years prior to and including 2016.

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CAPITALIZATION

The following table sets forth, as of September 30, 2017, our cash and equivalents and capitalization on an actual basis and as adjusted to give effect to this offering (but not the use of net proceeds therefrom). This table should be read in conjunction with our historical financial statements and the related notes thereto, Use of Proceeds and other financial information that is included in or incorporated by reference in this prospectus supplement.

	As of September 30, 2017	
	Actual	As Adjusted
	(unaudited, in millions)	
Cash and equivalents (1)	$ 896	$ 1,191
E*TRADE Financial Corporation Debt (2) (3):		
2.950% Senior Notes due 2022	600	600
3.800% Senior Notes due 2027	400	400
Unsecured Revolving Credit Facility		
Total E*TRADE Financial Corporation debt	$ 1,000	$ 1,000
Shareholders Equity:		
Preferred stock, $0.01 par value, 1,000,000 shares authorized, actual and as adjusted, 400,000 shares issued and outstanding, actual, and 403,000 shares issued and outstanding, as adjusted	394	689
Common stock, $0.01 par value; 400,000,000 shares authorized, actual and as adjusted; 270,688,918 shares issued and outstanding, actual and as adjusted	$ 3	$ 3
Additional paid-in capital	6,747	6,747
Accumulated deficit	(446)	(446)
Accumulated other comprehensive loss	(50)	(50)
Total shareholders equity	6,648	6,943
Total capitalization	$ 7,648	$ 7,943

(1) Cash and equivalents include all such assets held by us and our subsidiaries (our subsidiaries may be required to obtain regulatory approval to pay dividends to the parent company). Corporate cash, a component of cash and equivalents and a non-GAAP measure, represents cash held at the parent company as well as cash held in certain subsidiaries that can distribute cash to the parent company without any regulatory approval. We believe that corporate cash is an indicator of the liquidity at the parent company. As of September 30, 2017, corporate cash was $309 million, and after giving effect to this offering (without giving effect to any payment of consideration for the proposed acquisition of TCA), corporate cash would have been $604 million as of such date. See the table below for a reconciliation of this non-GAAP measure to the comparable GAAP measure:

	As of September 30, 2017	
	Actual	As Adjusted

	(unaudited, in millions)	
Consolidated cash and equivalents	$ 896	$ 1,191
Less: Cash at regulated subsidiaries (a)	(587)	(587)
Corporate cash	$ 309	$ 604

(a) Reported net of corporate cash on deposit at E*TRADE Bank that is eliminated in consolidation.

(2) Only the debt of E*TRADE Financial Corporation (and not any of its subsidiaries) is included in this table. As of September 30, 2017, the aggregate principal amount of consolidated indebtedness of the Company and its subsidiaries was $1.6 billion, including the corporate debt shown in the table above. Also as of

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September 30, 2017, our subsidiaries had $11.0 billion of indebtedness and other liabilities (including $0.2 billion of secured indebtedness), plus deposits, which were $41.5 billion, to which the depositary shares and the Series B Preferred Stock would have been structurally subordinated.

(3) Reflects the principal amounts of the 2.950% Senior Notes due 2022 and 3.800% Senior Notes due 2027, gross of actual and as adjusted unamortized discounts and debt issuance costs of $5 million and $4 million, respectively.

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DESCRIPTION OF SERIES B PREFERRED STOCK

The depositary will be the sole holder of the Series B Preferred Stock, as described under Description of Depositary Shares below, and all references in this prospectus supplement to the holders of the Series B Preferred Stock shall mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series B Preferred Stock, as described under Description of Depositary Shares.

This prospectus supplement summarizes specific terms and provisions of the Series B Preferred Stock. The following summary of the terms and provisions of the Series B Preferred Stock does not purport to be complete and is qualified in its entirety by reference to the pertinent sections of our amended and restated certificate of incorporation, as amended, and the certificate of designation creating the Series B Preferred Stock. Unless the context otherwise requires, the terms we, our, us, the Company, parent company, E*TRADE and E*TRADE Financial Corpor appearing in Description of Series B Preferred Stock refer to E*TRADE Financial Corporation, the issuer of the Series B Preferred Stock, and not to its subsidiaries.

General

Our authorized capital stock consists of 400,000,000 shares of common stock, par value $0.01 per share, and 1,000,000 shares of preferred stock, par value $0.01 per share. Unless our Board of Directors determines otherwise, we will issue all shares of capital stock in uncertificated form. As of November 21, 2017, there were 267,994,361 shares of common stock outstanding and 400,000 shares of our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A (Series A Preferred Stock) outstanding. All outstanding shares of our capital stock are fully paid and non-assessable. We may from time to time, without notice to or the consent of holders of the Series B Preferred Stock, issue additional shares of the Series B Preferred Stock.

Shares of the Series B Preferred Stock will rank (i) senior to our common stock and any class or series of our capital stock expressly stated to be junior to the Series B Preferred Stock, (ii) junior to any class or series of our capital stock expressly stated to be senior to the Series B Preferred Stock (issued with the requisite consent of the holders of the Series B Preferred Stock) and (iii) equally with our Series A Preferred Stock and each other class or series of preferred stock we may issue that is not expressly stated to be senior or junior to the Series B Preferred Stock, with respect to the payment of dividends or the distribution of assets upon our liquidation, dissolution or winding up. We will generally be able to pay dividends and distributions upon our liquidation, dissolution or winding up only out of lawfully available funds for such payment (i.e., after taking account of all indebtedness, other non-equity and other senior claims). The Series B Preferred Stock will be fully paid and non-assessable when issued, which means that its holders will have paid their purchase price in full and that we may not ask them to surrender additional funds. Holders of Series B Preferred Stock will not have preemptive or subscription rights to acquire more stock of E*TRADE Financial Corporation.

The Series B Preferred Stock will not be convertible into, or exchangeable for, shares of any other class or series of stock or other securities of E*TRADE Financial Corporation or any of its subsidiaries. The Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of E*TRADE Financial Corporation to redeem or repurchase the Series B Preferred Stock.

Dividends

Dividends on shares of the Series B Preferred Stock are discretionary. Holders of Series B Preferred Stock will be entitled to receive, only when, as and if declared by our Board of Directors or a duly authorized committee of the

Board of Directors, out of funds legally available for the payment of dividends under Delaware law, non-cumulative cash dividends from the original issue date (in the case of the initial dividend period only, as described below) or the immediately preceding dividend payment date, semi-annually in arrears on the 15th day of March and September of each year, commencing on September 15, 2018 and ending on March 15, 2023, and

thereafter quarterly in arrears on the 15th day of March, June, September and December of each year (each such date, a dividend payment date). Dividends will accrue on the liquidation preference amount of $100,000 per share (equivalent to $1,000 per depositary share) at a rate per annum equal to 5.30% with respect to each dividend period from and including the original issue date to, but excluding, March 15, 2023 (the fixed rate period) and at a rate per annum equal to the three-month U.S. dollar LIBOR (as described below) on the related dividend determination date plus 3.16% with respect to each dividend period from and including March 15, 2023 (the floating rate period). In the event that we issue additional shares of Series B Preferred Stock after the original issue date, dividends on such shares may accrue from the original issue date or any other date we specify at the time such additional shares are issued. References to the accrual of dividends in this prospectus supplement refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

Dividends will be payable to holders of record of Series B Preferred Stock as they appear on our books on the applicable record date, which shall be the 15th calendar day before that dividend payment date or such other record date fixed by our Board of Directors (or a duly authorized committee of the Board of Directors) that is not more than 60 nor less than 10 days prior to such dividend payment date (each, a dividend record date). The corresponding record dates for the depositary shares will be the same as the record dates for the Series B Preferred Stock.

The term business day means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.

A dividend period is the period from and including a dividend payment date to but excluding the next dividend payment date or any earlier redemption date, except that the initial dividend period will commence on and include the original issue date of the Series B Preferred Stock and will end on and exclude the September 15, 2018 dividend payment date. Dividends payable on the Series B Preferred Stock for any dividend period during the fixed rate period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series B Preferred Stock for any dividend period during the floating rate period will be computed on the basis of a 360-day year and the actual number of days elapsed in the dividend period. Dividends for the initial dividend period will be calculated from the original issue date. If any scheduled dividend payment date up to and including the March 15, 2023 scheduled dividend payment date is not a business day, then the payment will be made on the next succeeding business day and no additional dividends will accrue as a result of that postponement. If any scheduled dividend payment date thereafter is not a business day, then the dividend payment date will be postponed to the next succeeding business day unless such day falls in the next calendar month, in which case the dividend payment date will be brought forward to the immediately preceding day that is a business day, and, in either case, dividends, if so declared, will accrue to, but excluding, the date dividends are paid.

For any dividend period during the floating rate period, LIBOR (the London interbank offered rate) shall be determined by the calculation agent (as defined below) on the second London business day immediately preceding the first day of such dividend period, which we refer to as the dividend determination date, in the following manner:

(i) LIBOR will be the rate for deposits in U.S. dollars for a period of three months, commencing on the first day of such dividend period, that appears on Reuters screen page LIBOR01 or any successor page, at approximately 11:00 a.m., London time, on that dividend determination date.

(ii) If no such rate appears, then the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, selected by the calculation agent as directed by us, to provide the calculation agent with its offered quotation for deposits in U.S. dollars for a period of three months, commencing on the first day of such dividend period, to prime banks in the London interbank market at

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approximately 11:00 a.m., London time, on that dividend determination date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, LIBOR determined on that dividend determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, LIBOR will be determined for the first day of such dividend period as the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York time, on that dividend determination date, by three major banks in New York City, selected by the calculation agent as directed by us, for loans in U.S. dollars to leading European banks, for a period of three months, commencing on the first day of such dividend period, and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time.

(iii) Otherwise, the calculation agent, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate three-month LIBOR or any of the foregoing lending rates, shall determine three-month LIBOR for the applicable dividend period in its sole discretion.

Notwithstanding the foregoing clauses (ii) and (iii):

(a) If the calculation agent determines on the relevant dividend determination date that the LIBOR base rate has been discontinued, then the calculation agent will use a substitute or successor base rate that it has determined in its sole discretion is most comparable to the LIBOR base rate, provided that if the calculation agent determines there is an industry-accepted substitute or successor base rate, then the calculation agent shall use such substitute or successor base rate; and

(b) If the calculation agent has determined a substitute or successor base rate in accordance with the foregoing, the calculation agent in its sole discretion may determine what business day convention to use, the definition of business day, the dividend determination date to be used and any other relevant methodology for calculating such substitute or successor base rate, including any adjustment factor needed to make such substitute or successor base rate comparable to the LIBOR base rate, in a manner that is consistent with industry-accepted practices for such substitute or successor base rate.

We will appoint a calculation agent for the Series B Preferred Stock prior to the commencement of the floating rate period. We may appoint ourselves or an affiliate of ours as calculation agent. The calculation agent s determination of any dividend rate, and its calculation of the amount of dividends for any dividend period, will be on file at our principal offices, will be made available to any stockholder upon request and will be final and binding in the absence of manifest error.

The term London business day means a day that is a Monday, Tuesday, Wednesday, Thursday or Friday and is a day on which dealings in U.S. dollars are transacted in the London interbank market.

The term Reuters means Reuters 3000 Xtra Service or any successor service.

Dividends on shares of Series B Preferred Stock will not be cumulative. Accordingly, if our Board of Directors (or a duly authorized committee of the Board of Directors) does not declare a dividend on the Series B Preferred Stock payable in respect of any dividend period before the related dividend payment date, such dividend will not accrue and we will have no obligation to pay a dividend for that dividend period on the dividend payment date or at any future time, whether or not dividends on the Series B Preferred Stock are declared for any future dividend period.

The Series B Preferred Stock will rank junior as to payment of dividends to any class or series of our preferred stock that we may issue in the future (issued with the requisite consent of the holders of the Series B Preferred Stock) that is

expressly stated to be senior as to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of E*TRADE Financial Corporation. If at any time we have failed to pay,

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on the applicable payment date, accrued dividends on any shares that rank senior in priority to the Series B Preferred Stock with respect to dividends, we may not pay any dividends on the Series B Preferred Stock or redeem or otherwise repurchase any shares of Series B Preferred Stock until we have paid or set aside for payment the full amount of the unpaid dividends on the shares that rank senior in priority with respect to dividends that must, under the terms of such shares, be paid before we may pay dividends on, or redeem or repurchase, the Series B Preferred Stock.

So long as any share of Series B Preferred Stock remains outstanding, no dividend or distribution shall be paid or declared or funds set aside for payment on junior stock, and no junior stock shall be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly, and no shares of parity stock shall be repurchased, redeemed or otherwise acquired for consideration by us, other than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series B Preferred Stock and such parity stock during a dividend period, unless the full dividends for the latest completed dividend period on all outstanding shares of Series B Preferred Stock have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside).

The foregoing limitation with respect to junior stock does not apply to:

- repurchases, redemptions or other acquisitions of shares of junior stock of E*TRADE Financial Corporation in connection with (1) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants or (2) a dividend reinvestment plan or stockholder stock purchase plan;

- purchases or repurchases of shares of our junior stock pursuant to a contractually binding requirement to buy junior stock existing prior to the commencement of the then-current dividend period, including under a contractually binding stock repurchase plan;

- an exchange, redemption, reclassification or conversion of any class or series of E*TRADE Financial Corporation s junior stock for any class or series of E*TRADE Financial Corporation s junior stock;

- the purchase of fractional interests in shares of E*TRADE Financial Corporation s junior stock under the conversion or exchange provisions of the junior stock or the security being converted or exchanged;

- any declaration of a dividend payable solely in junior stock in connection with any stockholders rights plan, or the issuance of rights, stock or other property under any stockholders rights plan (so long as such right to stock or other property only consists of junior stock or the right to purchase junior stock), or the redemption or repurchase of rights pursuant to the plan; or

- any dividend in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equal or junior to that stock.

The foregoing limitation with respect to parity stock does not apply to:

purchases or repurchases of shares of our parity stock pursuant to a contractually binding requirement to buy parity stock existing prior to the commencement of the then-current dividend period, including under a contractually binding stock repurchase plan;

an exchange, redemption, reclassification or conversion of any class or series of E*TRADE Financial Corporation s parity stock for any class or series of E*TRADE Financial Corporation s parity stock;

the purchase of fractional interests in shares of E*TRADE Financial Corporation s parity stock under the conversion or exchange provisions of the parity stock or the security being converted or exchanged; or

any dividend in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equal or junior to that stock.

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In addition, the foregoing limitation shall not restrict the ability of us or any of our affiliates (i) to engage in any market-making transactions in our junior stock or parity stock in the ordinary course of business or (ii) to acquire record ownership in junior stock or parity stock for the beneficial ownership of any other persons (other than for the beneficial ownership by us or any of our subsidiaries), including as trustees or custodians.

For the avoidance of doubt, the foregoing limitation shall not restrict us from taking any of the actions set forth above after the original issue date of the Series B Preferred Stock and prior to the first dividend payment date on the Series B Preferred Stock.

As used in this prospectus supplement, junior stock means any class or series of capital stock of E*TRADE Financial Corporation that ranks junior to the Series B Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of E*TRADE Financial Corporation. Junior stock includes our common stock.

When dividends are not paid (or duly provided for) on any dividend payment date (or, in the case of parity stock (as defined below) having dividend payment dates different from the dividend payment dates pertaining to the Series B Preferred Stock, on a dividend payment date falling within the related dividend period for the Series B Preferred Stock) in full upon the Series B Preferred Stock and any shares of parity stock, all dividends declared upon the Series B Preferred Stock and all such parity stock payable on such dividend payment date (or, in the case of parity stock having dividend payment dates different from the dividend payment dates pertaining to the Series B Preferred Stock, on a dividend payment date falling within the related dividend period for the Series B Preferred Stock) shall be declared *pro rata* so that the respective amounts of such dividends shall bear the same ratio to each other as all accrued but unpaid dividends per share on the Series B Preferred Stock and all parity stock payable on such dividend payment date (or, in the case of parity stock having dividend payment dates different from the dividend payment dates pertaining to the Series B Preferred Stock, on a dividend payment date falling within the related dividend period for the Series B Preferred Stock) bear to each other.

As used in this prospectus supplement, parity stock means any other class or series of stock of E*TRADE Financial Corporation that ranks equally with the Series B Preferred Stock in the payment of dividends, whether cumulative or non-cumulative, or the distribution of assets upon liquidation, dissolution or winding up of E*TRADE Financial Corporation. Parity stock includes our Series A Preferred Stock.

Subject to the foregoing, dividends (payable in cash, stock or otherwise) may be determined by our Board of Directors (or a duly authorized committee of the Board of Directors) and may be declared and paid on our common stock and any stock ranking, as to dividends, equally with or junior to the Series B Preferred Stock from time to time out of any funds legally available for such payment, and the shares of the Series B Preferred Stock shall not be entitled to participate in any such dividend.

Dividends on the Series B Preferred Stock will not be declared, paid or set aside for payment if we fail to comply, or if and to the extent such act would cause us to fail to comply, with applicable laws and regulations. The certificate of designation creating the Series B Preferred Stock provides that dividends on the Series B Preferred Stock may not be declared or set aside for payment if and to the extent such dividends would cause us to fail to comply with the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking agency) applicable to us.

Liquidation Rights

Upon any voluntary or involuntary liquidation, dissolution or winding up of E*TRADE Financial Corporation, holders of the Series B Preferred Stock are entitled to receive out of assets of E*TRADE Financial Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors, if any, and subject to the rights of holders of any shares of capital stock then outstanding ranking senior to or pari passu with the Series B Preferred Stock in respect of distributions upon liquidation, dissolution or winding up of E*TRADE

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Financial Corporation, and before any distribution of assets is made to holders of common stock or of any of our junior stock, a liquidating distribution in the amount of $100,000 per share (equivalent to $1,000 per depositary share) plus declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of the Series B Preferred Stock will not be entitled to any other amounts from us after they have received their full liquidation preference.

In any such distribution, if the assets of E*TRADE Financial Corporation are not sufficient to pay the liquidation preferences in full to all holders of the Series B Preferred Stock and all holders of any other shares of our stock ranking equally as to such distribution with the Series B Preferred Stock, the amounts paid to the holders of Series B Preferred Stock and to the holders of all such other stock will be paid *pro rata* in accordance with the respective aggregate liquidation preferences of those holders. In any such distribution, the liquidation preference of any holder of preferred stock means the amount otherwise payable to such holder in such distribution (assuming no limitation on our assets available for such distribution), including any declared but unpaid dividends (and, in the case of any holder of stock other than the Series B Preferred Stock and on which dividends accrue on a cumulative basis, an amount equal to any unpaid, accrued, cumulative dividends, whether or not declared, as applicable). If the liquidation preference has been paid in full to all holders of Series B Preferred Stock and any other shares of our stock ranking equally as to the liquidation preference, the holders of our stock ranking junior as to the liquidation preference shall be entitled to receive all remaining assets of E*TRADE Financial Corporation according to their respective rights and preferences.

For purposes of this section, the merger or consolidation of E*TRADE Financial Corporation with or into any other entity, including a merger or consolidation in which the holders of Series B Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of E*TRADE Financial Corporation, for cash, securities or other property shall not constitute a liquidation, dissolution or winding up of E*TRADE Financial Corporation.

Redemption

The Series B Preferred Stock is perpetual and has no maturity date, and is not subject to any mandatory redemption, sinking fund or other similar provisions. We may, at our option, redeem the Series B Preferred Stock (i) in whole or in part, from time to time, on any dividend payment date on or after March 15, 2023 or (ii) in whole but not in part at any time within 90 days following a Regulatory Capital Treatment Event, in each case upon not less than 30 nor more than 60 days notice at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends to, but excluding, the date fixed for redemption, without accumulation of any undeclared dividends. Holders of Series B Preferred Stock will have no right to require the redemption or repurchase of the Series B Preferred Stock. Investors should not expect us to redeem the Series B Preferred Stock on or after the date it becomes redeemable at our option.

We are a savings and loan holding company regulated by the Federal Reserve. We intend to treat the Series B Preferred Stock as Additional Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking agency).

A Regulatory Capital Treatment Event means the good faith determination by E*TRADE Financial Corporation that, as a result of (i) any amendment to, or clarification of or change in (including any announced prospective amendment to, clarification of or change in), the laws or regulations or policies of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the date of this prospectus supplement, (ii) any proposed change in those laws or regulations or policies that is announced or becomes effective after the date of this prospectus supplement or (iii) any official administrative decision or judicial decision or administrative action or other

official pronouncement interpreting or applying those laws or regulations or policies that is announced or that becomes effective after the date of this prospectus supplement, there is more than an insubstantial risk that E*TRADE Financial Corporation will not be entitled to treat the full

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liquidation preference amount of $100,000 per share of Series B Preferred Stock then outstanding as Additional Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking agency) as then in effect and applicable, for so long as any share of Series B Preferred Stock is outstanding. Appropriate federal banking agency means the appropriate federal banking agency with respect to us as that term is defined in Section 3(q) of the Federal Deposit Insurance Act or any successor provision.

Under regulations applicable to us, we may not exercise our option to redeem any shares of preferred stock without obtaining the prior approval of the Federal Reserve (or any successor appropriate federal banking agency). Under such regulations, unless the Federal Reserve (or any successor appropriate federal banking agency) authorizes us to do otherwise in writing, we may not redeem the Series B Preferred Stock unless it is replaced with other Tier 1 capital instruments or unless we can demonstrate to the satisfaction of the Federal Reserve (or any successor appropriate federal banking agency) that following redemption, E*TRADE Financial Corporation will continue to hold capital commensurate with its risk.

If shares of the Series B Preferred Stock are to be redeemed, the notice of redemption shall be given by first class mail to the holders of record of the Series B Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (*provided* that, if the depositary shares representing the Series B Preferred Stock are held in book-entry form through The Depository Trust Company, or DTC, we may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series B Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price and (iv) the place or places where holders may surrender certificates evidencing shares of Series B Preferred Stock for payment of the redemption price. If notice of redemption of any shares of Series B Preferred Stock has been given and if, on or prior to the redemption date specified in such notice, the funds necessary for such redemption have been set aside by us for the benefit of the holders of any shares of Series B Preferred Stock so called for redemption, then, from and after the redemption date, dividends will cease to accrue on such shares of Series B Preferred Stock, such shares of Series B Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price, without interest.

In the case of any redemption of only part of the shares of the Series B Preferred Stock at the time outstanding, the shares to be redeemed shall be selected *pro rata* (*provided* that, if the depositary shares representing the Series B Preferred Stock are held in book-entry form through DTC, the shares of Series B Preferred Stock to be redeemed shall be selected in accordance with DTC procedures).

See Description of Depositary Shares below for information about redemption of the depositary shares relating to our Series B Preferred Stock.

Voting Rights

Except as provided below and as determined by our Board of Directors (or a duly authorized committee of the Board of Directors), the holders of the Series B Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series B Preferred Stock, or any other voting preferred stock (as defined below), shall have not been declared and paid for the equivalent of three semi-annual or six quarterly full dividend payments, whether or not for consecutive dividend periods (a Nonpayment), the holders of such shares, voting together as a class with holders of any and all other series of voting preferred stock then outstanding, will be entitled to vote for the election of a total of two additional members of our Board of Directors (the Preferred Stock Directors),

provided that the election of any such directors shall not cause us to violate the corporate governance requirements of The NASDAQ Global Select Market (or any other exchange on which our common stock may be listed) that listed companies must have a majority of independent directors and

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provided further that our Board of Directors shall at no time include more than two Preferred Stock Directors (to the extent such requirements are then applicable to us). In that event, the number of directors on our Board of Directors shall automatically increase by two, and the new directors shall be elected at a special meeting called at the request of the holders of record of at least 20% of the then outstanding shares of Series B Preferred Stock or of any other series of voting preferred stock (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), and at each subsequent annual meeting. These voting rights will continue until dividends on the shares of the Series B Preferred Stock and any such series of voting preferred stock for at least the equivalent of two consecutive semi-annual dividend periods or four consecutive quarterly dividend periods following the Nonpayment shall have been fully paid (or declared and a sum sufficient for the payment of such dividends shall have been set aside for payment).

As used in this prospectus supplement, voting preferred stock means any other class or series of preferred stock of E*TRADE Financial Corporation ranking equally with the Series B Preferred Stock as to dividends (whether cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of E*TRADE Financial Corporation and upon which like voting rights have been conferred and are exercisable. Voting preferred stock includes our Series B Preferred Stock. Whether a plurality, majority or other portion of the shares of Series B Preferred Stock and any other voting preferred stock have been voted in favor of any matter shall be determined by reference to the liquidation amounts of the shares voted.

If and when dividends for at least the equivalent of two consecutive semi-annual dividend periods or four consecutive quarterly dividend periods following a Nonpayment have been paid in full (or declared and a sum sufficient for such payment shall have been set aside) on the Series B Preferred Stock and any other class or series of voting preferred stock, the holders of the Series B Preferred Stock and all other holders of voting preferred stock shall be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment), the term of office of each Preferred Stock Director so elected shall terminate and the number of directors on the Board of Directors shall automatically decrease by two. In determining whether dividends have been paid for at least the equivalent of two consecutive semi-annual dividend periods or four consecutive quarterly dividend periods following a Nonpayment, we may take account of any dividend (at the same rate and amount otherwise payable on the Series B Preferred Stock) we elect to pay for any dividend period after the regular dividend payment date for that period has passed. Any Preferred Stock Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series B Preferred Stock together with all series of voting preferred stock then outstanding (voting together as a single class) to the extent such holders have the voting rights described above. So long as a Nonpayment shall continue, any vacancy in the office of a Preferred Stock Director (other than prior to the initial election after a Nonpayment) may be filled by the written consent of the Preferred Stock Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of Series B Preferred Stock and all voting preferred stock when they have the voting rights described above (voting together as a single class); *provided* that the filling of any such vacancy shall not cause us to violate the corporate governance requirements of The NASDAQ Global Select Market (or any other exchange on which our common stock may be listed) that listed companies must have a majority of independent directors (to the extent such requirements are then applicable to us). Any such vote to remove, or to fill a vacancy in the office of, a Preferred Stock Director may be taken only at a special meeting called at the request of the holders of record of at least 20% of the Series B Preferred Stock or of any other series of voting preferred stock (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders). The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

Under regulations adopted by the Federal Reserve, if the holders of any series of preferred stock are or become entitled to vote for the election of directors, or to vote on or direct the conduct of our operations or other significant

policies, such series will be deemed a class of voting securities and a company that owns, controls or holds the power to vote or holds proxies representing more than 25% of the voting shares or rights of the

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series, may then be subject to regulation as a savings and loan holding company in accordance with the Home Owners Loan Act of 1933, as amended. In addition, at the time the series is deemed a class of voting securities,

- any bank holding company or other savings and loan holding company may be required to obtain the approval of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) to acquire or retain more than 5% of that series; and

- any other persons other than a savings and loan holding company may be required to obtain the non-objection of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) to acquire or retain 10% or more of that series.

So long as any shares of Series B Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of the Series B Preferred Stock and all other series of voting preferred stock entitled to vote thereon (voting together as a single class) given in person or by proxy, either in writing or at a meeting:

- amend or alter the provisions of E*TRADE Financial Corporation s amended and restated certificate of incorporation, as amended, or the certificate of designation of the Series B Preferred Stock so as to authorize or create, or increase the authorized amount of, any class or series of stock ranking senior to the Series B Preferred Stock with respect to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of E*TRADE Financial Corporation;

- amend, alter or repeal the provisions of E*TRADE Financial Corporation s amended and restated certificate of incorporation, as amended, or the certificate of designation of the Series B Preferred Stock, whether by merger, consolidation or otherwise, so as to materially and adversely affect the special rights, preferences, privileges and voting powers of the Series B Preferred Stock, taken as a whole; or

- consummate a binding share exchange or reclassification involving the Series B Preferred Stock or a merger or consolidation of us with another entity, unless in each case (i) the shares of Series B Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent and (ii) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series B Preferred Stock, taken as a whole;

provided, however, that any increase in the amount of the authorized or issued Series A Preferred Stock or Series B Preferred Stock, or the creation and issuance, or an increase in the authorized or issued amount, of any other class or series of preferred stock ranking equally with the Series B Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of E*TRADE Financial Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers of, and will not require the affirmative vote or consent of, the holders of outstanding shares of Series B Preferred Stock.

If an amendment, alteration, repeal, share exchange, reclassification, merger or consolidation, described above would adversely affect one or more but not all series of voting preferred stock (including the Series B Preferred Stock for this purpose), then only the series affected and entitled to vote shall vote as a class in lieu of all series of preferred stock. If all series of preferred stock are not equally affected by the proposed amendment, alteration, repeal, share exchange, reclassification, merger or consolidation described above, there shall be required a two-thirds approval of the class and two-thirds approval of each series that will have a diminished status.

Without the consent of the holders of the Series B Preferred Stock, so long as such action does not adversely affect the rights, preferences, privileges and voting powers of the Series B Preferred Stock, we may amend, alter,

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supplement or repeal any terms of the Series B Preferred Stock to cure any ambiguity, or to cure, correct or supplement any provision contained in the certificate of designation for the Series B Preferred Stock that may be defective or inconsistent.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series B Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by us for the benefit of the holders of the Series B Preferred Stock to effect such redemption.

Transfer Agent, Registrar, Depositary and Calculation Agent

The Bank of New York Mellon will be the transfer agent, registrar, dividend disbursing agent and redemption agent for the Series B Preferred Stock and the depositary for the Series B Preferred Stock and the depositary shares. We will appoint a calculation agent for the Series B Preferred Stock prior to the commencement of the floating rate period. We may appoint ourselves or an affiliate of ours as calculation agent.

Conversion Rights

The Series B Preferred Stock will not be convertible into shares of any other class or series of our capital stock or any other security.

No Sinking Fund

There will be no provisions for any maintenance or sinking funds for any of the Series B Preferred Stock.

Preemptive Rights

Holders of the Series B Preferred Stock will have no preemptive or subscription rights. The Series B Preferred Stock, when issued, will be fully paid and nonassessable.

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DESCRIPTION OF DEPOSITARY SHARES

*Please note that in this prospectus supplement, references to holders of depositary shares mean those who own depositary shares registered in their own names, on the books that the depositary maintains for this purpose, and not indirect holders who own entitlements in depositary shares through direct or indirect participants in The Depository Trust Company. Please review the special considerations that apply to indirect holders in the Book-Entry Issuance section of this prospectus supplement. Unless the context otherwise requires, the terms we, our, us, the Company, parent company, E*TRADE and E*TRADE Financial Corporation appearing in Description of Depositary Shares refer to E*TRADE Financial Corporation, the issuer of the Series B Preferred Stock, and not to its subsidiaries.*

General

This prospectus supplement summarizes specific terms and provisions of the depositary shares representing our Series B Preferred Stock. As described above under Description of Series B Preferred Stock and elsewhere in this prospectus supplement, we are issuing fractional interests in shares of the Series B Preferred Stock in the form of depositary shares. Each depositary share will represent a 1/100th ownership interest in a share of Series B Preferred Stock, and will be evidenced by a depositary receipt. The shares of Series B Preferred Stock represented by depositary shares will be deposited under a deposit agreement (the deposit agreement) among us, The Bank of New York Mellon, as the depositary, and the holders from time to time of the depositary receipts evidencing the depositary shares. Subject to the terms of the deposit agreement, each holder of a depositary share will be entitled, through the depositary, in proportion to the applicable fraction of a share of Series B Preferred Stock represented by such depositary share, to all the rights and preferences of the Series B Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).

Immediately following the issuance of the Series B Preferred Stock, we will deposit the Series B Preferred Stock with the depositary, which will then deliver the depositary shares to the underwriters. Copies of the forms of deposit agreement and the depositary receipt may be obtained from us upon request and in the manner described in the Where You Can Find More Information section of the accompanying prospectus.

Dividends and Other Distributions

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series B Preferred Stock to the record holders of depositary shares relating to the underlying Series B Preferred Stock in proportion to the number of depositary shares held by the holders. The depositary will distribute any property received by it other than cash to the record holders of depositary shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, at our direction, sell the property and distribute the net proceeds from the sale to the holders of the depositary shares in proportion to the number of depositary shares they hold.

Unless the related depositary shares have been previously called for redemption, upon surrender of the depositary receipts at the office of the depositary and complying with any other requirement of the depositary agreement, the holder of the depositary shares will be entitled to delivery, at the office of the depositary to or upon his or her order, of the number of whole shares of the preferred stock and any money or other property represented by the depositary shares. If the depositary receipts delivered by the holder evidence a number of depositary shares in excess of the number of depositary shares representing the number of whole shares of preferred stock to be withdrawn, the depositary will deliver to the holder at the same time a new depositary receipt evidencing the excess number of depositary shares. In no event will the depositary deliver fractional shares of preferred stock upon surrender of

depositary receipts.

Record dates for the payment of dividends and other matters relating to the depositary shares will be the same as the corresponding record dates for the Series B Preferred Stock.

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The amounts distributed to holders of depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

Redemption of Depositary Shares

If we redeem the Series B Preferred Stock represented by the depositary shares, the depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Series B Preferred Stock held by the depositary. The redemption price per depositary share will be equal to 1/100th of the redemption price per share payable with respect to the Series B Preferred Stock (or $1,000 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Whenever we redeem shares of Series B Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing shares of Series B Preferred Stock so redeemed.

The depositary will mail, first class postage prepaid, notice of our redemption of the Series B Preferred Stock and the proposed simultaneous redemption of the depositary shares, not less than 30 days and not more than 60 days prior to the date fixed for redemption of such Series B Preferred Stock and depositary shares, to the holders on the record date fixed for such redemption (*provided* that, if the depositary shares representing the Series B Preferred Stock are held through the Depository Trust Company, or DTC, we may give such notice in any manner permitted by DTC).

After the date fixed for redemption, depositary shares called for redemption will no longer be deemed to be outstanding and all rights of the holders of depositary shares will cease, except the right to receive the moneys payable upon redemption and any money or other property to which the holders of the depositary shares were entitled upon redemption, upon surrender to the depositary of the depositary receipts evidencing the depositary shares.

In case of any redemption of less than all of the outstanding depositary shares, the depositary shares to be redeemed will be selected *pro rata* (*provided* that, if the depositary shares are held in book-entry form through DTC, the depositary shares to be redeemed shall be selected in accordance with DTC procedures).

Voting the Series B Preferred Stock

When the depositary receives notice of any meeting at which the holders of the Series B Preferred Stock are entitled to vote, the depositary will mail (or otherwise transmit by an authorized method) the information contained in the notice to the record holders of the depositary shares relating to the Series B Preferred Stock. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the Series B Preferred Stock, may instruct the depositary to vote the amount of the Series B Preferred Stock represented by the holder s depositary shares. To the extent practicable, the depositary will vote the amount of the Series B Preferred Stock represented by depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any depositary shares representing the Series B Preferred Stock, it will vote the corresponding shares of Series B Preferred Stock proportionately with the instructions otherwise received.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will pay charges of the depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and any other charges as are expressly provided in the depositary agreement to be for their accounts.

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Resignation and Removal of Depositary

The depositary may resign at any time by delivering to us a notice of its election to do so, and we may remove the depositary at any time. Any resignation or removal of the depositary will take effect upon our appointment of a successor depositary and its acceptance of the appointment. The successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least $50,000,000.

Notices

The depositary will forward to holders of depositary receipts all reports and other communications from us that we deliver to the depositary and which we are required to furnish to the holders of the preferred stock.

Listing

We do not intend to apply for listing of the depositary shares on any securities exchange or for inclusion of the depositary shares in any automated dealer quotation system. We do not expect that there will be any separate public trading market for the shares of the Series B Preferred Stock except as represented by the depositary shares.

Form of Preferred Stock and Depositary Shares

The depositary shares shall be issued in book-entry form through DTC, as described in Book-Entry Issuance. The Series B Preferred Stock will be issued in registered form to the depositary as described in Description of Series B Preferred Stock.

Limitation of Liability

Neither we nor the depositary will be liable if either of us is prevented or delayed by law or any circumstance beyond our control in performing our obligations. Our obligations and those of the depositary will be limited to performance in good faith of our and its duties under the depositary agreement. We and the depositary will not be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or preferred stock unless indemnity satisfactory to us, and to the depositary, as applicable is furnished. We and the depositary may rely upon written advice of counsel or accountants, on information provided by persons presenting preferred stock for deposit, holders of depositary receipts or other persons believed to be competent and on documents believed to be genuine.

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BOOK-ENTRY ISSUANCE

The depositary shares representing the Series B Preferred Stock will be represented by one or more global certificates registered in the name of CEDE & Co., as a nominee for The Depository Trust Company (DTC), or such other name as may be requested by an authorized representative of DTC. One or more fully registered global securities, representing the total aggregate number of Preferred Shares sold in this offering, will be issued and deposited with DTC or a custodian appointed by DTC.

Following the issuance of the depositary shares in book-entry only form, DTC will credit the accounts of its participants with the depositary shares upon our instructions. DTC will thus be the only registered holder of the depositary shares.

Global securities may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global securities may be held through the Euroclear System, or Euroclear, and Clearstream Banking, S.A., or Clearstream, each as indirect participants in DTC. Transfers of beneficial interests in the global securities will be subject to the applicable rules and procedures of DTC and its direct and indirect participants, including, if applicable, those of Euroclear and Clearstream, which may change from time to time. DTC has advised us as follows: 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. DTC holds securities that its participants deposit with it. DTC 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, thereby eliminating the need for physical movement of securities certificates.

Direct participants in DTC s system include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to DTC s system also is available to others such as both U.S. and non- U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly, which we collectively call indirect participants. Persons that are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and the indirect participants. The rules applicable to DTC and its participants are on file with the SEC.

DTC has also advised us that, upon the issuance of the certificates evidencing the depositary shares, it will credit, on its book-entry registration and transfer system, the depositary shares evidenced thereby to the designated accounts of participants. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global securities will be shown on, and the transfer of those ownership interests may be effected only through, records maintained by DTC or its nominee (with respect to participants) and the records of participants and indirect participants (with respect to other owners of beneficial interests in the global securities).

Investors in the global securities that are participants may hold their interests therein directly through DTC. Investors in the global securities that are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are participants in such system. Euroclear and Clearstream will hold interests in the global securities on behalf of their participants through customers securities accounts in their respective names on the books of their respective depositaries. All interests in a global security, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held

through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

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The laws of some states require that certain purchasers of securities take physical delivery of those securities in definitive form. These laws may impair the ability of holders to transfer beneficial interests in the depositary shares to certain purchasers. Because DTC can act only on behalf of the participants, which in turn act on behalf of the indirect participants, the ability of a person having beneficial interests in a global security to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

So long as DTC or any successor depositary for a global security, or any nominee, is the registered holder of such global security, DTC or such successor depositary or nominee will be considered the sole owner or holder of the depositary shares represented by such global security. Except as set forth below, owners of beneficial interests in a global security will not be entitled to have shares represented by such security registered in their names, will not receive or be entitled to receive physical delivery of depositary shares in definitive form, and will not be considered the owners or holders thereof for any purpose. Accordingly, each person owning a beneficial interest in a security must rely on the procedures of DTC and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder. We understand that, under existing industry practices, in the event that we request any action of holders or that an owner of a beneficial interest in the securities desires to give any consent or take any action with respect to such ownership interest, DTC or any successor depositary would authorize the participants holding the relevant beneficial interests to give or take such action or consent, and such participants would authorize beneficial owners owning through such participants to give or take such action or consent or would otherwise act upon the instructions of beneficial owners owning through them.

Payment of dividends, if any, distributions upon liquidation or other distributions with respect to the shares of depositary shares that are registered in the name of or held by DTC or any successor depositary or nominee will be payable to DTC or such successor depositary or nominee, as the case may be, in its capacity as registered holder of the global securities representing the depositary shares. The depositary will treat the persons in whose names the depositary shares, including the global securities, are registered as the owners of such securities for the purpose of receiving payments and for all other purposes. Consequently, neither we nor any agent of us will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a global security, for maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or for any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

Any redemption notices with respect to the depositary shares will be sent to Cede & Co. If less than all of the shares of depositary shares are being redeemed, DTC s current practice is to determine by lot the amount of interest of each Direct Participant to be redeemed.

In those instances where a vote is required, neither DTC nor Cede & Co. itself will consent or vote with respect to the depositary shares. Under its usual procedures, DTC would mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co. s consenting or voting rights to those Direct Participants whose accounts the depositary shares are credited on the record date, which are identified in a listing attached to the omnibus proxy.

We have been advised by DTC that its current practice, upon receipt of any payment of dividends, distributions upon liquidation or other distributions with respect to the depositary shares, is to credit participants accounts with payments on the payment date, unless DTC has reason to believe it will not receive payments on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the relevant security as shown on the records of DTC. Payments by participants and indirect participants to owners of beneficial interests in the global securities held through such participants and indirect participants will be governed by standing

instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participants or indirect participants, and will not be the responsibility of us nor any agent of us. Neither we

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nor any such agent will be liable for any delay by DTC or by any participant or indirect participant in identifying the beneficial owners of the depositary shares, and we or any such agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Crossmarket transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC s rules on behalf of Euroclear or Clearstream, as the case may be, by its 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 (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream. DTC has advised us that it will take any action permitted to be taken by a holder of depositary shares only at the direction of one or more participants to whose account DTC has credited the interests in the global securities and only in respect of such portion of the aggregate amount of depositary shares as to which such participant or participants has or have given such direction.

Owners of beneficial interests in a global security will not be entitled to receive physical delivery of the related depositary shares in certificated form and will not be considered the holders of the depositary shares for any purpose, and no global security will be exchangeable, except for another global security of the same denomination and tenor to be registered in the name of DTC or a successor depositary or nominee. Accordingly, each beneficial owner must rely on the procedures of DTC and, if the beneficial owner is not a participant, on the procedures of the participant or indirect participant through which the beneficial owner owns its interest to exercise any rights of a holder.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the global securities among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither we nor any agent of us will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section, including any description of the operations and procedures of DTC, Euroclear and Clearstream, has been provided solely as a matter of convenience. We do not take any responsibility for the accuracy of this information, and this information is not intended to serve as a representation, warranty or contract modification of any kind. The operations and procedures of DTC, Euroclear and Clearstream are solely within the control of such settlement systems and are subject to changes by them. We urge investors to contact such systems or their participants directly to discuss these matters.

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MATERIAL U.S. FEDERAL TAX CONSEQUENCES

The following is a general discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of depositary shares by a beneficial owner that purchases depositary shares in this offering.

This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations as of the date hereof, changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein (possibly with retroactive effect). This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to a holder in light of its particular circumstances (including the Medicare tax on net investment income) and does not address any tax consequences arising under U.S. federal gift tax laws or under the laws of any state, local or non-U.S. jurisdiction. In addition, this discussion does not address the tax consequences to special classes of investors including, but not limited to, tax-exempt entities (including individual retirement accounts or Roth IRAs as defined in Section 408 or 408A of the Code, respectively), controlled foreign corporations, passive foreign investment companies, corporations that accumulate earnings to avoid U.S. federal income tax, insurance companies, banks or other financial institutions, dealers in securities, persons liable for the alternative minimum tax, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons that will hold depositary shares as a position in a straddle, conversion transaction or other risk reduction transaction, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, regulated investment companies, and real estate investment trusts. Prospective holders should consult their tax advisers with respect to the particular tax consequences to them of owning and disposing of depositary shares, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes owns holds depositary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding depositary shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of depositary shares.

Tax Consequences to U.S. Holders

As used herein, the term U.S. Holder means a beneficial owner of depositary shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Distributions

Distributions paid on depositary shares will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If a distribution exceeds

our current and accumulated earnings and profits, the excess will be first treated as a tax-free return of the U.S. Holder s investment, up to the U.S. Holder s adjusted tax basis, in the depositary shares (as determined on a share by share basis). Any remaining excess will be treated as capital gain. We may not have sufficient current or accumulated earnings and profits during future years for distributions paid on the depositary shares to be treated as dividends. Subject to applicable limitations and restrictions, dividends paid to non-corporate U.S. Holders will be treated as qualified dividend income (as defined in the Code) taxable at favorable rates

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applicable to long-term capital gains. Subject to applicable limitations and restrictions, dividends paid to corporate U.S. Holders will be eligible for the dividends-received deduction. U.S. Holders should consult their own tax advisers regarding the application of reduced tax rates and the dividends-received deduction in their particular circumstances.

Sale, Redemption or Other Disposition of Depositary Shares

For U.S. federal income tax purposes, gain or loss realized by a U.S. Holder on the sale or other disposition (other than a redemption) of depositary shares will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the depositary shares for more than one year as of the date of disposition. The amount of the U.S. Holder s gain or loss will be equal to the difference between the amount realized (excluding any declared but unpaid distributions treated as dividends for U.S. federal income tax purposes, which will generally be taxable to a U.S. Holder in the manner described under Distributions above) on the disposition and the U.S. Holder s adjusted tax basis in the depositary shares disposed of.

A redemption will be taxed in the same manner as a distribution (as described above under Distributions) unless the redemption (i) results in a complete termination of the U.S. Holder s equity interest in us or (ii) is not essentially equivalent to a dividend with respect to the U.S. Holder. If a U.S. Holder owns none or only an insubstantial amount of our voting stock (actually or constructively, based on certain attribution rules), and does not exercise any control or management over our affairs, it is likely that the redemption of depositary shares would be considered not essentially equivalent to a dividend. If a redemption is not taxed in the same manner as a distribution, it will be taxed in the same manner as a sale or other disposition (as described in the previous paragraph). U.S. Holders should consult their tax advisors regarding the potential tax consequences of a redemption of the depositary shares.

Information Reporting and Backup Withholding

Payments of dividends on depositary shares, and payments of proceeds from the sale or other disposition of depositary shares, generally are subject to information reporting and to backup withholding unless (i) the U.S. Holder is a corporation or other exempt recipient and, if required, establishes its exemption or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder s U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service (the IRS).

Tax Consequences to Non-U.S. Holders

As used herein, the term Non-U.S. Holder means a beneficial owner of depositary shares that, for U.S. federal income tax purposes, is a:

- nonresident alien individual, other than certain former citizens and residents of the United States subject to tax as expatriates;
- a corporation (or other entity taxable as a corporation) not created or organized in the United States or under the laws of the United States or of any state therein (or the District of Columbia); or

an estate or trust, other than an estate or trust the income of which is subject to U.S. federal income tax regardless of its source.

A Non-U.S. Holder does not include a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of disposition of our common stock. Such an individual is urged to consult his or her own tax adviser regarding the U.S. federal income tax consequences of the sale, exchange or other disposition of depositary shares.

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Dividends

Distributions paid on the depositary shares that are treated as dividends for U.S. federal income tax purposes, as described above in Tax Consequences to U.S. Holders Distributions, generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding, a Non-U.S. Holder will be required to provide a relevant IRS Form W-8BEN or W-8BEN-E certifying its entitlement to benefits under a treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder s conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States), the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraph, will generally be taxed in the same manner as a U.S. Holder, except that the Non-U.S. Holder will be required to provide a properly-executed IRS Form W-8ECI in order to claim an exemption from withholding. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional branch profits tax imposed at a rate of 30% (or a lower rate specified in an applicable tax treaty).

Gain on Disposition of Depositary Shares

Subject to the discussion below under FATCA Withholding Tax, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized upon the sale, redemption (other than a redemption that is treated as the distribution of a dividend for U.S. federal income tax purposes, as discussed above in Tax Consequences to U.S. Holders Sale, Redemption or Other Disposition of Depositary Shares, which will be taxed as discussed above in Tax Consequences to Non-U.S. Holders Dividends) or other disposition of depositary shares unless:

- the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States); or

- we are or have been a United States real property holding corporation for U.S. federal income tax purposes at any time within the five-year period preceding the disposition or the Non-U.S. Holder s holding period, whichever period is shorter, and certain other conditions are met.

We believe we are not, and do not anticipate becoming, a United States real property holding corporation.

If a Non-U.S. Holder is engaged in a trade or business in the United States and gain recognized by the Non-U.S. Holder on a sale or other disposition of depositary shares is effectively connected with a conduct of such trade or business (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States), the Non-U.S. Holder will generally be taxed with respect to such gain in the same manner as a U.S. Holder. A corporate Non-U.S. Holder recognizing effectively connected gain on a sale may also be subject to a branch profits tax at a rate of 30% (or lower rate specified in an applicable tax treaty).

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with payments of dividends on depositary shares. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person, information

returns may be filed with the IRS in connection with the proceeds from a sale or other disposition of depositary shares and the Non-U.S. Holder may be subject to U.S. backup withholding on dividend payments on depositary shares or on the proceeds from a sale or other disposition of depositary shares. The Non-U.S. Holder s provision of a properly completed IRS Form W-8BEN or W-8BEN-E certifying its non-U.S. status will satisfy the certification requirements necessary to avoid backup withholding. The amount of any

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backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against such holder s U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Federal Estate Tax

The estates of nonresident alien individuals (as specifically defined for U.S. federal estate tax purposes) generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, depositary shares will be U.S. situs property and therefore will be includible in the U.S. taxable estate of a nonresident alien decedent who owns or possesses certain powers or interests in Series B Preferred Stock (including through certain trusts), unless an applicable estate tax treaty provides otherwise.

FATCA Withholding Tax

Legislation enacted in 2010 (commonly known as FATCA) generally imposes withholding at a rate of 30% on certain payments to certain non-U.S. entities (including financial intermediaries) of dividends on and the gross proceeds of dispositions of U.S. stock, unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity s jurisdiction may modify these requirements. Current Treasury regulations implementing this withholding tax will defer the withholding obligation until January 1, 2019 for gross proceeds from dispositions (including redemptions that are not treated as distributions of dividends for U.S. federal income tax purposes) of stock of a U.S. issuer. If withholding applies to the depositary shares, we will not be required to pay any additional amounts with respect to amounts withheld. Both U.S. Holders and Non-U.S. Holders should consult their tax advisers regarding the possible implications of this legislation on their investment in depositary shares.

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CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of depositary shares by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), plans, individual retirement accounts (IRAs) and other arrangements that are subject to Section 4975 of the Code and entities whose underlying assets are deemed to include plan assets of any of the foregoing (each, a Benefit Plan Investor) and plans or other arrangements that are subject to any provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, Similar Laws and such plans together with Benefit Plan Investors referred to herein as Plans).

General Fiduciary Matters

ERISA and the Code impose certain requirements and duties on Benefit Plan Investors and on those persons who are fiduciaries of a Benefit Plan Investor. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Benefit Plan Investor or the management or disposition of the assets of such a Benefit Plan Investor, or who renders investment advice for a fee or other compensation to such a Benefit Plan Investor, is generally considered to be a fiduciary (within the meaning of Section 3(21) of ERISA and Section 4975 of the Code) of the Benefit Plan Investor. A fiduciary may be personally liable for losses incurred by a Plan resulting from a breach of fiduciary duties and may be subject to other adverse consequences.

In considering an investment in the depositary shares of a portion of the assets of any Benefit Plan Investor, a fiduciary must, among other things and as applicable, (1) discharge its duties solely in the interest of the participants beneficiaries of such Benefit Plan Investor and for the exclusive purpose of providing benefits to such participants and beneficiaries and defraying reasonable expenses of administering the Benefit Plan Investor; (2) act prudently with respect to the Benefit Plan Investor; (3) diversify the investments of such Benefit Plan Investor so as to minimize the risk of large losses; and (4) discharge its duties in accordance with the documents and instruments governing such Benefit Plan Investor. In addition, fiduciaries are generally required to hold all assets of a Benefit Plan Investor in trust and to maintain the indicia of ownership of such assets within the jurisdiction of the district courts of the United States. A fiduciary of a Plan should determine whether the investment in depositary shares satisfies these requirements, whether such investment is in accordance with the documents and instruments governing the Plan and whether such investment is in accordance with the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary s duties to such Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Each Benefit Plan Investor and other investor using plan assets of Benefit Plan Investor should consider the fact that none of the Company, the underwriters, nor any of their respective affiliates (the Transaction Parties) will act as a fiduciary to any Benefit Plan Investor with respect to the decision to acquire any depositary shares and is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, with respect to such decision. The decision to acquire depositary shares must be made by each prospective Benefit Plan Investor on an arm s length basis. In addition, each Benefit Plan Investor acquiring depositary shares must generally be represented by a fiduciary independent of the Transaction Parties (which may not be an owner of an IRA, in the case that the Benefit Plan Investor is an IRA) that (i) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in depositary shares, (ii) has exercised independent judgment in evaluating whether to invest the assets of such Benefit Plan Investor in depositary shares and (iii) is a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least $50 million of assets under management or control.

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Prohibited Transaction Issues

A purchaser who is considering acquiring depositary shares with the assets of a Plan must consider whether the acquisition and holding of depositary shares will constitute or result in a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable Similar Law. Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions that involve a Benefit Plan Investor and a party in interest (within the meaning of Section 3(14) of ERISA) or a disqualified person (within the meaning of Section 4975(e)(2) of the Code) with respect to such Benefit Plan Investor, unless a statutory, class or individual prohibited transaction exemption (as discussed below) is available. Examples of such prohibited transactions include, but are not limited to, sales or exchanges of property (such as the depositary shares) or extensions of credit between a Benefit Plan Investor and a party in interest or disqualified person. Section 406(b) of ERISA and Sections 4975(c)(1)(E) and (F) of the Code generally prohibit fiduciaries from dealing with the assets of Benefit Plan Investors for their own benefit (for example when a fiduciary of a Benefit Plan Investor uses its position to cause such Benefit Plan Investor to make investments in connection with which the fiduciary (or a party related to the fiduciary) receives a fee or other consideration). A party in interest or disqualified person who has engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and such transaction may have to be rescinded. The fiduciary of a Benefit Plan Investor that engaged in such non-exempt prohibited transaction may also be subject to penalties and liabilities under ERISA and the Code.

The acquisition and/or holding of depositary shares by a Benefit Plan Investor with respect to which a Transaction Party is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. ERISA and the Code contain certain exemptions from the prohibited transactions described above, and the U.S. Department of Labor has issued several prohibited transaction class exemptions (PTCEs) that may apply to the acquisition and holding of depositary shares. These PTCEs include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting investments by insurance company pooled separate accounts, PTCE 91-38 respecting investments by bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the Company nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Benefit Plan Investor involved in the transaction and provided further that the Benefit Plan Investor receives no less, nor pays no more, than adequate consideration in connection with the transaction. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of Benefit Plan Investors considering acquiring and/or holding depositary shares in reliance of these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

As a general rule, a governmental plan (as defined in Section 3(32) of ERISA), a church plan (as defined in Section 3(33) of ERISA) that has not made an election under Section 410(d) of the Code and a non-plan (defined as any plan maintained outside the United States primarily for the benefit of persons substantially all of whom are nonresident aliens) are not subject to Title I of ERISA or Section 4975 of the Code. Accordingly, assets of such Plans may be invested without regard to the fiduciary and prohibited transaction considerations described above. However, while such Plans are not subject to Title I of ERISA or Section 4975 of the Code, each such Plan may be subject to other applicable Similar Laws. A fiduciary of any such Plan should therefore consider whether investing in the depositary shares satisfies the requirements, if any, under all applicable Similar Laws.

Because of the foregoing, the depositary shares should not be purchased or held by any person investing plan assets of any Plan unless such purchase and holding will not constitute or result in a non-exempt prohibited transaction under ERISA and the Code or violation of any applicable Similar Laws.

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Representations

Accordingly, by acceptance of any depositary shares, each purchaser and holder of depositary shares will be deemed to have represented and warranted to the Transaction Parties that (1) either (a) it is not a Plan and no portion of the assets used by it to acquire or hold the depositary shares constitute assets of any Plan, or (b) its acquisition and holding of the depositary shares will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation of applicable Similar Law and (2) if it is a Benefit Plan Investor, the decision to acquire the depositary shares has been made by a duly authorized fiduciary (each, a Benefit Plan Fiduciary) who is independent of the Transaction Parties, which Benefit Plan Fiduciary (A) is a fiduciary under ERISA or the Code, or both, with respect to the decision to acquire the depositary shares, (B) is not the owner of an IRA (in the case that the purchaser or holder is an IRA), (C) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the depositary shares, (D) has exercised independent judgment in evaluating whether to invest the assets of such Benefit Plan Investor in the depositary shares, (E) is either a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least $50 million of assets under management or control, as specified in Department of Labor Regulations 29 C.F.R. Section 2510.3-21(c)(1)(i), (F) understands and has been fairly informed of the existence and the nature of the financial interests of the Transaction Parties in connection with the Benefit Plan Investor s acquisition of the depositary shares, (G) understands that the Transaction Parties are not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity to the Benefit Plan Investor, in connection with the Benefit Plan Investor s acquisition of the depositary shares and (H) confirms that no fee or other compensation will be paid directly to any of the Transaction Parties by the Benefit Plan Investor, or any fiduciary, participant or beneficiary of the Benefit Plan Investor, for the provision of investment advice (as opposed to other services) in connection with the Benefit Plan Investor s acquisition of the depositary shares..

The foregoing discussion is general in nature and is not intended to be all inclusive nor should it be construed as legal advice. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering acquiring depositary shares on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of depositary shares. Purchasers have exclusive responsibility for ensuring that their purchase and holding of depositary shares do not violate the fiduciary responsibility or prohibited transaction rules of ERISA, the Code, or any applicable Similar Laws. Except as otherwise stated herein, the sale of any depositary shares to a Plan is in no respect a representation by any Transaction Party that such an investment meets all legal requirements with respect to such investments by any such Plan generally or any other particular Plan, or that such investment is appropriate for such Plan generally or for any other particular Plan.

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UNDERWRITING

Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC, as the representatives of the underwriters, have entered into an underwriting agreement dated the date of this prospectus supplement with respect to the depositary shares being offered. Subject to the terms and conditions of the underwriting agreement between us and the representatives on behalf of the several underwriters, we have agreed to issue and sell, and the underwriters through their representatives have severally, but not jointly, agreed to purchase from us, the respective number of depositary shares set forth opposite the name of each underwriter below.

Underwriter	Number of Depositary Shares
Credit Suisse Securities (USA) LLC	90,000
J.P. Morgan Securities LLC	90,000
Wells Fargo Securities, LLC	90,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	6,000
Barclays Capital Inc.	6,000
Goldman Sachs & Co. LLC	6,000
Morgan Stanley & Co. LLC	6,000
U.S. Bancorp Investments, Inc.	6,000
Total	300,000

Subject to the conditions precedent specified in the underwriting agreement, the underwriters are obligated to take and pay for all of the depositary shares in the offering if they purchase any depositary shares, each of which represents a 1/100th interest in a share of our Series B Preferred Stock. The underwriting agreement also provides that, if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or this offering of the depositary shares may be terminated.

The following table shows the per-share and total underwriting discounts and commissions to be paid to the underwriters by us.

Per Depositary Share	$ 12.50
Total	$ 3,750,000

Underwriting Discounts and Commissions and Offering Expenses

The depositary shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any depositary shares sold by the underwriters to securities dealers may be sold at a discount of up to $8.00 per depositary share from the initial public offering price. Any such securities dealers may resell the depositary shares to certain other brokers or dealers at a discount of up to $5.00 per depositary share from the public offering price. If all the depositary shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. The offering of the depositary

shares by the underwriters is subject to receipt and acceptance of the depositary shares from us. The underwriters may reject any order in whole or in part.

The aggregate proceeds to us are set forth on the cover page of this prospectus supplement before deducting our expenses. We estimate that we will pay approximately $0.9 million for expenses, excluding underwriting discounts and commissions.

No Listing

The depositary shares have no established trading market. The depositary shares will not be listed on any securities exchange or automated quotation system. We do not expect that there will be any separate public trading market for the shares of the Series B Preferred Stock except as represented by the depositary shares. We have been advised by the underwriters that they presently intend to make a market in the depositary shares, as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in

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the depositary shares and may discontinue any market making at any time at their sole discretion. Even if a secondary market for the depositary shares develops, it may not provide significant liquidity and transaction costs in any secondary market could be high. As a result, the difference between bid and ask prices in any secondary market could be substantial. Accordingly, we cannot make any assurance as to the liquidity of, or trading markets for, the depositary shares.

Indemnification and Contribution

We have agreed to indemnify the several underwriters, their respective controlling persons and any affiliate of any such underwriter that is acting as a selling agent of such underwriter in connection with the distribution of the depositary shares against certain liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to the payments the underwriters (and their respective affiliates and controlling persons) may be required to make in respect of those liabilities.

Price Stabilization and Short Positions and Penalty Bids

In connection with the offering, the underwriters may purchase and sell shares of our depositary shares in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of the depositary shares than they are required to purchase in the offering. The underwriters must close out any short position by purchasing the depositary shares in the open market. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our depositary shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of the depositary shares made by the underwriters in the open market while the offering is in progress.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased depositary shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our depositary shares, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our depositary shares. As a result, the price of our depositary shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the depositary shares. In addition, neither we nor the underwriters make any representation that the underwriters will engage in such transactions or that such transactions will not be discontinued without notice, once they are commenced.

Affiliations with Underwriters

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us in the ordinary course of business, for which they received or will receive customary fees and expenses.

Certain of the underwriters and their affiliates are lenders or agents under our senior secured revolving credit facility. In the ordinary course of their various business activities, the underwriters and their respective

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affiliates have made or held, and may in the future make or hold, a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and have actively traded, and, in the future may actively trade, debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may have in the past and at any time in the future hold long and short positions in such securities and instruments. Such investment and securities activities may have involved, and in the future may involve, our securities and/or instruments. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

The underwriters intend to offer the depositary shares for sale primarily in the United States either directly or through affiliates or other dealers acting as selling agents. The underwriters may also offer the depositary shares for sale outside the United States either directly or through affiliates or other dealers acting as selling agents.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) an offer to the public of any depositary shares which is the subject of the offering contemplated by this prospectus supplement (the Securities) may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Securities may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase any Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in each Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

This selling restriction for the European Economic Area is in addition to any other selling restrictions set out in this prospectus supplement.

United Kingdom

Each underwriter has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

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Section 21 of the Financial Services and Markets Act 2000 (the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Hong Kong

The depositary shares have not been and will not be offered or sold, in Hong Kong Special Administrative Region of the People s Republic of China (Hong Kong), by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) (the CO), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (the SFO) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the CO, and no advertisement, invitation or document relating to the depositary shares have been or will be issued or in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the depositary shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the SFO and any rules made thereunder.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offering. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Japan

The depositary shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Singapore

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the depositary shares may not be circulated or distributed, nor may the depositary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the SFA)) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the depositary shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole

business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of

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that corporation shall not be transferable for six months after that corporation has acquired the depositary shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation s securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (Regulation 32).

Where the depositary shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries rights and interest (howsoever described) in that trust shall not be transferable for six months after that trust has acquired the depositary shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA or (6) as specified in Regulation 32.

Settlement

We expect that delivery of the depositary shares will be made against payment thereof on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which will be the seventh business day following the pricing of the depositary shares (such settlement cycle being herein referred to as T + 7). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the depositary shares on the date of pricing or any of the next four succeeding business days will be required, by virtue of the fact that the depositary shares initially will settle T + 7, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the depositary shares who wish to trade the depositary shares on the date of pricing of the depositary shares or any of the next four succeeding business days should consult their own advisor.

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VALIDITY OF SECURITIES

Certain legal matters relating to the depositary shares offered hereby will be passed upon for E*TRADE by Davis Polk & Wardwell LLP, Menlo Park, California. Cahill Gordon & Reindel LLP, New York, New York, is representing the underwriters.

EXPERTS

The consolidated financial statements incorporated herein by reference from the Company s Annual Report on Form 10-K for the year ended December 31, 2016, and the effectiveness of the Company s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 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. In addition, the SEC maintains a website at www.sec.gov, from which interested persons can electronically access our SEC filings, including the registration statement of which this prospectus forms a part and the exhibits and schedules thereto.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and all documents subsequently filed with the SEC pursuant to Section 13(a), 13(c), 14, or 15(d) of the Exchange Act, prior to the termination of the offering under this prospectus supplement (excluding, in each case, any portions of any Form 8-K that are not deemed filed pursuant to the General Instructions of Form 8-K unless specifically incorporated by reference below):

(a) our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 22, 2017;

(b) our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017, filed with the SEC on May 4, 2017, August 3, 2017 and November 2, 2017, respectively;

(c) the portions of our Definitive Proxy Statement on Schedule 14A for our 2017 annual meeting of stockholders that are incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 29, 2017; and

(d) our Current Reports on Form 8-K filed with the SEC on February 7, 2017 (Item 8.01 only), May 11, 2017, June 20, 2017, July 20, 2017 (Item 8.01 only), August 7, 2017, August 24, 2017 and September 8, 2017.

Any statement contained in a previously filed document incorporated by reference into this prospectus supplement is deemed to be modified or superseded for purposes of this prospectus supplement and accompanying prospectus to the extent that a statement contained in this prospectus supplement, or in a subsequently filed document also incorporated by reference herein, modifies or supersedes that statement.

You may request a copy of these filings at no cost by writing or telephoning the office of Investor Relations, E*TRADE Financial Corporation, 11 Times Square, 32nd Floor, New York, New York 10036, (646) 521-4340. Information about us, including our SEC filings, is also available at our website at www.etrade.com. However, the information on, or accessible through, our website is not a part of, or incorporated by reference in, this prospectus supplement or the accompanying prospectus and should not be relied upon in determining whether to make an investment in our securities.

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PROSPECTUS

E*TRADE Financial Corporation

Common Stock, Preferred Stock, Depositary Shares, Debt Securities, Warrants, Purchase Contracts and Units

We may issue shares of our common stock and preferred stock, depositary shares, debt securities, warrants, purchase contracts and units, and we or any selling security holders may offer and sell these securities from time to time in one or more offerings. This prospectus describes the general terms of these securities and the general manner in which these securities will be offered. We will provide the specific terms of these securities in supplements to this prospectus. The prospectus supplements will also describe the specific manner in which these securities will be offered and may also supplement, update or amend information contained in this document. You should read this prospectus and the applicable prospectus supplement before you invest.

We and any selling security holders may offer these securities in amounts, at prices and on terms determined at the time of offering. The securities may be sold directly to you, through agents, or through underwriters and dealers. If agents, underwriters or dealers are used to sell the securities, we will name them and describe their compensation in a prospectus supplement.

Our common stock is listed on the NASDAQ Global Select Market under the symbol ETFC. On February 17, 2017, the last reported sale price on the NASDAQ Global Select Market for our common stock was $37.17.

Investing in these securities involves certain risks. See Item 1A. Risk Factors beginning on page 11 of our Annual Report on Form 10-K for the year ended December 31, 2016 incorporated by reference herein. We may include specific risk factors in an applicable prospectus supplement under the heading Risk Factors.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 22, 2017

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We have not authorized anyone to provide you any information other than that contained in or incorporated by reference in this prospectus, any supplement hereto, or any related free writing prospectus issued by us. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give to you. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus is accurate as of any date other than the date on the cover of this prospectus.

We refer to E*TRADE Financial Corporation in this prospectus as E*TRADE, the Company, we, us, our or comparable terms. All such references refer to E*TRADE Financial Corporation and its consolidated subsidiaries unless expressly indicated or the context otherwise requires.

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THE COMPANY

We are a financial services company that provides online brokerage and related products and services primarily to individual retail investors. We provide these services to customers through our digital platforms and network of industry-licensed customer service representatives and financial consultants, over the phone and by email at two national branches and in-person at 30 regional branches across the United States. We operate federally chartered savings banks with the primary purpose of maximizing the value of deposits generated through our brokerage business.

Our corporate offices are located at 1271 Avenue of the Americas, 14th Floor, New York, New York 10020. We were incorporated in California in 1982 and reincorporated in Delaware in July 1996. We had approximately 3,600 employees at December 31, 2016. We operate directly and through several subsidiaries, many of which are overseen by governmental and self-regulatory organizations. Substantially all of our revenues for the years ended December 31, 2016, 2015 and 2014 were derived from our operations in the United States. Our most important subsidiaries are described below:

E*TRADE Securities LLC (E*TRADE Securities) is a registered broker-dealer that clears and settles securities transactions for its customers. Our legacy clearing firm, E*TRADE Clearing LLC (E*TRADE Clearing), was merged into E*TRADE Securities effective October 1, 2016.

Aperture LLC (dba OptionsHouse) is a registered broker-dealer acquired on September 12, 2016 that provides brokerage products and services primarily to active traders through its derivatives platform.

E*TRADE Bank and its subsidiary E*TRADE Savings Bank are federally chartered savings banks which provide our customers with Federal Deposit Insurance Corporation (FDIC) insurance on qualifying amounts of customer deposits and other banking and cash management capabilities. We utilize our bank structure to effectively monetize the value of brokerage deposits.

E*TRADE Financial Corporate Services is a provider of software and services for managing equity compensation plans to our corporate clients.

About this Prospectus

This prospectus is part of a registration statement that we filed with the SEC utilizing a shelf registration process. Under this shelf process, we or selling security holders may sell any combination of the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we or selling security holders may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also supplement, update or amend information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading Where You Can Find More Information.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 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. In addition, the SEC maintains a website at www.sec.gov, from which interested persons can electronically access our SEC filings, including the registration statement of which this prospectus forms a part and the exhibits and schedules thereto.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and all documents subsequently filed with the SEC pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), prior to the termination of the offering under this prospectus and any prospectus supplement (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

(a) our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 22, 2017;

(b) the portions of the Definitive Proxy Statement on Schedule 14A for the 2016 annual meeting of stockholders incorporated by reference in the Annual Report on Form 10-K for the year ended December 31, 2015; and

(c) our Current Report on Form 8-K filed with the SEC on February 7, 2017.

Any statements contained in a previously filed document incorporated by reference into this prospectus are deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, or in a subsequently filed document also incorporated by reference herein, modifies or supersedes that statement.

You may request a copy of these filings at no cost by writing or telephoning the office of Investor Relations, E*TRADE Financial Corporation, 1271 Avenue of the Americas, 14th Floor, New York, New York 10020, (646) 521-4340. Information about us, including our SEC filings, is also available at our website at www.etrade.com. However, the information on our website is not a part of, or incorporated by reference in, this prospectus or any prospectus supplement that we file and should not be relied upon in determining whether to make an investment in our securities.

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus, any amendment or supplement thereto and the documents incorporated by reference herein contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. These statements discuss, among other things, our future plans, objectives, outlook, strategies, expectations and intentions relating to our business and future financial and operating results and the assumptions that underlie these matters and include statements made in our Annual Report on Form 10-K for the year ended December 31, 2016 regarding our capital plan initiatives and expected balance sheet size, the payment of dividends from our subsidiaries to our parent company, the management of our legacy loan portfolio, our ability to utilize deferred tax assets, the expected implementation and applicability of government regulation and our ability to comply with these regulations, continued repurchases of our common stock, payment of dividends on our preferred stock, our ability to meet upcoming debt obligations, the integration and related restructuring costs of past and any future acquisitions, the expected outcome of existing or new litigation, our ability to execute our business plans and manage risk, the potential decline of fees and service charges, the future sources of revenue, expense and liquidity and any other statement that is not historical in nature. These statements may be identified by the use of words such as assume, expect, believe, may, will, should, anticipate, intend, plan continue and similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2016 or any amendment or supplement to this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this prospectus or any amendment or supplement to this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Important factors that could contribute to our actual results, level of activity, performance or achievements differing materially from the results, level of activity, performance or achievements expressed or implied in any forward-looking statements include, but are not limited to, changes in business, economic or political condition, performance, volume and volatility in the equity and capital markets, performance of the residential real estate and credit markets, changes in interest rates or interest rate volatility, credit and counterparty risk, customer demand for financial products and services, our ability to continue to compete effectively, cyber security threats, reliance on technology infrastructure, our ability to participate in consolidation opportunities in our industry, our ability to service our corporate debt, changes in government regulation or actions by our regulators, our ability to move capital to our parent company from our subsidiaries, adverse developments in litigation and other factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2016 under Management s Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and elsewhere, in this prospectus and any amendment or supplement thereto and in other reports we file with the SEC.

Forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict or quantify and we cannot guarantee future results, levels of activity, performance or achievements. Actual future results may vary materially from expectations expressed or implied in this prospectus, any amendment or supplement thereto and the documents incorporated by reference herein. The forward-looking statements contained in this prospectus, any amendment or supplement thereto and the documents incorporated by reference herein reflect our expectations only as of the date such statement was made. You should not place undue reliance on forward-looking statements, as we do not undertake to update or revise forward-looking statements to reflect new information or the impact of circumstances or events that arise after the date the forward-looking statements were made, except as required by law. Although we undertake no obligation to update or revise any forward-looking statements, you are advised to review any additional disclosures we make in the documents we subsequently file with the SEC that are incorporated by reference in this prospectus and any amendment or supplement to this prospectus. See Where You Can Find Additional Information.

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USE OF PROCEEDS

We intend to use the net proceeds from the sale of the securities for working capital and general corporate purposes, including, but not limited to, repayment of indebtedness, funding our operations and financing capital expenditures. We may also invest the proceeds in certificates of deposit, U.S. government securities or certain other interest-bearing securities. If we decide to use the net proceeds from a particular offering of securities for a specific purpose, we will describe that purpose in the related prospectus supplement.

We will not receive any proceeds from sales of securities offered by any selling security holders under this prospectus.

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RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

The following table sets forth our consolidated ratio of earnings to fixed charges and the ratio of earnings to

fixed charges and preferred dividends:

	For the Year Ended December 31,				
	2016	**2015**	**2014**	**2013**	**2012**
Ratio of earnings to fixed charges	10.06	1.42	2.39	1.53	(a)
Ratio of earnings to fixed charges and preferred dividends (b)	10.06	1.42	2.39	1.53	(a)

The ratio of earnings to fixed charges is computed by dividing fixed charges into income (loss) before income taxes less equity in the income (loss) of investments plus fixed charges. Fixed charges include, as applicable, interest expense, amortization of debt issuance costs and the estimated interest component of rent expense (calculated as one-third of net rent expense).

(a) Earnings for the year ended December 31, 2012 were inadequate to cover fixed charges. The coverage deficiency was $132 million.

(b) On August 25, 2016, we issued 400,000 shares of our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A, par value $0.01 per share, liquidation preference $1,000 per share (the Series A Preferred Stock) in a public offering registered under the Securities Act. On or prior to December 31, 2016, we had not paid dividends on any shares of preferred stock, including the Series A Preferred Stock. Prior to the issuance of the Series A Preferred Stock, we had no shares of preferred stock outstanding.

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DESCRIPTION OF COMMON STOCK

As used in this section of the prospectus and under the captions Description of Preferred Stock, Description of Debt Securities, Description of Warrants, Description of Purchase Contracts and Description of Units, the terms we, us and our refer only to E*TRADE and not to any exi or future subsidiaries of E*TRADE.

The following description of our common stock is based upon our Amended and Restated Certificate of Incorporation, as amended (Certificate of Incorporation), our Amended and Restated Bylaws (Bylaws) and applicable provisions of law as currently in effect. We have summarized certain portions of the Certificate of Incorporation and Bylaws below. The summary is not complete. The Certificate of Incorporation and Bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part. You should read the Certificate of Incorporation and Bylaws for the provisions that are important to you.

Certain provisions of the Delaware General Corporation Law (DGCL), the Certificate of Incorporation and the Bylaws summarized in the following paragraphs may have an anti-takeover effect. This may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interests, including those attempts that might result in a premium over the market price for its shares.

General

Our authorized common stock consists of 400,000,000 shares of common stock, $0.01 par value per share. As of February 17, 2017, we had outstanding 274,678,179 shares of our common stock.

Each holder of common stock is entitled to one vote per share held on all matters to be voted upon by the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive ratably the dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available for the payment of dividends. If we liquidate, dissolve or wind up our business, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and non-assessable, and any shares of common stock to be issued upon completion of any offering of our common stock under this prospectus will be fully paid and non-assessable.

Anti-Takeover Effects or Provisions of Our Certificate of Incorporation, Bylaws and Delaware Law

Certificate of Incorporation and Bylaws

Our Certificate of Incorporation and Bylaws contain provisions that could discourage potential takeover attempts and make more difficult attempts by stockholders to change management.

Our Certificate of Incorporation and Bylaws currently permit the Board of Directors to create new directorships and to elect new directors to serve for a term expiring at the next annual meeting of stockholders. In uncontested elections, each director must be elected to the Board of Directors by the majority of the votes cast with respect to the director s election, and must submit his or her resignation to the Board of Directors if he or she does not obtain the required majority. The Board of Directors has the power to decide whether or not to accept the resignation, but must publicly disclose its decision and, if the resignation is rejected, its rationale within 90 days following certification of the stockholder vote. The Board of Directors (or its remaining members, even though less than a quorum) is also empowered to fill vacancies on the Board of Directors occurring for any reason, including a vacancy from an enlargement of the Board of Directors; however, a vacancy created by the

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removal of a director by the stockholders or court order may be filled only by the vote of a majority of the shares at a meeting at which a quorum is present. Any director so elected according to the preceding sentence shall hold office for a term expiring at the next annual meeting of stockholders. Our Certificate of Incorporation does not provide for cumulative voting in the election of directors.

Our Certificate of Incorporation provides that stockholders may take action only at an annual meeting or special meeting and may not take action by written consent. Special meetings of our stockholders may only be called by our Chairman of the Board, our President, a majority of the number of directors constituting the full Board of Directors, or the holders of not less than 10% of our outstanding voting stock.

Under the terms of our Bylaws, stockholders who intend to present business or nominate persons for election to the Board of Directors at annual meetings of stockholders must provide notice to our corporate secretary no more than 150 days and no less than 120 days prior to the date of the proxy statement for the prior annual meeting, as more fully set forth in our Bylaws.

Our Certificate of Incorporation provides that, in addition to the requirements of the Delaware General Corporation Law described below, any business combination with an interested stockholder, as these terms are defined in our Certificate of Incorporation and summarized below, requires the affirmative vote of two-thirds of the outstanding voting stock, unless two-thirds of the number of directors constituting the full Board of Directors approve the transaction.

A business combination is defined for purposes of this provision of our Certificate of Incorporation as:

- a merger or consolidation of us or any of our subsidiaries with an interested stockholder or with a corporation that is or would become an affiliate or associate, with these terms defined for purposes of this provision of our Certificate of Incorporation as they are defined in the Exchange Act, of an interested stockholder,

- any sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with, or proposed by or on behalf of, an interested stockholder or any affiliate or associate of an interested stockholder involving any assets of ours or our subsidiaries that constitute 5% or more of our total assets,

- the issuance or transfer by us or by any of our subsidiaries of any of our or their securities to, or proposed by or on behalf of, an interested stockholder or any affiliate or associate of an interested stockholder in exchange for cash, securities or other property that constitute 5% or more of our total assets,

- the adoption of any plan or proposal for our liquidation or dissolution or any spin-off or split-up of any kind of us or any of our subsidiaries, proposed by or on behalf of an interested stockholder or an affiliate or associate of an interested stockholder, or

- any reclassification, recapitalization, or merger or consolidation of us with any of our subsidiaries or any similar transaction that has the effect, directly or indirectly, of increasing the percentage of the outstanding shares of (i) any class of equity securities of us or any of our subsidiaries or (ii) any class of securities of us or any of our subsidiaries convertible into equity securities of us or any of our subsidiaries which are directly or indirectly owned by an interested stockholder or an affiliate or associate of an interested stockholder.

An interested stockholder is defined for purposes of this provision of our Certificate of Incorporation as an individual, corporation or other entity which, as of the record date for notice of the transaction or immediately prior to the transaction:

- is one of our associates or affiliates and at any time within the prior two-year period was the beneficial owner, directly or indirectly, of 10% or more of our outstanding voting securities, or

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is, or was at any time within the prior two-year period, the beneficial owner, directly or indirectly, of 10% or more of our outstanding voting securities, or

is under circumstances described in more detail in our Certificate of Incorporation, an assignee of any of the persons described above.

A person is the beneficial owner of any voting securities which:

that person or any of its affiliates or associates, beneficially owns, directly or indirectly,

that person or any of its affiliates or associates has, directly or indirectly, the right to acquire (whether such right is exercisable immediately or subject only to the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or the right to vote pursuant to any agreement, arrangement or understanding, or

are beneficially owned, directly or indirectly, by any other person with which the person in question or any of its affiliates or associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock.

As described below under Description of Preferred Stock, our Board of Directors has the authority to issue preferred stock in one or more series and to fix the powers, rights, designations, preferences, qualifications, limitations and restrictions applicable to the preferred stock. The issuance of preferred stock may have the effect of delaying, deferring or preventing potential takeover attempts without further action by the stockholders and may adversely affect the voting and other rights of the holders of our common stock.

These provisions of our Certificate of Incorporation and Bylaws as currently in effect may deter any potential unsolicited offers or other efforts to obtain control of us that are not approved by our Board of Directors. Such provisions could deprive our stockholders of opportunities to realize a premium on their common stock and could make removal of incumbent directors more difficult. At the same time, these provisions may have the effect of inducing any persons seeking to control us or seeking a business combination with us to negotiate terms acceptable to our Board of Directors. These provisions of our Certificate of Incorporation and Bylaws can be changed or amended, in the case of our Certificate of Incorporation, only by the affirmative vote of the holders of at least two-thirds of our outstanding voting stock and, in the case of our Bylaws, only by the affirmative vote of the holders of at least two-thirds of our outstanding voting stock or the affirmative vote of two-thirds of the total number of directors we would have, assuming no directorships were vacant at the time of the vote.

Delaware Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

the transaction is approved by the Board of Directors before the date the interested stockholder attained that status;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

on or after the date the business combination is approved by the Board of Directors and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines business combination to include the following:

any sale, lease, exchange, mortgage, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

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any merger or consolidation involving the corporation or any majority-owned subsidiary and the interested stockholder;

subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation or by any majority-owned subsidiary of any stock of the corporation or of such subsidiary to the interested stockholder;

any transaction involving the corporation or any majority-owned subsidiary that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or

the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation or any majority-owned subsidiary.

In general, Section 203 defines interested stockholder to be any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

A Delaware corporation may opt out of this provision either with an express provision in its original Certificate of Incorporation or in an amendment to its Certificate of Incorporation or Bylaws approved by its stockholders. We have not opted out of this provision. Section 203 could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Delaware as Sole and Exclusive Forum

Our Bylaws provide that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf us, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to us or our stockholders, (c) any action asserting a claim against us or our officers, directors or employees arising pursuant to any provision of the Delaware General Corporation Law or our Certificate of Incorporation or Bylaws or (d) any action asserting a claim against us or our officers, directors or employees governed by the internal affairs doctrine. As a result, any action brought by any of our stockholders with regard to any of these matters will need to be filed in the Court of Chancery of the State of Delaware and cannot be filed in any other jurisdiction. Although our Bylaws contain the choice of forum provision described above, it is possible that a court could rule that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, N.A.

Listing

Our common stock is listed for trading on the NASDAQ Global Select Market under the trading symbol ETFC.

DESCRIPTION OF PREFERRED STOCK

This prospectus describes certain general terms and provisions of our preferred stock. When we offer to sell a particular series of preferred stock, we will describe the specific terms of the securities in a supplement to this prospectus. The prospectus supplement will also indicate whether the general terms and provisions described in this prospectus apply to the particular series of preferred stock. The preferred stock will be issued under a certificate of designation relating to each series of preferred stock and is also subject to our Certificate of Incorporation.

Our authorized preferred stock consists of 1,000,000 shares of preferred stock, $0.01 par value per share. As of February 17, 2017, we had outstanding 400,000 shares of our preferred stock, which consist entirely of our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A, liquidation preference $1,000 per share.

Under our Certificate of Incorporation, our Board of Directors has the authority to:

create one or more series of preferred stock;

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issue shares of preferred stock in any series up to the maximum number of shares of preferred stock authorized; and

determine the preferences, rights, privileges and restrictions of any series.

Our Board of Directors may issue authorized shares of preferred stock, as well as authorized but unissued shares of common stock, without further stockholder action, unless stockholder action is required by applicable law or by the rules of a stock exchange or quotation system on which any series of our stock may be listed or quoted.

The prospectus supplement will describe the terms of any preferred stock being offered, including:

the number of shares and designation or title of the shares;

any liquidation preference per share;

any date of maturity;

any redemption, repayment or sinking fund provisions;

any dividend rate or rates and the dates of payment (or the method for determining the dividend rates or dates of payment);

any voting rights;

if other than the currency of the United States, the currency or currencies including composite currencies in which the preferred stock is denominated and/or in which payments will or may be payable;

the method by which amounts in respect of the preferred stock may be calculated and any commodities, currencies or indices, or value, rate or price, relevant to such calculation;

whether the preferred stock is convertible or exchangeable and, if so, the securities or rights into which the preferred stock is convertible or exchangeable, and the terms and conditions of conversion or exchange;

the place or places where dividends and other payments on the preferred stock will be payable; and

any additional voting, dividend, liquidation, redemption and other rights, preferences, privileges, limitations and restrictions.

All shares of preferred stock offered will be fully paid and non-assessable. Any shares of preferred stock that are issued will have priority over the common stock with respect to dividend or liquidation rights or both.

Our Board of Directors could create and issue a series of preferred stock with rights, privileges or restrictions which effectively discriminates against a then-existing or prospective holder of preferred stock as a result of the holder beneficially owning or commencing a tender offer for a substantial amount of common stock. One of the effects of authorized but unissued and unreserved shares of capital stock may be to make it

more difficult or discourage an attempt by a potential acquirer to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise. The issuance of these shares of capital stock may defer or prevent a change in control of our company without any further stockholder action.

The transfer agent for each series of preferred stock will be described in the relevant prospectus supplement.

DESCRIPTION OF DEPOSITARY SHARES REPRESENTING PREFERRED STOCK

The applicable prospectus supplement will include a description of the material terms of any depositary shares representing preferred stock offered hereby.

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DESCRIPTION OF DEBT SECURITIES

Our debt securities, consisting of notes, debentures or other evidences of indebtedness, may be issued from time to time in one or more series pursuant to, in the case of senior debt securities, a senior indenture, and in the case of subordinated debt securities, a subordinated indenture, in each case to be entered into between us and The Bank of New York Mellon Trust Company, N.A. as trustee. The senior indenture and the subordinated indenture are referred to herein as the indentures. The terms of our debt securities will include those set forth in the applicable indenture and those made a part thereof by the Trust Indenture Act of 1939, as amended.

Because the following is only a summary of selected provisions of the indentures and the debt securities, it does not contain all information that may be important to you. This summary is not complete and is qualified in its entirety by reference to the indentures and any supplemental indentures thereto or officer s certificate or board resolution related thereto. We urge you to read the indentures because the indentures, not this description, define the rights of the holders of the debt securities. The senior indenture and the subordinated indenture will be substantially in the forms included as exhibits to the registration statement of which this prospectus is a part.

General

The senior debt securities will constitute unsecured and unsubordinated obligations of ours and will rank pari passu with our other unsecured and unsubordinated obligations. The subordinated debt securities will constitute our unsecured and subordinated obligations and will be junior in right of payment to our Senior Indebtedness (including senior debt securities), as described under the heading Certain Terms of the Subordinated Debt Securities Subordination.

We conduct most of our operations through subsidiaries. Consequently, our ability to pay our obligations, including our obligation to pay principal or interest on the debt securities, to pay the debt securities at maturity or upon redemption or to buy the debt securities may depend on our subsidiaries repaying investments and advances we have made to them, and on our subsidiaries earnings and their distributing those earnings to us. The debt securities will be effectively subordinated to all obligations (including trade payables and preferred stock obligations) of our subsidiaries. Our subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due on the debt securities or to make funds available to us to do so. Our subsidiaries ability to pay dividends or make other payments or advances to us will depend on their operating results and will be subject to applicable laws and regulatory and contractual restrictions. The indentures will not limit our subsidiaries ability to enter into other agreements that prohibit or restrict dividends or other payments or advances to us.

The debt securities will be our unsecured obligations. Our secured debt and other secured obligations will be effectively senior to the debt securities to the extent of the value of the assets securing such debt or other obligations.

You should look in the prospectus supplement for any additional or different terms of the debt securities being offered, including the following terms:

- the debt securities designation;
- the aggregate principal amount of the debt securities;
- the percentage of their principal amount (i.e. price) at which the debt securities will be issued;
- the date or dates on which the debt securities will mature and the right, if any, to extend such date or dates;
- the rate or rates, if any, per year, at which the debt securities will bear interest, or the method of determining such rate or rates;

the date or dates from which such interest will accrue, the interest payment dates on which such interest will be payable or the manner of determination of such interest payment dates and the record dates for the determination of holders to whom interest is payable on any interest payment date;

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the right, if any, to extend the interest payment periods and the duration of that extension;

the manner of paying principal and interest and the place or places where principal and interest will be payable;

provisions for a sinking fund purchase or other analogous fund, if any;

the period or periods, if any, within which, the price or prices at which, and the terms and conditions upon which the debt securities may be redeemed, in whole or in part, at our option or at your option;

the period or periods, if any, within which, the price or prices at which, and the terms and conditions upon which we may otherwise be required to redeem the debt securities;

the form of the debt securities;

any provisions for payment of additional amounts for taxes and any provision for redemption if we must pay such additional amounts in respect of any debt security;

the terms and conditions, if any, upon which we may have to repay the debt securities early at your option;

the currency, currencies or currency units for which you may purchase the debt securities and the currency, currencies or currency units in which principal and interest, if any, on the debt securities may be payable;

the terms and conditions upon which conversion or exchange of the debt securities may be effected, if any, including the initial conversion or exchange price or rate and any adjustments thereto and the period or periods when a conversion or exchange may be effected;

whether and upon what terms the debt securities may be defeased;

any events of default or covenants in addition to or in lieu of those set forth in the indenture;

provisions for electronic issuance of debt securities or for debt securities in uncertificated form; and

any other terms of the debt securities, including any terms which may be required by or advisable under applicable laws or regulations or advisable in connection with the marketing of the debt securities.

We may from time to time, without notice to or the consent of the holders of any series of debt securities, create and issue further debt securities of any such series ranking equally with the debt securities of such series in all respects (or in all respects other than the payment of interest accruing prior to the issue date of such further debt securities or except for the first payment of interest following the issue date of such further debt securities); provided that if such additional debt securities are not fungible with the initial debt securities of such series offered hereby for U.S. federal income tax purposes, such additional debt securities will have a separate CUSIP number.

You may present debt securities for exchange and you may present debt securities for transfer in the manner, at the places and subject to the restrictions set forth in the debt securities and the applicable prospectus supplement. We will provide you those services without charge, although you may have to pay any tax or other governmental charge payable in connection with any exchange or transfer, as set forth in the indenture.

Debt securities will bear interest at a fixed rate or a floating rate. Debt securities bearing no interest or interest at a rate that at the time of issuance is below the prevailing market rate (original issue discount securities) may be sold at a discount below their stated principal amount. Certain U.S. federal income tax considerations applicable to any such discounted debt securities or to certain debt securities issued at par which are treated as having been issued at a discount for U.S. federal income tax purposes will be described in the applicable prospectus supplement.

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We may issue debt securities with the principal amount payable on any principal payment date, or the amount of interest payable on any interest payment date, to be determined by reference to one or more currency exchange rates, securities or baskets of securities, commodity prices or indices. You may receive a payment of principal on any principal payment date, or a payment of interest on any interest payment date, that is greater than or less than the amount of principal or interest otherwise payable on such dates, depending on the value on such dates of the applicable currency, security or basket of securities, commodity or index. Information as to the methods for determining the amount of principal or interest payable on any date, the currencies, securities or baskets of securities, commodities or indices to which the amount payable on such date is linked and certain tax considerations will be set forth in the applicable prospectus supplement.

Certain Terms of the Senior Debt Securities

Covenants

Unless otherwise indicated in a prospectus supplement, the senior debt securities will not contain any financial or restrictive covenants, including covenants restricting either us or any of our subsidiaries from incurring, issuing, assuming or guarantying any indebtedness secured by a lien on any of our or our subsidiaries property or capital stock, or restricting either us or any of our subsidiaries from entering into sale and leaseback transactions.

Consolidation, Merger and Sale of Assets

Unless we indicate otherwise in a prospectus supplement, we may not consolidate with or merge into any other person, in a transaction in which we are not the surviving corporation, or convey, transfer or lease our properties and assets substantially as an entirety to any person, unless:

the successor entity, if any, is a U.S. corporation, limited liability company, partnership or trust (subject to certain exceptions provided for in the senior indenture);

the successor entity assumes our obligations on the senior debt securities and under the senior indenture;

immediately after giving effect to the transaction, no default or event of default shall have occurred and be continuing; and

certain other conditions are met.

No Protection in the Event of a Change of Control

Unless otherwise indicated in a prospectus supplement with respect to a particular series of senior debt securities, the senior debt securities will not contain any provisions which may afford holders of the senior debt securities protection in the event we have a change in control or in the event of a highly leveraged transaction (whether or not such transaction results in a change in control).

Events of Default

An event of default for any series of senior debt securities is defined under the senior indenture as being:

(1) our default in the payment of principal or premium on the senior debt securities of such series when due and payable whether at maturity, upon acceleration, redemption, or otherwise, if that default continues for a period of five days (or such other period as may be specified for such series);

(2)

our default in the payment of interest on any senior debt securities of such series when due and payable, if that default continues for a period of 60 days (or such other period as may be specified for such series);

(3) our default in the performance of or breach of any of our other covenants or agreements in the senior indenture applicable to senior debt securities of such series, other than a covenant breach which is

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specifically dealt with elsewhere in the senior indenture, and that default or breach continues for a period of 90 consecutive days after we receive written notice from the trustee or from the holders of 25% or more in aggregate principal amount of the senior debt securities of such series;

(4) there occurs any other event of default provided for in such series of senior debt securities;

(5) a court having jurisdiction enters a decree or order for:

relief in respect of us in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect;

appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of us or for all or substantially all of our property and assets; or

the winding up or liquidation of our affairs and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(6) we:

commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law;

consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of ours for all or substantially all of our property and assets; or

effect any general assignment for the benefit of creditors.

The default by us under any other debt, including any other series of debt securities, is not a default under the senior indenture.

If an event of default other than an event of default specified in (5) or (6) above occurs with respect to a series of senior debt securities and is continuing under the senior indenture, then, and in each and every such case, either the trustee or the holders of not less than 25% in aggregate principal amount of such series then outstanding under the senior indenture (each such series voting as a separate class) by written notice to us and to the trustee, if such notice is given by the holders, may, and the trustee at the request of such holders shall, declare the principal amount of and accrued interest, if any, on such senior debt securities to be immediately due and payable.

If an event of default specified in (5) or (6) above occurs with respect to us and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the senior debt securities of all series then outstanding under the senior indenture (treated as one class) may, by written notice to us and to the trustee, if such notice is given by the holders, declare the entire principal amount of and accrued interest, if any, on each series of senior debt securities then outstanding to be immediately due and payable.

Upon a declaration of acceleration, the principal amount of and accrued interest, if any, on such senior debt securities shall be immediately due and payable. Unless otherwise specified in the prospectus supplement relating to a series of senior debt securities originally issued at a discount, the amount due upon acceleration shall include only the original issue price of the senior debt securities, the amount of original issue discount accrued to the date of acceleration and accrued interest, if any.

Upon certain conditions, declarations of acceleration may be rescinded and annulled and past defaults may be waived by the holders of a majority in aggregate principal amount of all the senior debt securities of such series affected by the default, each series voting as a separate class (or of all the senior debt securities, as the case may be, voting as a single class). Furthermore, subject to various provisions in the senior indenture, the holders of at least a majority in aggregate principal amount of a series of senior debt securities, by notice to the trustee, may waive an existing default or event of default with respect to such senior debt securities and its consequences, except a default in the payment of principal of or interest on such senior debt securities or in respect of a

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covenant or provision of the senior indenture which cannot be modified or amended without the consent of the holders of each such senior debt security. Upon any such waiver, such default shall cease to exist, and any event of default with respect to such senior debt securities shall be deemed to have been cured, for every purpose of the senior indenture; but no such waiver shall extend to any subsequent or other default or event of default or impair any right consequent thereto. For information as to the waiver of defaults, see Modification and Waiver.

The holders of at least a majority in aggregate principal amount of a series of senior debt securities may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to such senior debt securities. However, the trustee may refuse to follow any direction that conflicts with law or the senior indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of such series of senior debt securities not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from holders of such series of senior debt securities. A holder may not pursue any remedy with respect to the senior indenture or any series of senior debt securities unless:

- the holder gives the trustee written notice of a continuing event of default;
- the holders of at least 25% in aggregate principal amount of such series of senior debt securities make a written request to the trustee to pursue the remedy in respect of such event of default;
- the requesting holder or holders offer the trustee indemnity satisfactory to the trustee against any costs, liability, or expense;
- the trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- during such 60-day period, the holders of a majority in aggregate principal amount of such series of senior debt securities do not give the trustee a direction that is inconsistent with the request.

These limitations, however, do not apply to the right of any holder of a senior debt security to receive payment of the principal of or interest, if any, on such senior debt security, or to bring suit for the enforcement of any such payment, on or after the due date for the senior debt securities, which right shall not be impaired or affected without the consent of the holder.

The senior indenture requires certain of our officers to certify, on or before a fixed date in each year in which any senior debt security is outstanding, as to their knowledge of our compliance with all conditions and covenants under the senior indenture.

Discharge and Defeasance

The senior indenture provides that, unless the terms of any series of senior debt securities provide otherwise, we may discharge our obligations with respect to a series of senior debt securities and the senior indenture with respect to such series of senior debt securities if:

- we pay or cause to be paid, as and when due and payable, the principal of and any interest on all senior debt securities of such series outstanding under the senior indenture;
- all senior debt securities of such series previously authenticated and delivered with certain exceptions, have been delivered to the trustee for cancellation and we have paid all sums payable by us under the senior indenture; or

the senior debt securities of such series mature within one year or all of them are to be called for redemption within one year under arrangements satisfactory to the trustee for giving the notice of redemption, and we irrevocably deposit in trust with the trustee, as trust funds solely for the benefit of the holders of the senior debt securities of such series, for that purpose, the entire amount in cash or, in the case of any series of senior debt securities payments on which may only be made in U.S. dollars, U.S. government obligations (maturing as to principal and interest in such amounts and at such times as

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will insure the availability of cash), sufficient, after payment of all federal, state and local taxes or other charges and assessments in respect thereof payable by the trustee, to pay principal of and interest on the senior debt securities of such series to maturity or redemption, as the case may be, and to pay all other sums payable by us under the senior indenture.

With respect to the first and second bullet points, only our obligations to compensate and indemnify the trustee and our right to recover unclaimed money held by the trustee under the senior indenture shall survive. With respect to the third bullet point, certain rights and obligations under the senior indenture (such as our obligation to maintain an office or agency in respect of such senior debt securities, to have moneys held for payment in trust, to register the transfer or exchange of such senior debt securities, to deliver such senior debt securities for replacement or to be canceled, to compensate and indemnify the trustee and to appoint a successor trustee, and our right to recover unclaimed money held by the trustee) shall survive until such senior debt securities are no longer outstanding. Thereafter, only our obligations to compensate and indemnify the trustee and our right to recover unclaimed money held by the trustee shall survive.

Unless the terms of any series of senior debt securities provide otherwise, on the 121st day after the date of deposit of the trust funds with the trustee, we will be deemed to have paid and will be discharged from any and all obligations in respect of the series of senior debt securities provided for in the funds, and the provisions of the senior indenture will no longer be in effect with respect to such senior debt securities (legal defeasance); provided that the following conditions shall have been satisfied:

we have irrevocably deposited in trust with the trustee as trust funds solely for the benefit of the holders of the senior debt securities of such series, for payment of the principal of and interest on the senior debt securities of such series, cash in an amount or, in the case of any series of senior debt securities payments on which can only be made in U.S. dollars, U.S. government obligations (maturing as to principal and interest at such times and in such amounts as will insure the availability of cash) or a combination thereof sufficient (in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the trustee), after payment of all federal, state and local taxes or other charges and assessments in respect thereof payable by the trustee, to pay and discharge the principal of and accrued interest on the senior debt securities of such series to maturity or earlier redemption, as the case may be, and any mandatory sinking fund payments on the day on which such payments are due and payable in accordance with the terms of the senior indenture and the senior debt securities of such series;

such deposit will not result in a breach or violation of, or constitute a default under, the senior indenture or any other material agreement or instrument to which we are a party or by which we are bound;

no default or event of default with respect to the senior debt securities of such series shall have occurred and be continuing on the date of such deposit;

we shall have delivered to the trustee either an officer s certificate and an opinion of counsel that the holders of the senior debt securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of our exercising our option under this provision of the senior indenture and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred or a ruling by the Internal Revenue Service to the same effect; and

we have delivered to the trustee an officer s certificate and an opinion of counsel, in each case stating that all conditions precedent provided for in the senior indenture relating to the contemplated defeasance of the senior debt securities of such series have been complied with.

Subsequent to the legal defeasance above, certain rights and obligations under the senior indenture (such as our obligation to maintain an office or agency in respect of such senior debt securities, to have moneys held for payment in trust, to register the exchange of such senior debt securities, to deliver such senior debt securities for

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replacement or to be canceled, to compensate and indemnify the trustee and to appoint a successor trustee, and our right to recover unclaimed money held by the trustee) shall survive until such senior debt securities are no longer outstanding. After such senior debt securities are no longer outstanding, only our obligations to compensate and indemnify the trustee and our right to recover unclaimed money held by the trustee shall survive.

Modification and Waiver

We and the trustee may amend or supplement the senior indenture or the senior debt securities without the consent of any holder:

to convey, mortgage or pledge any assets as security for the senior debt securities of one or more series;

to evidence the succession of another corporation to us, and the assumption by such successor corporation of our covenants, agreements and obligations under the senior indenture;

to cure any ambiguity, defect, or inconsistency in the senior indenture or in any supplemental indenture; provided that such amendments or supplements shall not adversely affect the interests of the holders of the senior debt securities of any series in any material respect, or to conform the senior indenture or the senior debt securities to the description of senior debt securities of such series set forth in this prospectus or a prospectus supplement;

to comply with the provisions described under Certain Covenants Consolidation, Merger and Sale of Assets ;

to evidence and provide for the acceptance of appointment hereunder by a successor trustee, or to make such changes as shall be necessary to provide for or facilitate the administration of the trusts in the senior indenture by more than one trustee;

to provide for or add guarantors with respect to the senior debt securities of any series;

to establish the form or forms or terms of the senior debt securities as permitted by the senior indenture;

to make any change that is necessary or desirable provided that such change shall not adversely affect the interests of the holders of the senior debt securities of any series in any material respect;

to add to our covenants new covenants, restrictions, conditions or provisions for the protection of the holders, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an event of default;

to make any change to the senior debt securities of any series so long as no senior debt securities of such series are outstanding; or

to make any other change that does not adversely affect the rights of any holder.

Other amendments and modifications of the senior indenture or the senior debt securities issued may be made, and our compliance with any provision of the senior indenture with respect to any series of senior debt securities may be waived, with the consent of the holders of not less than a majority of the aggregate principal amount of the outstanding senior debt securities of all series affected by the amendment or

modification (voting as one class); provided, however, that each affected holder must consent to any modification, amendment or waiver that:

changes the stated maturity of the principal of, or any installment of interest on, any senior debt securities of such series;

reduces the principal amount of, or premium, if any, or interest on, any senior debt securities of such series;

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changes the place or currency of payment of principal of, or premium, if any, or interest on, any senior debt securities of such series;

changes the provisions for calculating the optional redemption price, including the definitions relating thereto;

changes the provisions relating to the waiver of past defaults or changes or impairs the right of holders to receive payment or to institute suit for the enforcement of any payment of any senior debt securities of such series on or after the due date therefor;

reduces the above-stated percentage of outstanding senior debt securities of such series the consent of whose holders is necessary to modify or amend or to waive certain provisions of or defaults under the senior indenture;

waives a default in the payment of principal of or interest on the senior debt securities;

adversely affects the rights of such holder under any mandatory redemption or repurchase provision or any right of redemption or repurchase at the option of such holder; or

modifies any of the provisions of this paragraph, except to increase any required percentage or to provide that certain other provisions cannot be modified or waived without the consent of the holder of each senior debt security of such series affected by the modification.

It shall not be necessary for the consent of the holders under this section of the senior indenture to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof. After an amendment, supplement or waiver under this section of the senior indenture becomes effective, the trustee must give to the holders affected thereby certain notice briefly describing the amendment, supplement or waiver. We will mail supplemental indentures to holders upon request. Any failure by the trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

No Personal Liability of Incorporators, Stockholders, Officers, Directors

The senior indenture provides that no recourse shall be had under or upon any obligation, covenant, or agreement of ours in the senior indenture or any supplemental indenture, or in any of the senior debt securities or because of the creation of any indebtedness represented thereby, against any incorporator, stockholder, officer or director of ours or of any successor person thereof under any law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise. Each holder, by accepting the senior debt securities, waives and releases all such liability.

Concerning the Trustee

The senior indenture provides that, except during the continuance of a default, the trustee will not be liable, except for the performance of such duties as are specifically set forth in the senior indenture. If an event of default has occurred and is continuing, the trustee will exercise such rights and powers vested in it under the senior indenture and will use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person s own affairs.

We have normal banking relationships with the trustee under the senior indenture in the ordinary course of business.

Unclaimed Funds

All funds deposited with the trustee or any paying agent for the payment of principal, interest, premium or additional amounts in respect of the senior debt securities that remain unclaimed for two years after the maturity date of such senior debt securities will be repaid to us upon our request. Thereafter, any right of any noteholder to such funds shall be enforceable only against us, and the trustee and paying agents will have no liability therefor.

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Governing Law

The senior indenture and the debt securities will be governed by, and construed in accordance with, the internal laws of the State of New York.

Certain Terms of the Subordinated Debt Securities

Other than the terms of the subordinated indenture and subordinated debt securities relating to subordination, or otherwise as described in the prospectus supplement relating to a particular series of subordinated debt securities, the terms of the subordinated indenture and subordinated debt securities are identical in all material respects to the terms of the senior indenture and senior debt securities. Additional or different subordination terms may be specified in the prospectus supplement applicable to a particular series.

Subordination

The indebtedness evidenced by the subordinated debt securities is subordinate to the prior payment in full of all our Senior Indebtedness, as defined in the subordinated indenture. During the continuance beyond any applicable grace period of any default in the payment of principal, premium, interest or any other payment due on any of our Senior Indebtedness, we may not make any payment of principal of, or premium, if any, or interest on the subordinated debt securities. In addition, upon any payment or distribution of our assets upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of, or premium, if any, and interest on the subordinated debt securities will be subordinated to the extent provided in the subordinated indenture in right of payment to the prior payment in full of all our Senior Indebtedness. Because of this subordination, if we dissolve or otherwise liquidate, holders of our subordinated debt securities may receive less, ratably, than holders of our Senior Indebtedness. The subordination provisions do not prevent the occurrence of an event of default under the subordinated indenture.

The term Senior Indebtedness of a person means with respect to such person the principal of, premium, if any, interest on, and any other payment due pursuant to any of the following, whether outstanding on the date of the subordinated indenture or incurred by that person in the future:

- all of the indebtedness of that person for money borrowed, including any indebtedness secured by a mortgage or other lien which is (1) given to secure all or part of the purchase price of property subject to the mortgage or lien, whether given to the vendor of that property or to another lender, or (2) existing on property at the time that person acquires it;
- all of the indebtedness of that person evidenced by notes, debentures, bonds or other securities sold by that person for money;
- all of the lease obligations which are capitalized on the books of that person in accordance with generally accepted accounting principles as in effect on the date of the subordinated indenture;
- all indebtedness of others of the kinds described in the first two bullet points above and all lease obligations of others of the kind described in the third bullet point above that the person, in any manner, assumes or guarantees or that the person in effect guarantees through an agreement to purchase, whether that agreement is contingent or otherwise; and
- all renewals, extensions or refundings of indebtedness of the kinds described in the first, second or fourth bullet point above and all renewals or extensions of leases of the kinds described in the third or fourth bullet point above;

unless, in the case of any particular indebtedness, lease, renewal, extension or refunding, the instrument or lease creating or evidencing it or the assumption or guarantee relating to it expressly provides that such indebtedness, lease, renewal, extension or refunding is not superior in right of payment to the subordinated debt securities. Our senior debt securities constitute Senior Indebtedness for purposes of the subordinated debt indenture.

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DESCRIPTION OF WARRANTS

We may issue warrants to purchase our debt or equity securities or securities of third parties or other rights, including rights to receive payment in cash or securities based on the value, rate or price of one or more specified commodities, currencies, securities or indices, or any combination of the foregoing. Warrants may be issued independently or together with any other securities and may be attached to, or separate from, such securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent. The terms of any warrants to be issued and a description of the material provisions of the applicable warrant agreement will be set forth in the applicable prospectus supplement.

DESCRIPTION OF PURCHASE CONTRACTS

We may issue purchase contracts for the purchase or sale of:

- debt or equity securities issued by us or securities of third parties, a basket of such securities, an index or indices or such securities or any combination of the above as specified in the applicable prospectus supplement;
- currencies; or
- commodities.

Each purchase contract will entitle the holder thereof to purchase or sell, and obligate us to sell or purchase, on specified dates, such securities, currencies or commodities at a specified purchase price, which may be based on a formula, all as set forth in the applicable prospectus supplement. We may, however, satisfy our obligations, if any, with respect to any purchase contract by delivering the cash value of such purchase contract or the cash value of the property otherwise deliverable or, in the case of purchase contracts on underlying currencies, by delivering the underlying currencies, as set forth in the applicable prospectus supplement. The applicable prospectus supplement will also specify the methods by which the holders may purchase or sell such securities, currencies or commodities and any acceleration, cancellation or termination provisions or other provisions relating to the settlement of a purchase contract.

The purchase contracts may require us to make periodic payments to the holders thereof or vice versa, which payments may be deferred to the extent set forth in the applicable prospectus supplement, and those payments may be unsecured or prefunded on some basis. The purchase contracts may require the holders thereof to secure their obligations in a specified manner to be described in the applicable prospectus supplement. Alternatively, purchase contracts may require holders to satisfy their obligations thereunder when the purchase contracts are issued. Our obligation to settle such pre-paid purchase contracts on the relevant settlement date may constitute indebtedness. Accordingly, pre-paid purchase contracts will be issued under either the senior indenture or the subordinated indenture.

DESCRIPTION OF UNITS

As specified in the applicable prospectus supplement, we may issue units consisting of one or more purchase contracts, warrants, debt securities, shares of preferred stock, shares of common stock, depositary shares or any combination of such securities.

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FORMS OF SECURITIES

Unless otherwise indicated in a prospectus supplement, each debt security, warrant, share of preferred stock, depositary share and unit will be represented either by a certificate issued in definitive form to a particular investor or by one or more global securities representing the entire issuance of securities. Certificated securities in definitive form and global securities will be issued in registered form. Definitive securities name you or your nominee as the owner of the security, and in order to transfer or exchange these securities or to receive payments other than interest or other interim payments, you or your nominee must physically deliver the securities to the trustee, registrar, paying agent or other agent, as applicable. Global securities name a depositary or its nominee as the owner of the debt securities, warrants or units represented by these global securities. The depositary maintains a computerized system that will reflect each investor s beneficial ownership of the securities through an account maintained by the investor with its broker/dealer, bank, trust company or other representative, as we explain more fully below.

Global Securities

We may issue the registered debt securities, warrants, shares of preferred stock, depositary shares and units in the form of one or more fully registered global securities that will be deposited with a depositary or its nominee identified in the applicable prospectus supplement and registered in the name of that depositary or nominee. In those cases, one or more registered global securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal or face amount of the securities to be represented by registered global securities. Unless and until it is exchanged in whole for securities in definitive registered form, a registered global security may not be transferred except as a whole by and among the depositary for the registered global security, the nominees of the depositary or any successors of the depositary or those nominees.

If not described below, any specific terms of the depositary arrangement with respect to any securities to be represented by a registered global security will be described in the prospectus supplement relating to those securities. We anticipate that the following provisions will apply to all depositary arrangements.

Ownership of beneficial interests in a registered global security will be limited to persons, called participants, that have accounts with the depositary or persons that may hold interests through participants. Upon the issuance of a registered global security, the depositary will credit, on its book-entry registration and transfer system, the participants accounts with the respective principal or face amounts of the securities beneficially owned by the participants. Any dealers, underwriters or agents participating in the distribution of the securities will designate the accounts to be credited. Ownership of beneficial interests in a registered global security will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depositary, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants. The laws of some states may require that some purchasers of securities take physical delivery of these securities in definitive form. These laws may impair your ability to own, transfer or pledge beneficial interests in registered global securities.

So long as the depositary, or its nominee, is the registered owner of a registered global security, that depositary or its nominee, as the case may be, will be considered the sole owner or holder of the securities represented by the registered global security for all purposes under the applicable indenture, warrant agreement or unit agreement. Except as described below, owners of beneficial interests in a registered global security will not be entitled to have the securities represented by the registered global security registered in their names, will not receive or be entitled to receive physical delivery of the securities in definitive form and will not be considered the owners or holders of the securities under the applicable indenture, warrant agreement or unit agreement. Accordingly, each person owning a beneficial interest in a registered global security must rely on the procedures of the depositary for that registered global security and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any rights of a holder under the applicable indenture, warrant agreement or unit agreement. We understand that under existing industry practices, if we request any action of holders or if an owner of a beneficial interest in a registered global security

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desires to give or take any action that a holder is entitled to give or take under the applicable indenture, warrant agreement or unit agreement, the depositary for the registered global security would authorize the participants holding the relevant beneficial interests to give or take that action, and the participants would authorize beneficial owners owning through them to give or take that action or would otherwise act upon the instructions of beneficial owners holding through them.

Principal, premium, if any, and interest payments on debt securities, and any payments to holders with respect to warrants or units, represented by a registered global security registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the registered global security. None of E*TRADE, the trustee, any warrant agent, unit agent or any other agent of E*TRADE, agent of the trustee or agent of such warrant agent or unit agent will have any responsibility or liability for any aspect of the records relating to payments made on account of beneficial ownership interests in the registered global security or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

We expect that the depositary for any of the securities represented by a registered global security, upon receipt of any payment of principal, premium, interest or other distribution of underlying securities or other property to holders of that registered global security, will immediately credit participants accounts in amounts proportionate to their respective beneficial interests in that registered global security as shown on the records of the depositary. We also expect that payments by participants to owners of beneficial interests in a registered global security held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of those participants.

If the depositary for any of these securities represented by a registered global security is at any time unwilling or unable to continue as depositary or ceases to be a clearing agency registered under the Exchange Act, and a successor depositary registered as a clearing agency under the Exchange Act is not appointed by us within 90 days, we will issue securities in definitive form in exchange for the registered global security that had been held by the depositary. Any securities issued in definitive form in exchange for a registered global security will be registered in the name or names that the depositary gives to the relevant trustee, warrant agent, unit agent or other relevant agent of ours or theirs. It is expected that the depositary s instructions will be based on directions received by the depositary from participants with respect to ownership of beneficial interests in the registered global security that had been held by the depositary.

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SELLING SECURITY HOLDERS

Information about selling security holders, if any, will be set forth in a prospectus supplement, in a post-effective amendment to the registration statement of which this prospectus is a part or in filings we make with the SEC under the Exchange Act that are incorporated by reference.

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PLAN OF DISTRIBUTION

We or any selling security holders may sell the securities being offered hereby in one or more of the following ways from time to time:

- directly to purchasers;
- through agents;
- through underwriters;
- through dealers;
- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately-negotiated transactions;
- transactions in which a broker-dealer agrees with a selling security holder to sell a specified number of securities at a stipulated price per security;
- a combination of any such methods of sale; or

any other method permitted pursuant to applicable law.

We will identify the specific plan of distribution, including any underwriters, dealers, agents or other purchasers, persons or entities and any applicable compensation, in a prospectus supplement, in a post-effective amendment to the registration statement of which this prospectus is a part or in filings we make with the SEC under the Exchange Act that are incorporated by reference.

VALIDITY OF SECURITIES

The validity of the securities in respect of which this prospectus is being delivered will be passed on for us by Davis Polk & Wardwell LLP.

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EXPERTS

The consolidated financial statements incorporated in this Prospectus by reference from the Company s Annual Report on Form 10-K and the effectiveness of the Company s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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E*TRADE Financial Corporation

300,000 Depositary Shares

Each Representing 1/100th of a Share of

Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B

PROSPECTUS SUPPLEMENT

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

BofA Merrill Lynch	**Barclays**	**Goldman Sachs & Co. LLC**	**Morgan Stanley**	**US Bancorp**

November 27, 2017