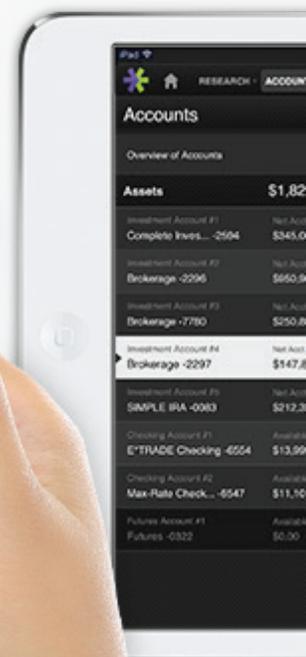
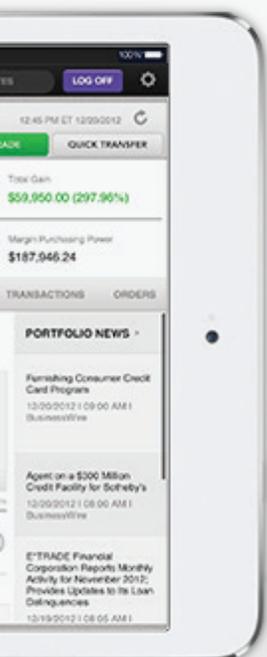


E*TRADE[®]

CORPORATE REPORT 2013



Fellow shareholders:

2013 was an important year for E*TRADE, as we made solid progress across multiple fronts — which drove significant value for our shareholders. In addition to exhibiting improvement in our bottom-line results, we made meaningful headway toward rationalizing our capital structure, took steps to position ourselves for growth, and refocused Management’s efforts on the core of our Company — the customer.

We earned \$204 million or \$0.70 per share in 2013, excluding the impact of exiting the market making business (up from a net loss of \$113 million or \$0.39 loss per share in 2012, which included a \$257 million pre-tax charge related to our \$1.3 billion refinance of corporate debt).

Five key factors contributed to this improvement in results from the prior year:

- Loan loss provision declined 60 percent or \$211 million.
- DARTs increased 9 percent.
- Margin loan balances ended the year at \$6.4 billion, up from \$5.8 billion a year ago.
- Both net new accounts and net new assets continued to grow (from existing and new customers).
- The benefit of the cost restructuring exercise, which started to hit the bottom line.

Overall, with greater customer engagement, 2013 was a good financial year for our Company.

During the year the management team maintained its energetic commitment to the capital plan, which was aimed at:

- Improving the Company’s capital ratios through better core earnings and some targeted deleveraging; and
- Reducing the legacy loan portfolio (from \$10.6 billion at the end of 2012 to a year-end 2013 position of \$8.6 billion).

Alongside this attention to ensuring good capital management, the Company continued building out its enterprise risk management capabilities. This reflects our desire to run the business better as well as meet the heightened expectations of our regulators while they work to improve the soundness of the overall financial system. The Company spent \$17 million more on this effort in 2013 than the prior year. We are engaged with our regulators to ensure that our risk management capabilities are appropriate for our size and complexity.

Better financial results, significant enhancements to our risk management, and improved capital ratios were interrelated factors that contributed to the quarterly dividends (Q3 and Q4) in 2013 to the parent from the bank after a hiatus of eight quarters. I am pleased to note that we also obtained regulatory and Board approval for a dividend to our parent in Q1 of 2014.



Paul T. Idzik
Chief Executive Officer

Given the substantial and demonstrable progress made in 2013, we have begun to intensify the focus on our core business. The sale of the market making unit — non-integral to core retail efforts — was an important step that underscores Management’s belief in the value of more acute focus on our business. In addition, the performance of our core business and an improved economic environment have catalyzed the confidence to purposefully invest in the franchise, in particular: talent, infrastructure, and customer-facing technology.

The most visible investment in talent involved improving our Company’s leadership team. On arriving here in early 2013, I found a set of colleagues that were very much in need of renewed leadership as well as a clearer articulation of our purpose and customer focus across the entire organization. In order to ensure the business receives the level of attention and leadership it deserves, we installed a highly experienced senior management team, bringing fresh ideas and a more rigorous operating mindset to the organization. In addition to the changes at the executive level, we made several key additions to the business, supplementing the existing team with outside talent. With the good fortune of tremendous depth of talent here at E*TRADE, I am confident in our current position for success.

Our customers expect E*TRADE to run a secure, highly available, and responsive set of platforms, including Web, mobile, and E*TRADE Pro. Clearly understanding this, we have upped our foundational investments in areas such as data centers, networks, and related security.

Our third area for focused investment is one where E*TRADE has a distinguished heritage: useful and innovative technology for the retail investor. Recently E*TRADE won several awards for its technology, including earning a No. 1 best-in-class rating for its mobile applications from Stockbrokers.com’s online broker review and a “Trailblazer” distinction for E*TRADE’s Mobile iPad application from DALBAR Mobile insight: Innovations in the World of Apps second semester 2013 report. We intend to continue improving our customer offerings, and I look forward to what is on the launch pad for 2014.

In summary, I’m proud of our accomplishments in 2013 and particularly pleased with all we’ve done to move the franchise forward in the right way. Today the Company is in a better position than it has been in years, from both customer and shareholder perspectives, due in no small part to the hard work of a great group of colleagues, and the trust and engagement of a well-informed base of customers. E*TRADE is an exciting Company with significant opportunities in its sights, and I am delighted to have the privilege to shepherd us through the next phase of our evolution in 2014 and beyond.

With Regards,



Paul T. Idzik



Company Overview

E*TRADE Financial Corporation is a financial services company that provides brokerage and related products and services primarily to individual retail investors under the brand “E*TRADE Financial.” Our primary focus is to profitably grow our retail brokerage business. We also provide investor-focused banking products, primarily sweep deposits and savings products, to retail investors. Our competitive strategy is to attract and retain customers by emphasizing value beyond price, ease of use and innovation, with delivery of our products and services primarily through digital and technology-intensive channels.

We provide services to customers in the U.S. through mobile applications and our website at www.etrade.com. We also provide services through our network of customer service representatives and financial consultants, over the phone or in person through our 30 E*TRADE branches. Information on our website is not a part of this report.

Strategy

Our business strategy is centered on two core objectives: accelerating the growth of our core brokerage business to improve market share, and strengthening our overall financial and franchise position.

Accelerate Growth of Core Brokerage Business

- *Enhance digital and offline customer experience.*
We are focused on maintaining our competitive position in trading, margin lending and cash management, while expanding our customer share of wallet in retirement, investing and savings. Through these offerings, we aim to continue acquiring new customers while deepening engagement with both new and existing ones.
- *Capitalize on value of corporate services business.*
This includes leveraging our industry-leading position to improve client acquisition, and bolstering awareness among plan participants of our full suite of offerings. This channel is a strategically important driver of brokerage account growth for us.

- *Maximize value of deposits through the Company's bank.*
Our brokerage business generates a significant amount of deposits, which we monetize through the bank by investing primarily in low-risk, agency mortgage-backed securities.

Strengthen Overall Financial and Franchise Position

- *Manage down legacy investments and mitigate credit losses.*
We continue to manage down the size and risks associated with our legacy loan portfolio, while mitigating credit losses where possible.
- *Execute on our capital plan.*
The core components of our capital plan include bolstering our capital levels through earnings and de-risking and building out best-in-class enterprise risk management capabilities. A key goal of this plan is to distribute capital from the bank to the parent.

Technology

Our success and ability to execute on our strategy is largely dependent upon the continued development of our technologies. We believe our focus on being a technological leader in the financial services industry enhances our competitive position. This focus allows us to deploy a secure, scalable, and reliable technology and back office platform that promotes innovative product development and delivery. We continued to invest in these critical platforms in 2013, leveraging the latest technologies to drive significant efficiencies as well as enhancing our service and operational support capabilities. Our sophisticated and proprietary technology platform also enabled us to deliver many upgrades to our retirement, investing and savings customer products and tools across all digital channels.

Products and Services

We offer a comprehensive suite of financial products and services to individual retail investors. The most significant of these products and services are described below:

Trading, Margin Lending and Cash Management

- access to our best-in-class customer website, etrade.com, including E*TRADE 360, a fully customizable account page;
- automated order placement and execution of U.S. equities, futures, options, exchange-traded funds, forex and bond orders;
- access to E*TRADE Mobile, which allows customers to securely trade, monitor real-time investment, market and account information, access educational videos and other content, pay bills and transfer funds between accounts via iPhone®, iPad®, Android™ phones and tablets, Windows® Phone or Kindle Fire;
- use of E*TRADE Pro, our desktop trading software for qualified active traders, which provides customers with customizable trading technology, continuous market visibility, news and information, plus live streaming news via CNBC TV;
- margin accounts allowing customers to borrow against their securities, complete with margin analysis tools to help customers manage their account and risk;

- cross-border trading, which allows customers residing outside of the U.S. to trade in U.S. securities;
- access to 77 international markets with American depositary receipts (“ADRs”), exchange-traded funds (“ETFs”), and mutual funds, plus online equity trading in local currencies in Canada, France, Germany, Hong Kong, Japan and the United Kingdom;
- research and investing idea generation tools that assist customers with identifying investment opportunities including analyst and technical research, consensus ratings, and market commentary from Morningstar, Dreyfus and BondDesk Group; and
- access to advice from our financial consultants at our 30 branches across the country and via phone and email.
- FDIC insured deposit accounts, including checking, savings and money market accounts, including those that transfer funds to and from customer brokerage accounts.

Retirement, Investing and Savings

- no annual fee and no minimum individual retirement accounts; plus, Rollover Specialists to guide customers through the rollover process;
- access to our retirement center which offers easy-to-use tools, calculators, education, retirement solutions, and access to Chartered Retirement Planning CounselorsSM who can provide customers with one-on-one portfolio evaluations and personalized plans;
- OneStop Rollover—a simplified, online rollover program that enables investors to invest their 401(k) savings from a previous employer into a professionally-managed portfolio;
- access to all ETFs sold, including over 80 commission-free ETFs from leading independent providers, and over 7,700 non-proprietary mutual funds;
- Managed Investment Portfolio advisory services from an affiliated registered investment advisor, with an investment of \$25,000 or more, which provides one-on-one professional portfolio management;
- Unified Managed Account advisory services from an affiliated registered investment advisor, with an investment of \$250,000 or more, which provides customers the opportunity to work with a dedicated investment professional to obtain a comprehensive, integrated approach to asset allocation, investments, portfolio rebalancing and tax management;
- comprehensive Online Portfolio Advisor to help customers identify the right asset allocation and provide a range of solutions including a one-time investment portfolio or a managed investment account;
- fixed income tools in our Bond Resource Center aimed at helping customers identify, evaluate and implement fixed income investment strategies;
- access to our redesigned investor education center with over 400 individual educational articles and videos from over 10 independent sources and E*TRADE’s financial experts, along with live events, webcasts; web seminars; tutorials and demos totaling more than 100 courses; and

Corporate Services

- We offer software and services for managing equity compensation plans for corporate customers. Our Equity Edge Online™ platform facilitates the management of employee stock option plans, employee stock purchase plans and restricted stock plans, including necessary accounting and reporting functions.
- This product serves as an important introductory channel to E*TRADE for our corporate services account holders, with our goal being that these individuals will also use our brokerage products and services. Equity Edge Online™ recordkeeping and reporting was rated #1 in overall satisfaction for the second year in a row by Group Five, an independent consulting and research firm, in its 2013 Stock Plan Administration Study Industry Report.

E*TRADE Financial Board of Directors

Rodger A. Lawson, Chairman
Retired Financial Services Executive

Richard J. Carbone
Retired Financial Services Executive

Mohsen Z. Fahmi
Senior Portfolio Manager, Moore Capital Management

Christopher M. Flink
Partner, IDEO

Paul T. Idzik
Chief Executive Officer, E*TRADE Financial Corporation

Frederick W. Kanner
Senior Of Counsel, Covington & Burling LLP

James Lam
President, James Lam & Associates

Rebecca Saeger
Retired Marketing Executive

Joseph L. Sclafani
Retired Banking Executive

Joseph M. Velli
Retired Industry Executive

Donna L. Weaver
Retired Corporate Executive

Stephen H. Willard
Chief Executive Officer, Cellphire, Inc.

E*TRADE Financial Executive Leadership

Paul T. Idzik
Chief Executive Officer

Navtej S. Nandra
President

Matthew J. Audette
Chief Financial Officer

Michael E. Foley
Chief Administrative Officer

Liza K. Landsman
Chief Marketing Officer

Michael A. Pizzi
Chief Risk Officer

Karl A. Roessner
General Counsel

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Corporate Communications
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Wholly-Owned Subsidiaries
For a list of wholly-owned subsidiaries, please refer to our Form 10-K.

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Brooklyn, NY 11219
1-800-937-5449

Independent Auditors
Deloitte & Touche LLP
McLean, VA

Forward-Looking Statements: The statements contained in this report that are forward looking, including statements regarding our ability to improve our customer offerings, accelerate the growth of our core brokerage business, manage down legacy investments and mitigate credit losses, and execute on our capital plan, are subject to a number of uncertainties and risks, and actual results may differ materially. The uncertainties and risks include, but are not limited to, potential changes in market activity, anticipated changes in the rate of new customer acquisition and in rate of net acquisition of brokerage accounts and assets, macro trends of the economy in general and the residential real estate market, instability in the consumer credit markets and credit trends, increased mortgage loan delinquency and default rates, portfolio growth, portfolio seasoning and resolution through collections, sales or charge-offs, the uncertainty surrounding the foreclosure process, and the potential negative regulatory consequences resulting from the implementation of financial regulatory reform as well as from actions by or potentially more restrictive policies or interpretations of the Federal Reserve and the Office of the Comptroller of the Currency or other regulators. Further information about these risks and uncertainties can be found in the annual, quarterly, and current reports on Form 10-K, Form 10-Q, and Form 8-K previously filed by E*TRADE Financial Corporation with the Securities and Exchange Commission (including information in these reports under the caption "Risk Factors"). Any forward-looking statement included in this release speaks only as of the date of this communication; the Company disclaims any obligation to update any information. E*TRADE Financial, E*TRADE and the E*TRADE logo are trademarks or registered trademarks of E*TRADE Financial Corporation. © 2014 E*TRADE Financial Corporation. All rights reserved.