

The E*TRADE logo features a stylized 'E' with a green and purple starburst shape integrated into its top bar, followed by the word 'TRADE' in a bold, black, sans-serif font.

2018 CORPORATE REPORT

Make investing easier with prebuilt portfolios

Not sure where to begin? Get a commission-free portfolio professionally built by us. Choose your diversified portfolio that you'll manage and monitor with just a few clicks.

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To our shareholders:

2018 was historic for E*TRADE. We raised the bar on the value we deliver for our customers and capitalized on our industry leading position in trading and corporate services, resulting in a record year for revenue and net income. While we are proud of our performance in 2018, we are even more excited about the foundation we built for E*TRADE's future. Through our enhanced digital wealth offering and our addition of E*TRADE Advisor Services, we now provide customers with access to a full spectrum of advice solutions for traders, investors, and stock plan participants.

A shift to long-term value

The third quarter of 2018 marked the end of a two-year period during which we vowed to reinvigorate growth in our core franchise. At the end of that period, we turned the page on a set of short-term, metrics-based objectives—having met or exceeded our goals for growth in accounts, derivatives trading volume, and managed product balances.

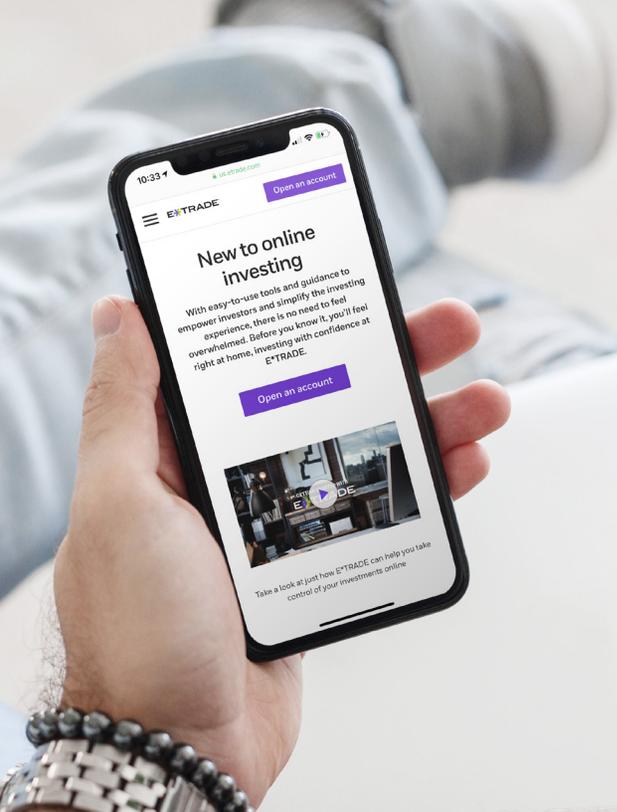
As we exited 2018, we shifted our focus to a set of longer-term objectives which are squarely focused on creating value for our shareholders. Specifically, we defined four financial targets for the next five years:

1. Improve operating margins to a mid-50% level by 2023
2. Return 80–90% of earnings to shareholders over time, focused on share repurchases and common dividends
3. Expand return on equity beyond 20%
4. Drive mid-teens earnings per share growth, or a more than doubling of our annual EPS to greater than \$7 by 2023

Leveraging our institutional channels to drive growth

Our new long-term financial goals are ambitious but are attainable and grounded in a targeted strategy that capitalizes on increased scale and scope, creating multiple levers for growth. We continue to benefit from momentum in our industry-leading active trading and stock plan administration channels and our entrance into RIA custody and support. Independently, these are attractive channels, but when taken together with the E*TRADE Advisor Network, our newly established advisor referral program, we plan to unlock significant revenue synergies across channels. To this point, we have already secured significant RIA commitments proving the attractiveness of our platform to advisors and validating the power of the E*TRADE brand.





2018 Highlights

Our accomplishments in 2018 were extensive.

We surpassed a long list of financial records including net income of \$1.1 billion (up 71% from 2017), net revenue of \$2.9 billion (up 21%), and an adjusted operating margin of 47% (up 700 bps), all contributing to a return on common equity of 17% (up 700 bps). The strong financial performance allowed us to conduct \$1.1 billion in share repurchases and initiate our first ever quarterly common dividend of \$0.14 per share.

The robust financial results stemmed from peak customer engagement. Our customers' full-year DARTs of 282,000 not only shattered 2017's record of 214,000, but each month of the year was stronger than any month prior to 2018. We also set a new, milestone in derivatives, with full-year derivative DARTs of 91,000, up nearly 40% from the prior year. The robust volumes came with a high degree of conviction by our customers as our traders and investors were net buyers of \$13.6 billion of securities during the year, well above the previous year's net buy record of \$9.2 billion.

The strong market environment created a favorable backdrop for customer acquisition, as we generated organic growth of 204,000 accounts and \$15.2 billion net new assets, both Company records. We also solidified our leading position in corporate services where we won approximately 70% of new corporate services contracts we pursued – onboarding \$23 billion of new plan assets during the year, nearly matching the total new implementations from the previous four years combined. Taken together, these results serve as the ultimate validation of the quality of our offerings, and a testament to our best-in-class technology and service capabilities.

This past year was also one of continued operational excellence, which was on full display in November when we seamlessly integrated approximately one million brokerage accounts acquired from Capital One. We successfully converted these accounts over the course of a single weekend, ensuring a smooth experience for those customers. Our operational and risk frameworks also withstood periods of intense market activity and volatility, as our systems performed reliably while our team delivered rock-solid service during periods of peak volume.

The common thread across all our achievements is that they originated from focusing on and improving the customer experience.

Continued focus on enhancing the customer experience

Most importantly, we deliver an industry-leading customer experience, which we are continuously improving. Some of our most noteworthy enhancements in 2018 include:

- **Trading:** We redesigned the OptionsHouse trading platform and mobile app, now known as Power E*TRADE. This platform allows for full customization including watchlists and LiveAction scanners, unique charting tools such as technical pattern recognition and Spectral Analysis, and trading tools such as enhanced options chains and a mobile ladder for futures.
- **Stock plan administration:** We rolled out a new cash plan module and launched 10b5-1 trading plan automation, an industry first, which should greatly simplify the administration of these plans.
- **Digital investing:** We greatly expanded our roster of commission-free ETFs and no-load, no-transaction-fee mutual funds to more than 250 and 4,400 respectively, including the addition of Vanguard. We launched Prebuilt Portfolios, thematic investing features, and re-launched Core Portfolios, our best-in-class robo solution.

As we shift our focus to 2019, we plan to further expand our digital wealth management offering and to improve our banking capabilities. As always, we will continue to raise the bar for active and derivative trading, further cementing our leading position in the self-directed brokerage industry.

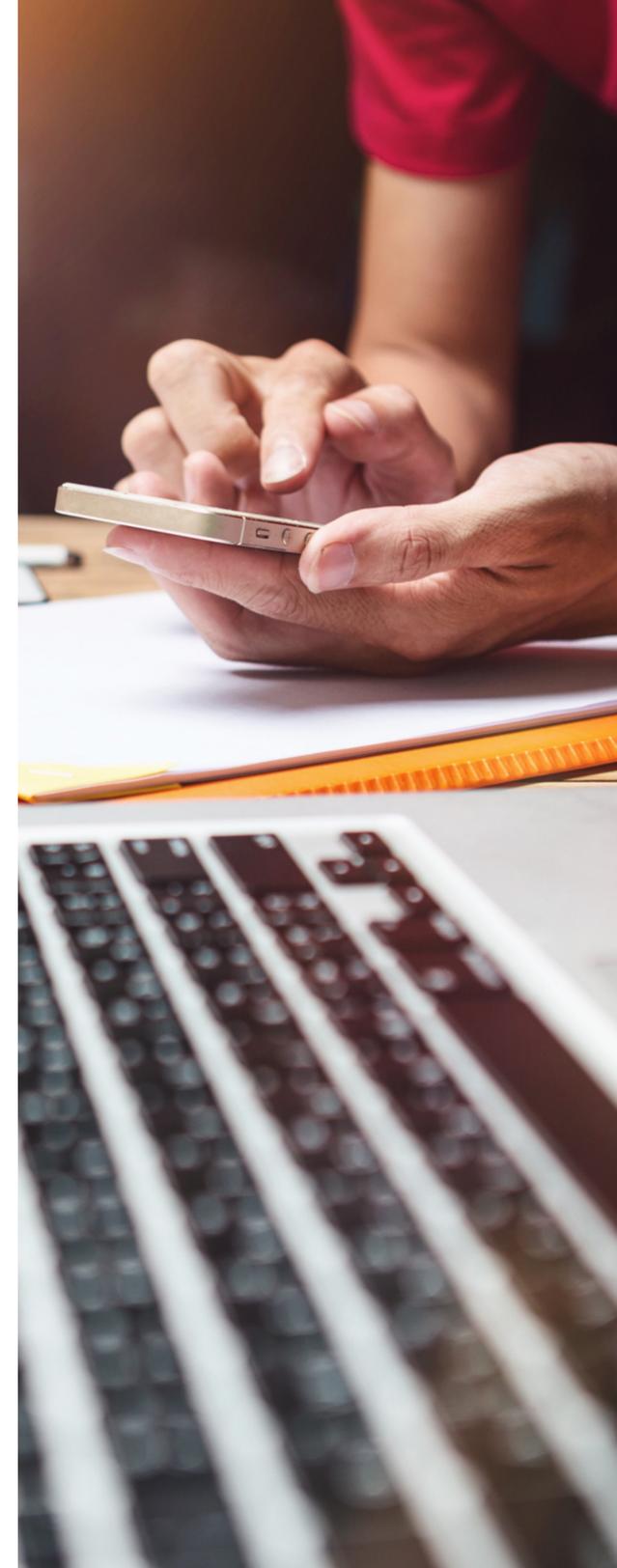
Looking ahead

We entered 2018 in a solid position and exited it even stronger. We helped our customers navigate unprecedented market conditions, expanded our scope to install key elements to better serve the needs of our nearly seven million accounts, and aligned our performance targets directly with generation of long-term shareholder value. These are exciting times at E*TRADE, and I look forward to all the Company will achieve for you in the coming years.

Respectfully,



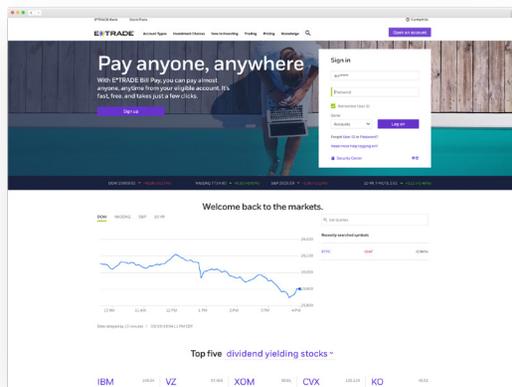
Karl A. Roessner



Overview

E*TRADE is a financial services company that provides brokerage and related products and services for traders, investors, stock plan administrators and participants, and registered investment advisors (RIAs). Founded on the principle of innovation, we aim to enhance the financial independence of traders and investors through a powerful digital offering that includes tools and educational materials, complemented by professional advice and support, catering to the complex and unique needs of customers to help 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, by email and online via two national financial centers and in-person at 30 regional financial centers 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.

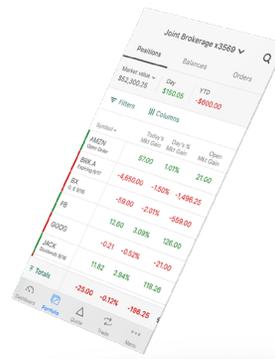
Delivering a powerful digital offering for our customers is a core pillar of our business strategy and we believe our focus on being a digital leader in the financial services industry is a competitive advantage. Our services are available through the following award-winning digital platforms:



Web

Our leading-edge sites for customers and our primary channel to interact with prospects

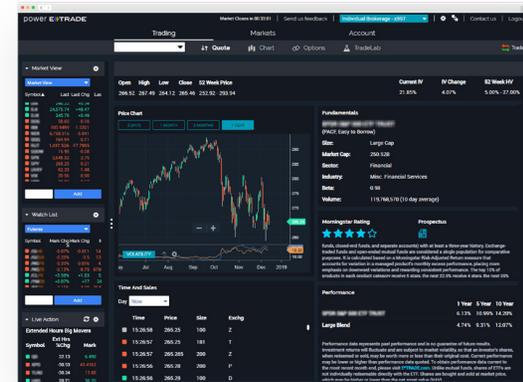
- Access to a broad range of trading and investing solutions
- Actionable ideas and information
- Research and education for decision making



Mobile

Powerful trading and investing applications for smartphones, tablets and watches

- Top-rated mobile apps
- Platforms to manage accounts on the move
- Stock and portfolio alerts



Active Trading Platforms

Powerful software and web-based trading solutions

- Sophisticated trading tools
- Advanced portfolio and market tracking
- Idea generation and analysis

Strategy

Our business strategy is focused on leveraging our brand, hybrid support model, and technology to grow our retail and institutional channels to generate robust earnings and exceptional returns for the benefit of our shareholders.

Leverage our brand, hybrid support model, and leading technology for scale and growth

E*TRADE's unrivaled and tech-forward brand is synonymous with digital brokerage and drives outsized awareness and consideration among business-to-customer and business-to-business audiences. We are able to serve peak volumes across channels with capacity for growth and acquisition through our strong and scalable infrastructure. Our customers benefit from digitally led experiences, complemented by professional advice and support. We cater to the complex and unique needs of traders, investors, stock plan administrators and participants, and independent registered investment advisors.

Empower self-directed retail customers through a powerful digital offering and professional guidance

E*TRADE has three core digital offerings for the retail investor—trading, investing, and banking. With trading, we maintain a leading position among active and derivatives traders through the Power E*TRADE web-based platform and support model. On the investing front we connect customers with a range of easy-to-use wealth management solutions. And lastly, we are advancing digital banking capabilities to help increase engagement with customers and prospects.

Capitalize on symbiotic institutional channels to drive growth

E*TRADE serves two institutional client segments—stock plan administrators and RIAs. These channels are critical for growth. We aim to expand on our #1 position in stock plan administration through innovative digital solutions and expert support—driving growth in retail and institutional relationships. On the RIA front, we plan to leverage the power of E*TRADE's brand, digital ethos, and our broad customer base to grow the RIA channel. We also plan to connect retail customers and

stock plan participants seeking higher touch services to top-tier advisors through our recently launched referral network—driving asset growth and retention.

Generate robust earnings growth and returns

We aim to deliver superior returns on customer assets by capturing the full value of our retail and institutional relationships by leveraging E*TRADE's highly scalable model to expand operating margin. We aim to return a significant portion of our earnings to shareholders and expand return on equity over time. We also aim to generate robust annual earnings growth.



Products and Services

We offer a broad range of products and services to our customers. Our core brokerage business is organized into four product areas: Trading, Investing, Corporate Services, and Advisor Services. Additionally, we offer banking and cash management capabilities through our banking subsidiaries.

Trading

The Company delivers automated trade order placement and execution services, offering our customers a full range of investment vehicles, including US equities, exchange-traded funds (ETFs), options, bonds, futures, American depository receipts and non-proprietary mutual funds. We also offer margin accounts, enabling qualifying customers to borrow against their securities, supported by robust margin solutions, including calculators and requirement lookup and analysis tools. The Company also offers a fully paid lending program which allows customers to earn income on certain securities held in cash accounts when they permit us to lend those securities.

The Company markets trading products and services to active traders and self-directed investors. Products and services are delivered through web, desktop and mobile channels. Trading and investing tools are supported by guidance, including fixed income, options and futures specialists available on-call for customers. Other tools and resources include independent research and analytics, live and on-demand education, market commentary, and strategies, trading ideas and screeners for major asset classes.

Investing

The Company endeavors to help investors build wealth and address their long-term investing needs through a variety of products and services, a suite of managed products and asset allocation models. These include our Core Portfolios, Blend Portfolios, Dedicated Portfolios, and Fixed Income Portfolios. The Company also offers self-directed digital tools across web and mobile channels, including mutual fund and ETF screeners, All Star Lists, a collection of pre-built ETF or mutual fund portfolios based on time frame and risk tolerance, an assortment

of planning and allocation tools, thematic investing opportunities, education and editorial content. Investors also have access to a wide selection of ETFs and mutual funds, including more than 250 commission-free ETFs and more than 4,400 no-load, no-transaction fee mutual funds.

The Company also offers guidance through a team of licensed financial consultants and Chartered Retirement Planning CounselorsSM at our 30 regional financial centers and through our two national financial centers by phone, email and online channels. Customers can receive complimentary portfolio reviews and personalized investment recommendations.

Corporate Services

The Company provides stock plan administration services for public and private companies. Through our industry-leading platform, Equity Edge Online, the Company offers management of employee stock option plans, employee stock purchase plans and restricted stock plans with fully-automated stock plan administration. Accounting, reporting and scenario modeling tools are also available. The integrated stock plan solutions include multi-currency settlement and delivery, and streamlined tax calculation. Additionally, corporate clients are offered 10b5-1 plan design and implementation, along with SEC filing assistance and automated solutions. Through our platform, participants have enhanced visibility into the creation and approval of their plan through digital tools and resources. Participants have full access to E*TRADE's robust investing and trading capabilities, including tailored education and planning tools, and dedicated stock plan service representatives. Corporate Services is an important driver of brokerage account and

asset growth, serving as an introductory channel to the Company, with approximately 1.8 million stock plan accounts. We serve approximately 20% of S&P 500 companies, including nearly 40% of technology companies and over 50% of healthcare companies within the S&P 500 index. During the year ended December 31, 2018, we had \$23.0 billion of new client implementations through this channel.

Advisor Services

With the acquisition of TCA, which was completed on April 9, 2018, the Company has expanded its ability to provide custody services to independent RIAs. Liberty, our proprietary technology platform, includes sophisticated modeling, rebalancing, reporting and practice management capabilities that are fully customizable for the RIA. We have launched a referral program, the E*TRADE Advisor Network, through which E*TRADE's financial consultants can refer retail customers to pre-qualified RIAs on our custody platform. We expect the E*TRADE Advisor Network will improve the Company's ability to drive asset growth and retain customers seeking specialized services and sophisticated advice.

Banking and Cash Management Capabilities

The Company's banking and cash management capabilities include deposit accounts insured by the FDIC, which are fully integrated into customer brokerage accounts. Among other features, E*TRADE Bank's customers are able to transfer to and from accounts at E*TRADE and elsewhere for free and checking account customers have access to debit cards with ATM fee refunds, online and mobile bill pay, and mobile check deposits. E*TRADE Bank's savings account offerings include the new Premium Savings Account, which provides a higher yield to savings account customers as compared to our other deposit products. The E*TRADE Line of Credit program allows customers to borrow against the market value of securities pledged as collateral.





Sales and Customer Service

We believe providing superior sales and customer service is fundamental to our business. We strive to maintain a high standard of customer service by staffing the customer support team with appropriately trained personnel who are equipped to handle customer inquiries in a prompt and thorough manner. Our customer service representatives utilize technology solutions that enable our team to reduce the number of touch-points required to address customer needs. We also have specialized customer service programs that are tailored to the needs of various customer groups. We provide sales and customer support through the following channels:

Online

Our Online Service Center serves as a portal for customer requests, providing answers to frequently asked questions, a secure message portal, and live chat capabilities to engage directly with our customer service representatives. In addition, our Investor Education Center provides customers with access to a variety of live and on-demand educational content and courses.

Phone

We have a toll-free number that connects customers to the appropriate department where an investment advisor or customer service representative can address a customer's needs.

Financial Centers

We have 30 financial centers located across the US where retail investors can get face-to-face support and guidance. Financial consultants are available on-site, over the phone and via email to help customers assess their asset allocations and develop plans to help them achieve their investment goals.

E*TRADE Financial Board of Directors

Rodger A. Lawson

Chairman,
E*TRADE Financial Corporation
Retired Financial Services Executive

Kevin T. Kabat

Lead Independent Director
Retired Banking Executive

Richard J. Carbone

Retired Financial Services Executive

Robert Chersi

Financial Services Executive

James P. Healy

Chief Executive Officer,
Capra Ibex Advisors

James Lam

President,
James Lam & Associates

Shelley B. Leibowitz

President,
SL Advisory

Karl A. Roessner

Chief Executive Officer,
E*TRADE Financial Corporation

Rebecca Saeger

Retired Marketing Executive

Joseph L. Sclafani

Retired Banking Executive

Joshua Weinreich

Retired Financial Services Executive

Donna L. Weaver

Retired Corporate Financial Executive

E*TRADE Financial Executive Leadership

Karl A. Roessner

Chief Executive Officer

Paul W. Brandow

EVP, Chief Risk Officer

Michael J. Curcio

EVP, Institutional & Vice Chairman of the
Executive Committee

Michael A. Pizzi

EVP, Chief Operating Officer

Lori S. Sher

EVP, General Counsel

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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 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, the achievement of synergies across our channels, our ability to return a significant portion of our earnings to shareholders, our ability to execute our business plans, including further expanding our digital wealth management offering and improving our banking capabilities, future sources of revenue and market share positions, the ability of our technology solution for advisors and our referral program to attract and retain customers seeking specialized services and sophisticated advice, and any other statement that is not historical in nature, are “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, and are subject to a number of uncertainties and risks. Actual results may differ materially from those indicated in the forward-looking statements. The uncertainties and risks include, but are not limited to, changes in business, economic or political conditions, performance, volume and volatility in the equity and capital markets, changes in interest rates or interest rate volatility, our ability to manage our balance sheet size and capital levels, disruptions or failures of our information technology systems or those of our third party service providers, cyber security threats, system disruptions and other potential security breaches or incidents, customer demand for financial products and services, our ability to continue to compete effectively and respond to aggressive competition within our industry, our ability to participate in consolidation opportunities in our industry, to complete consolidation transactions and to realize synergies or implement integration plans, our ability to manage our significant risk exposures effectively, the occurrence of risks associated with our advisory services, our ability to manage credit risk with customers and counterparties, our ability to service our corporate debt and, if necessary, to raise additional capital, changes in government regulation, including interpretations, or actions by our regulators, including those that may result from the implementation and enforcement of regulatory reform legislation, and adverse developments in any investigations, disciplinary actions or litigation. Further information about these risks and uncertainties can be found in the annual, quarterly, and current reports on Form 10-K, as amended, 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 report speaks only as of the date of this communication; the Company disclaims any obligation to update any information, except as required by law.