

SCHWAB CHARLES CORP

Form 424B5

May 18, 2018

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Filed Pursuant to 424(b)(5)  
Registration No. 333-222063

**Calculation of registration fee**

<b>Title of Each Class of Securities Offered</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee<sup>(1)</sup></b>
Floating Rate Senior Notes due 2021	\$600,000,000	\$74,700
3.250% Senior Notes due 2021	\$600,000,000	\$74,700
3.850% Senior Notes due 2025	\$750,000,000	\$93,375
Total	\$1,950,000,000	\$242,775

(1) The filing fee is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated December 14, 2017)**

\$1,950,000,000

**The Charles Schwab Corporation**

\$600,000,000 Floating Rate Senior Notes due 2021

\$600,000,000 3.250% Senior Notes due 2021

\$750,000,000 3.850% Senior Notes due 2025

This is an offering of \$600,000,000 aggregate principal amount of Floating Rate Senior Notes due 2021 (the 2021 floating rate notes ), \$600,000,000 aggregate principal amount of 3.250% Senior Notes due 2021 (the 2021 fixed rate notes ) and \$750,000,000 aggregate principal amount of 3.850% Senior Notes due 2025 (the 2025 fixed rate notes ) to be issued by The Charles Schwab Corporation ( CSC ).

We refer in this prospectus supplement to the 2021 floating rate notes as floating rate notes, the 2021 fixed rate notes and 2025 fixed rate notes as the fixed rate notes , and to the fixed rate notes and the floating rate notes as the notes. The 2021 floating rate notes and the 2021 fixed rate notes will mature on May 21, 2021. The 2025 fixed rate notes will mature on May 21, 2025. The interest rate on the 2021 floating rate notes will be reset on a quarterly basis, equal to three-month LIBOR plus a spread of 0.32% per annum. The 2021 fixed rate notes will pay interest at 3.250% per annum, and the 2025 fixed rate notes will pay interest at 3.850% per annum. Interest on the floating rate notes will be paid quarterly on February 21, May 21, August 21 and November 21 of each year, beginning on August 21, 2018. Interest on the fixed rate notes will be paid each May 21 and November 21, commencing on November 21, 2018. The notes will be our senior unsecured obligations, ranking equally with all of our other unsecured senior indebtedness.

At our option, we may redeem the notes on terms described under the caption Description of the Notes Optional Redemption.

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated dealer quotation system. Currently, there is no public market for the notes.

**Investing in the notes involves risk. See Risk Factors beginning on page S-6.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**



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**Neither we nor the underwriters have authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. Neither we nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.**

**We are not, and the underwriters are not, offering to sell these notes in any jurisdiction where the offer or sale is not permitted.**

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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, or SEC, utilizing a shelf registration process. In this prospectus supplement, we provide you with specific information about the notes that we are selling in this offering and about the offering itself. Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us, our notes and other information you should know before investing in our notes. This prospectus supplement also adds, updates and changes information contained or incorporated by reference in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as additional information described in [Where You Can Find More Information](#) before investing in our notes.

References in this prospectus supplement to [we](#), [us](#), [our](#) and [CSC](#) mean The Charles Schwab Corporation. References in this prospectus supplement to the [Company](#) mean CSC and its subsidiaries.

Currency amounts in this prospectus supplement and the accompanying prospectus are stated in U.S. dollars.

The representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement and the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs. You should assume that the information contained or incorporated by reference in this prospectus supplement and any document incorporated by reference herein and in the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Our SEC filings are available to the public over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of certain information filed by us with the SEC are also available on our corporate website at [www.aboutschwab.com](http://www.aboutschwab.com). The website addresses of the SEC and us are included as inactive textual references only, and the information contained on those websites is not a part of this prospectus supplement or the accompanying prospectus. You may also read and copy any document that we file at the SEC's Public Reference Room, 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.

The SEC allows us to incorporate by reference information we have filed with the SEC, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is considered to be a part of this prospectus supplement and accompanying prospectus.

This prospectus supplement and accompanying prospectus incorporates by reference the documents listed below:

Annual Report on Form 10-K for the fiscal year ended December 31, 2017;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2018; and

Current Reports on Form 8-K filed on January 29, 2018, February 23, 2018, March 29, 2018 and May 16, 2018. In addition, we also incorporate by reference additional documents that we file with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), between the date of this prospectus supplement and the date of the termination of this offering.

Any statement contained in a document incorporated by reference, or deemed to be incorporated by reference, in this prospectus supplement or the accompanying prospectus shall be deemed to be modified or superseded for purposes of this prospectus supplement or the accompanying prospectus to the extent that a statement contained in this prospectus supplement or the accompanying prospectus or in any other subsequently filed document which also is incorporated by reference in this prospectus supplement or the accompanying prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

Statements contained in this prospectus supplement or the accompanying prospectus as to the contents of any contract or other document referred to in this prospectus supplement or the accompanying prospectus do not purport to be complete, and where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document. In reviewing any agreements incorporated by reference, please remember they are included to provide you with information regarding the terms of such agreements and are not intended to provide any other factual or disclosure information about us. The agreements may contain representations and warranties by us or other parties, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate. The representations and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of

affairs as of the date they were made or at any other time.

You may request a copy of these filings at no cost, by writing, telephoning or sending an email to the following address:

**The Charles Schwab Corporation**

**211 Main Street**

**San Francisco, California 94105**

**Attention: Corporate Secretary**

**Telephone: (415) 667-7000**

**Email: [investor.relations@schwab.com](mailto:investor.relations@schwab.com)**

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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, contain not only historical information but also 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 Exchange Act. Forward-looking statements are identified by words such as believe, anticipate, expect, intend, plan, will, may, estimate, target, seek, could, would, continue and other similar expressions. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, refer to future events. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements.

These forward-looking statements, which reflect management's beliefs, objectives, and expectations as of the date hereof, or in the case of any documents incorporated by reference, as of the date of those documents, are necessarily estimates based on the best judgment of our senior management. These statements relate to, among other things:

the use of proceeds from this debt offering;

the ratings for the notes;

trading markets for the notes;

the Company seeking to maximize its market valuation and stockholder returns over time; our belief that developing trusted relationships will translate into more client assets which drives revenue and, along with expense discipline, generates earnings growth and builds stockholder value; and the Company's ability to pursue its business strategy and maintain its market leadership position;

the impact of legal proceedings and regulatory matters;

the adjustment of rates paid on client-related liabilities; the stability, rate sensitivity, and duration of client-related liabilities; the opportunity to migrate non-rate sensitive cash in sweep money market funds to banking subsidiaries; increasing the duration of interest-earning assets; and the Company's positioning to benefit from an increase in interest rates and limit its exposure to falling rates;

the estimated net reduction in the Company's effective income tax rate for 2018;

sources of liquidity, capital, and level of dividends;

capital ratios;

the impact of changes in management's estimates on the Company's results of operations;

the expected impact of new accounting standards not yet adopted;

the impact of changes in the likelihood of indemnification and guarantee payment obligations on the Company's results of operations;

capital expenditures in 2018; and

the other risks and uncertainties described in this prospectus supplement, including the documents incorporated by reference herein.

Achievement of the expressed beliefs, objectives, and expectations described in these statements is subject to certain risks and uncertainties that could cause actual results to differ materially from the expressed beliefs, objectives, and expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus supplement or, in the case of documents incorporated by reference, as of the date of those documents.

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Important factors that may cause actual results to differ include, but are not limited to:

general market conditions, including level of interest rates, equity valuations and trading activity;

the Company's ability to attract and retain clients, develop trusted relationships and grow client assets;

client use of the Company's investment advisory services and other products or services;

the level of client assets, including cash balances;

competitive pressure on pricing, including deposit rates;

client sensitivity to interest rates;

regulatory guidance;

timing, amount, and impact of the migration of certain balances from brokerage accounts and sweep money market funds into Schwab Bank;

changes to tax deductions;

capital and liquidity needs and management;

the Company's ability to manage expenses;

the effect of adverse developments in litigation or regulatory matters and the extent of any related charges;

the availability and terms of external financing;

potential breaches of contractual terms for which the Company has indemnification and guarantee obligations;

the Company's ability to develop and launch new products, services and capabilities in a timely and successful manner; and

our ability to maintain favorable ratings from rating agencies.

You should refer to the "Risk Factors" section of this prospectus supplement and to our periodic and current reports filed with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements. In particular, certain of these factors, as well as general risk factors affecting us and our subsidiaries, are discussed in greater detail in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, as such discussion may be amended or updated in other reports filed by us with the SEC, which reports are incorporated by reference into this prospectus supplement and accompanying prospectus.

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**SUMMARY**

*This summary highlights selected information contained elsewhere, or incorporated by reference, in this prospectus supplement. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in the notes. You should read this entire prospectus supplement and accompanying prospectus, including the documents incorporated by reference, especially the risks relevant to investing in the notes discussed under Risk Factors contained herein and under Item 1A. Risk Factors beginning on page 9 of our Annual Report on Form 10-K for the year ended December 31, 2017, as such discussion may be amended or updated in other reports filed by us with the SEC, as well as the consolidated financial statements and notes to those consolidated financial statements incorporated by reference herein. In addition, certain statements include forward-looking information that involves risks and uncertainties. See Forward-Looking Statements.*

**The Charles Schwab Corporation**

CSC is a savings and loan holding company, headquartered in San Francisco, California. CSC was incorporated in 1986 and engages, through its subsidiaries (collectively referred to as the Company), in wealth management, securities brokerage, banking, asset management, custody, and financial advisory services. At March 31, 2018, the Company had \$3.31 trillion in client assets, 11.0 million active brokerage accounts, 1.6 million corporate retirement plan participants, and 1.2 million banking accounts.

Significant business subsidiaries of CSC include the following:

Charles Schwab & Co., Inc. ( CS&Co. ), a securities broker-dealer;

Charles Schwab Bank ( Schwab Bank ), a federal savings bank; and

Charles Schwab Investment Management, Inc. ( CSIM ), the investment advisor for the Company's proprietary mutual funds, which are referred to as the Schwab Funds®, and for the Company's exchange-traded funds ( ETFs ), which are referred to as the Schwab ETFs

The Company offers a broad range of products to address individuals' varying investment and financial needs. Examples of these product offerings include:

Brokerage an array of full-feature brokerage accounts with margin lending, options trading, cash management capabilities;

Mutual funds third-party mutual funds through Mutual Fund Marketplace®, including no-transaction fee mutual funds through the Mutual Fund OneSource® service, which also includes proprietary mutual funds, plus mutual fund trading and clearing services to broker-dealers;

Exchange-traded funds an extensive offering of ETFs, including many proprietary and third-party ETFs available without a commission through Schwab ETF OneSource;

Advice solutions managed portfolios of both proprietary and third-party mutual funds and ETFs, separately managed accounts, customized personal advice for tailored portfolios, and specialized planning and full-time portfolio management;

Banking checking and savings accounts, first lien residential real estate mortgage loans, home equity loans and lines of credit and pledged asset lines; and

Trust trust custody services, personal trust reporting services, and administrative trustee services. These products, and the Company's full array of investing services, are made available through its two segments Investor Services and Advisor Services.

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Our common stock is listed and traded on The New York Stock Exchange under the symbol SCHW.

Our principal executive office is located at 211 Main Street, San Francisco, California 94105, and our telephone number is (415) 667-7000. Our corporate Internet website is [www.aboutschwab.com](http://www.aboutschwab.com). Our website address is included as an inactive textual reference only, and the information contained on our website is not incorporated by reference and does not form a part of this prospectus supplement or the accompanying prospectus.

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**THE OFFERING**

<b>Issuer</b>	The Charles Schwab Corporation, a Delaware corporation.
<b>Securities offered</b>	Floating Rate Senior Notes due 2021,  3.250% Senior Notes due 2021 and  3.850% Senior Notes due 2025
<b>Aggregate principal amount</b>	\$600,000,000 for the 2021 floating rate notes,  \$600,000,000 for the 2021 fixed rate notes and  \$750,000,000 for the 2025 fixed rate notes
<b>Ranking</b>	The notes will be our senior unsecured obligations.
<b>Issue price</b>	100.000% for the 2021 floating rate notes,  99.997% for the 2021 fixed rate notes and  99.933% for the 2025 fixed rate notes
<b>Interest rate</b>	The 2021 floating rate notes will bear interest at a floating rate equal to three-month LIBOR plus a spread of 0.32% per annum. The interest rate on the 2021 floating rate notes will be reset quarterly.  The 2021 fixed rate notes will bear interest at a fixed rate of 3.250% per annum, and the 2025 fixed rate notes will bear interest at a fixed rate of 3.850% per annum.
<b>Interest payments</b>	Interest on the floating rate notes will be payable quarterly on February 21, May 21, August 21 and November 21 of each year, beginning on August 21, 2018.



Interest on the fixed rate notes will be paid each May 21 and November 21, commencing on November 21, 2018.

**Maturity date**

The 2021 floating rate notes and the 2021 fixed rate notes will mature on May 21, 2021.

The 2025 fixed rate notes will mature on May 21, 2025.

**Original issue date**

May 22, 2018

**Use of proceeds**

The net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, are expected to be approximately \$1,937 million. We intend to use the net proceeds from the sale of the notes for general corporate

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purposes, including, without limitation, redeeming or repaying the \$275 million aggregate principal amount of our 2.20% Senior Notes due July 25, 2018; purchasing securities to augment liquidity; and supporting business growth. See Use of Proceeds.

**Optional redemption**

On or after April 21, 2021 (one month prior to the maturity date), we may redeem some or all of the 2021 floating rate notes at any time at a redemption price equal to 100% of the principal amount of the 2021 floating rate notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date, as described under Description of the Notes Optional Redemption.

On or after December 1, 2018 and prior to April 21, 2021 (one month prior to the maturity date), we may redeem some or all of the 2021 fixed rate notes at any time at the applicable make-whole redemption price, as described under Description of the Notes Optional Redemption.

On or after April 21, 2021 (one month prior to the maturity date), we may redeem some or all of the 2021 fixed rate notes at any time at a redemption price equal to 100% of the principal amount of the 2021 fixed rate notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date, as described under Description of the Notes Optional Redemption.

On or after December 1, 2018 and prior to March 21, 2025 (two months prior to the maturity date), we may redeem some or all of the 2025 fixed rate notes at any time at the applicable make-whole redemption price, as described under Description of the Notes Optional Redemption.

On or after March 21, 2025 (two months prior to the maturity date), we may redeem some or all of the 2025 fixed rate notes at any time at a redemption price equal to 100% of the principal amount of the 2025 notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date, as described under Description of the Notes Optional Redemption.

**Certain covenants**

The indenture governing the notes will limit our ability to merge, consolidate, sell or otherwise dispose of all or substantially all of our assets. In addition, it will limit the ability of us and our subsidiaries to incur liens. See Description of Debt Securities Merger, Consolidation, Sale, Lease or Conveyance in the accompanying prospectus and Description of the Notes Limitations on Liens in this prospectus

supplement.

The indenture governing the notes will not limit the ability of us or any of our subsidiaries to incur additional debt or other liabilities.

**Listing**

The notes will not be listed on any securities exchange or included in any automated dealer quotation system.

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<b>No prior markets</b>	The notes will be new securities for which there are no existing trading markets. Although the underwriters have informed us that they currently intend to make markets in the notes, they are not obligated to do so, and they may discontinue market-making activities at any time without notice. We cannot assure you that active or liquid markets for the notes will develop or be maintained.
<b>Denominations</b>	\$2,000 and any integral multiple of \$1,000 in excess thereof.
<b>Forms of notes</b>	Each series of notes will be issued in fully registered form and will each be represented by one or more global securities registered in the name of a nominee of The Depository Trust Company, as depository ( DTC ).
<b>Additional notes</b>	We may in the future create and issue additional notes having the same terms and conditions as any series of notes offered by this prospectus supplement, except for any differences in the issue date, price to public, the initial interest payment date (if applicable) and interest accrued prior to the issue date of the additional notes, as described under Description of the Notes Additional Notes.
<b>Trustee and paying agent</b>	The Bank of New York Mellon Trust Company, N.A.
<b>Calculation agent</b>	The Bank of New York Mellon Trust Company, N.A.
<b>Governing law</b>	California
<b>Risk factors</b>	Investment in the notes involves risks. You should carefully consider the information set forth in the section of this prospectus supplement entitled Risk Factors beginning on page S-6, as well as other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding whether to invest in the notes.
<b>Conflicts of interest</b>	Our subsidiary, CS&Co., is a member of the Financial Industry Regulatory Authority, Inc. ( FINRA ) and is participating as a dealer in this offering and, therefore, will be deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Consequently, this offering is being made in compliance with the provisions of Rule 5121. CS&Co. will not confirm sales to discretionary accounts without the prior written approval of the customer.

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**RISK FACTORS**

*Your investment in the notes involves certain risks. You should consult with your own financial and legal advisers as to the risks involved in an investment in the notes and to determine whether the notes are a suitable investment for you. The notes may not be a suitable investment for you if you are unsophisticated about debt securities. Before investing in the notes, you should carefully consider, among other matters, the risk factors below and information set forth under the heading *Item 1A. Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as such discussion may be amended or updated in other reports filed by us with the SEC, and which are incorporated by reference into this prospectus supplement and accompanying prospectus.*

**Risks Relating to the Notes**

**The notes will not be insured by the Federal Deposit Insurance Corporation or guaranteed by any of our subsidiaries. The notes will be structurally subordinated to the debt and other liabilities of our subsidiaries, which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.**

The notes are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality. The notes will be our obligations only and will not be guaranteed by any of our subsidiaries. The notes will be structurally subordinated to all debt and other liabilities of our subsidiaries (including liabilities to trade creditors), which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.

**The price at which you will be able to sell your notes prior to maturity will depend on a number of factors and may be substantially less than the amount you originally invest.**

We believe that the value of the notes in any secondary markets will be affected by the supply and demand of the notes, the interest rate and a number of other factors. Some of these factors are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe what we expect to be the impact on the market value of the notes of a change in a specific factor, assuming all other conditions remain constant.

*United States Interest Rates.* We expect that the market value of the notes will be affected by changes in United States interest rates. In general, if United States interest rates increase, the market value of the notes may decrease.

*Three-Month LIBOR.* The value of the 2021 floating rate notes prior to maturity will be influenced by the level of three-month LIBOR forward rates at that time.

*Volatility of three-month LIBOR.* Volatility is the term used to describe the size and frequency of fluctuations in the level of the three-month LIBOR. The value of the 2021 floating rate notes may be affected if the volatility of three-month LIBOR changes.

*Our Credit Ratings, Financial Condition and Results.* Actual or anticipated changes in our credit ratings or financial condition may affect the market value of the notes.

We want you to understand that the impact of one of the factors above, such as an increase in United States interest rates, may offset some or all of any change in the market value of the notes attributable to another factor, such as an improvement in our credit ratings.

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**You may not be able to sell your notes if active trading markets for the notes do not develop.**

The notes constitute new issues of securities, for which there are no existing trading markets. In addition, we do not intend to apply to list the notes on any securities exchange. We cannot provide you with any assurance regarding whether trading markets for the notes will develop, the ability of holders of the notes to sell their notes or the price at which holders may be able to sell their notes. The underwriters have advised us that they currently intend to make markets in the notes. The underwriters, however, are not obligated to do so, and any market-making activity with respect to the notes may be discontinued at any time without notice. If no active trading markets develop, you may be unable to resell the notes at any price or at their fair market value or at all.

In addition to our creditworthiness, many factors affect the trading market for, and trading value of, your notes. These factors include:

the method of calculating the principal and interest in respect of your notes;

the time remaining to the maturity of your notes;

the outstanding amount of notes relative to your notes; and

the level, direction and volatility of market interest rates generally.

There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all. You should not purchase any notes unless you understand and are able to bear the risk that the notes may not be readily saleable, that the value of the notes will fluctuate over time and that these fluctuations may be significant.

In addition, if your investment activities are subject to laws and regulations governing investments, you may not be able to invest in certain types of notes or your investment in them may be limited. You should review and consider any applicable restrictions before investing in the notes.

**The amount of interest payable on the 2021 floating rate notes is set only once per quarter based on the three-month LIBOR rate on the interest determination date, which rate may fluctuate substantially.**

In the past, the level of the three-month LIBOR rate has experienced significant fluctuations. You should note that historical levels, fluctuations and trends of the three-month LIBOR rate are not necessarily indicative of future levels. Any historical upward or downward trend in the three-month LIBOR rate is not an indication that the three-month LIBOR rate is more or less likely to increase or decrease at any time, and you should not take the historical levels of the three-month LIBOR rate as an indication of its future performance. Additionally, although the actual three-month LIBOR rate on an interest payment date or at other times during an interest period may be higher than the three-month LIBOR rate on the applicable interest determination date, the only relevant date for purposes of determining the interest payable on the 2021 floating rate notes is the three-month LIBOR rate as of the interest determination date for such interest period. Changes in the three-month LIBOR rates between interest determination dates will not affect the interest payable on the 2021 floating rate notes. As a result, changes in the three-month LIBOR rate may not result in a comparable change in the market value of the 2021 floating rate notes.



**Uncertainty about the future of LIBOR may adversely affect the return on the 2021 floating rate notes and the price at which you can sell your 2021 floating rate notes.**

On July 27, 2017, the Chief Executive of the United Kingdom Financial Conduct Authority ( FCA ), which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of

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LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere, which may adversely affect the trading market for LIBOR-based securities, including the 2021 floating rate notes, or result in the phasing out of LIBOR as a reference rate for securities. In addition, any changes announced by the FCA, the ICE Benchmark Administration Ltd. (the independent administrator of LIBOR) or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which LIBOR rates are determined may result in a sudden or prolonged increase or decrease in reported LIBOR rates. If that were to occur, the amount of interest payments on and the value of the 2021 floating rate notes may be materially affected.

If a published LIBOR rate is unavailable, the rate on the 2021 floating rate notes will be determined as set forth under the heading **Description of the Notes Floating Rate Notes** in this prospectus supplement. Using this determination may result in lower interest payment than would have been made if a published LIBOR rate were available and may also affect the value of the 2021 floating rate notes.

### **Our credit ratings may not reflect all risks of an investment in the notes.**

The credit ratings assigned to the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market, if any, for, or trading value of, your notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading market, if any, for, or trading value of, your notes. Accordingly, you should consult your own financial and legal advisors as to the risks entailed by an investment in the notes and the suitability of investing in the notes in light of your particular circumstances.

### **There are limited covenants in the senior debt indenture.**

Neither we nor any of our subsidiaries is restricted from incurring additional debt or other liabilities, including additional senior debt, under the senior debt indenture. If we incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. We expect that we will from time to time incur additional debt and other liabilities. In addition, we are not restricted under the senior debt indenture from granting security interests over our assets, except to the extent described under **Description of the Notes Limitations on Liens** in this prospectus supplement, or from paying dividends or issuing or repurchasing our securities.

In addition, there are no financial covenants in the senior debt indenture. You are not protected under the senior debt indenture in the event of a highly leveraged transaction, reorganization, a default under our existing indebtedness, restructuring, merger or similar transaction that may adversely affect you, except to the extent described under **Description of Debt Securities Merger, Consolidation, Sale, Lease or Conveyance** included in the accompanying prospectus.

### **Redemption may adversely affect your return on the notes.**

We have the right to redeem some or all of the notes prior to maturity, as described under **Description of the Notes Optional Redemption** in this prospectus supplement. We may redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.

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**RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO  
FIXED CHARGES AND PREFERRED STOCK DIVIDENDS AND OTHER**

The following table sets forth our consolidated ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends for the periods indicated.

	<b>Three Months Ended March 31,</b>	<b>Years Ended December 31,</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Ratio of earnings to fixed charges<sup>(1)</sup></b>	6.4	9.3	12.6	11.9	13.2	10.8
<b>Ratio of earnings to fixed charges, excluding bank deposits and payables to brokerage clients interest expense<sup>(2)</sup></b>	9.7	14.2	14.7	13.8	16.0	13.2
<b>Ratio of earnings to fixed charges and preferred stock dividends and other<sup>(1)(3)</sup></b>	5.1	5.8	6.7			