



E*TRADE FINANCIAL CORPORATION ANNOUNCES REGISTERED EXCHANGE OFFER FOR ITS 8% SENIOR NOTES DUE 2011 AND 7 3/8% SENIOR NOTES DUE 2013

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New York, December 22, 2005 - E*TRADE FINANCIAL Corporation (NYSE: ET) today announced it has commenced an offer to exchange up to \$100,000,000 aggregate principal amount of its registered 8% Senior Notes due 2011 and up to \$600,000,000 aggregate principal amount of its registered 7 3/8% Senior Notes due 2013 (collectively, the "New Notes") for any and all of its outstanding unregistered 8% Senior Notes due 2011 and 7 3/8% Senior Notes due 2013 (collectively, the "Old Notes"). The exchange offer will expire at 5:00 PM, New York City time, on January 26, 2006, unless extended or terminated. E*TRADE FINANCIAL will settle the exchange offer on the third business day following the expiration date or as soon as practicable thereafter. Tenders of Old Notes may be withdrawn at any time on or prior to the expiration date.

The New Notes are substantially identical to the Old Notes, except that the New Notes have been registered under the Securities Act of 1933, as amended, and will not bear any legend restricting their transfer.

The terms of the exchange offer and other information relating to E*TRADE FINANCIAL are set forth in a prospectus dated December 22, 2005. Copies of the prospectus and related letter of transmittal can be obtained from the exchange agent, The Bank of New York, at 212-815-5788.

This press release does not constitute an offer to purchase any securities or a solicitation of an offer to sell any securities. The exchange offer is being made only pursuant to a prospectus dated December 22, 2005 and related letter of transmittal and only to such persons and in such jurisdictions as is permitted under applicable law.

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provides financial services including brokerage, banking and lending for retail, corporate and institutional customers. Securities products and services are offered by E*TRADE Securities LLC (Member NASD/SIPC). Bank and lending products and services are offered by E*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries.

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