



E*TRADE FINANCIAL Corporation Announces Registered Exchange Offer for its 8% Senior Notes Due 2011

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New York, January 27, 2005 - E*TRADE FINANCIAL Corporation (NYSE: ET) today announced it has commenced an offer to exchange up to \$400,000,000 aggregate principal amount of its registered 8% Senior Notes due 2011 (the "New Notes") for any and all of its outstanding unregistered 8% Senior Notes due 2011 (the "Old Notes"). The exchange offer will expire at 5:00 PM, New York City time, on February 25, 2005, 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 Tenders of Old Notes may be withdrawn at any time on or prior to the expiration date.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 January 27, 2005. Copies of the prospectus and related letter of transmittal can be obtained from the exchange agent, The Bank of New York, at 212-815-3738.

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 January 27, 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 provide 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.

Important Notice

E*TRADE FINANCIAL and the E*TRADE FINANCIAL logo are registered trademarks or trademarks of E*TRADE FINANCIAL Corporation. The statements contained in this news release that are forward-looking are based on current expectations that 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, changes in market activity, anticipated increases in the rate of new customer acquisition, the conversion of new visitors to the site to customers, the activity of customers and assets held at the institution, seasonality, the development and enhancement of products and services, competitive pressures (including price competition), system failures, economic and political conditions, changes in consumer behavior and the introduction of competing products having technological and/or other advantages. Further information about these risks and uncertainties can be found in the information included in the annual reports previously filed by E*TRADE Group, Inc. or E*TRADE FINANCIAL Corporation with the SEC on Form 10-K (including information under the caption "Risk Factors") and quarterly reports on Form 10-Q.

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