



E*TRADE FINANCIAL ANNOUNCES ORGANIZATIONAL REALIGNMENT

Business Realignment to Focus on Key Customer Segments and Drive Increased Shareholder Value

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New York, NY, January 6, 2005 - E*TRADE FINANCIAL Corporation (NYSE: ET) today announced an organizational realignment designed to more directly link the Company's business operations with its high growth customer segments. The new management structure will align all operations directly to the Company's retail and institutional customer segments, marking a change from the prior business alignment of banking and brokerage.

To manage the operations of the realigned organization, the Board has approved the promotion of Lou Klobuchar, Jr. to President, E*TRADE Financial Services and the election of Dennis Webb to a newly created executive officer position, President, E*TRADE Capital Markets. Both Mr. Klobuchar and Mr. Webb will report to E*TRADE FINANCIAL President and COO R. Jarrett Lilien.

"Today's announcement signals the next chapter of the Company's evolution," said Mitchell H. Caplan, the Company's Chief Executive Officer. "With all business operations directly aligned with high growth customer segments, we are poised to deliver top line revenue growth and bottom line results for shareholders by providing our key customers a wide range of value-priced, integrated financial solutions that offer advanced functionality and service."

Lou Klobuchar Jr., formerly the Company's Chief Brokerage Officer and President of E*TRADE Securities LLC, will be responsible for all businesses serving the global retail customer. In this expanded role, Mr. Klobuchar will be responsible for driving complete integration of all of E*TRADE FINANCIAL's retail products, launching the next generation of product innovation and driving overall growth in the Company's retail business.

In his capacity as President, E*TRADE Capital Markets, Dennis Webb will be responsible for all businesses serving the global institutional customer. Webb, formerly Executive Vice President, Capital Markets - Banking, has been employed by E*TRADE FINANCIAL since 2000, and has served in the roles of Asset Liability Manager, Head of Whole Loan Secondary Markets and President of E*TRADE Global Asset Management.

As part of the organizational shifts, the Company will realign its external financial segment reporting around the new retail and institutional customer segments. The Company anticipates that systems adjustments will be in place to enable the Company to report in this manner for periods beginning on or after January 1, 2005. The financial performance for 2004 will continue to be reported as Bank and Brokerage, in accordance with the manner in which the business was managed during this period.

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, and will continue to be, offered by E*TRADE Securities LLC (Member NASD/SIPC). Bank and lending products and services are, and will continue to be, offered by E*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries. Bank deposits are FDIC-insured up to \$100,000. Subject to credit approval.

Important Notice

E*TRADE FINANCIAL and the E*TRADE FINANCIAL logo is a registered trademark or trademark 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.