



E*TRADE FINANCIAL Unveils New Customer Segmentation and Pricing

Company Also Broadens Options Service and Pricing

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New York, February 15, 2005 - E*TRADE FINANCIAL Corporation (NYSE: ET) today announced a refined customer segmentation model for retail investors that rewards the customer's overall relationship with the Company. Today's news is tied to E*TRADE FINANCIAL's recent corporate realignment, which was designed to more directly link the Company's business operations with its high growth retail and institutional customer segments. The new segmentation and pricing changes bring increased value to all customers by creating what the Company believes is the industry's most compelling combination of value pricing, high-performance product functionality and broadly accessible service.

"Today's announcement represents the disciplined execution of our 2005 retail customer strategy and is in accordance with the operational and earnings guidance set forth in December 2004," said R. Jarrett Lilien, President and Chief Operating Officer, E*TRADE FINANCIAL. "Our 2005 operating plan more appropriately segments our retail customers and more significantly rewards customers within these segments. The ongoing refinement of our retail value proposition is directed at increasing market share in trading volume, asset deposits and lending balances in 2005."

E*TRADE FINANCIAL has enhanced its customized offerings for each of its three primary retail customer segments: Active Trader, Serious Investor and Main Street Investors. In addition, Power E*TRADE customers will be offered expanded options trading capabilities.

Specific changes to retail customer segmentation, pricing, functionality and service include:

ACTIVE TRADERS AND OPTIONS TRADERS

- Lowered segment qualification criteria to just 5 trades per month from a previous qualification of 9 trades per month¹
- Expanded the 2-second execution guarantee to include ETFs
- Enhanced the dedicated active trader service team with new options specialists
- Introduced three new pricing tiers:

New Segment

Criteria/Pricing	NOW	NOW	NOW	PREVIOUSLY
Trades Per Month	500+	50 to 499	5 to 49	9+
Flat Commissions on				
Stock and Options Trades	\$6.99	\$7.99	\$9.99	\$9.99
Per Options Contract Fee	\$0.75	\$1.00	\$1.25	\$1.25-\$1.50

SERIOUS INVESTORS

[Customers with \$50,000 or more in assets in combined retail accounts]

-- Reduced commissions on stock and options trades as follows:

New Pricing	NOW	PREVIOUSLY
Commissions on Stock(2) and Options Trades	\$11.99	\$12.99

MAIN STREET INVESTORS

[Customers with less than \$50,000 in assets in combined retail accounts]

-- Reduced commissions on stock and options trades as follows:

New Pricing	NOW	PREVIOUSLY
Commissions on Stock(3) and Options Trades	\$14.99	\$19.99 + \$3.00 order handling

All customer segmentation and pricing changes will be in effect as of February 18, 2005.

All E*TRADE FINANCIAL customers benefit from an upgraded www.etrade.com - the point of entry for Active Traders, Serious Investors and Main Street Investors on the Web, including an enhanced balance details page that now includes real-time account valuations, the introduction of Stop-Limit orders with separate and distinct "stop" and "limit" fields and the upgraded OptionsEdge Center with advanced options chains and educational content.

"Customers have made it clear that the combination of product functionality, service and price will win the battle for the self-directed retail investor," said R. Jarrett Lilien, President and Chief Operating Officer, E*TRADE FINANCIAL. "Customer loyalty will be retained and enhanced by the company that provides the most complete, customized solutions that meet the varied needs of Active Traders, Serious Investors and Main Street Investors."

E*TRADE FINANCIAL offers three trading platforms for active traders and options traders. Ranked as the #1 trading platform for active traders by WatchFire Gomez for the last five years in a row⁴, Power E*TRADE is the Company's premium service for its Active Trader segment. Power E*TRADE includes an advanced combination of trading platforms, execution speed, dedicated service and low prices. Power E*TRADE Pro is an advanced, no-fee, direct access trading platform for highly active stock and options traders. Recent upgrades include integrated options trading capabilities and new trailing stops and bracketed orders designed for active traders and options traders who seek a customizable trading platform that is capable of executing commands at fast speeds. Power E*TRADE MarketTrader is a no-fee, all-in-one, web-based trading platform for active stock and options traders.

E*TRADE FINANCIAL's investing, optimized cash management and lending solutions are particularly attractive to its Serious Investor and Main Street Investor customer segments because the Company has shown its commitment to advocating for the individual investor in ways other financial services providers do not, including: the 12b-1 mutual fund fee rebate program, with nearly \$2 million in rebates paid to customers in 2004⁵; the lowest cost S&P 500, Russell 2000 and International index fund expense ratios in the industry⁶, and no fee, no minimum IRAs⁷.

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provide financial services including trading, investing, banking and lending for retail 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.

Customers should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. The fund's prospectus contains this and other important information. For a current prospectus, please visit E*TRADE'S [Mutual Fund Center](#). Read the prospectus carefully before investing.

¹To qualify for Power E*TRADE, customers must execute at least 15 stock or options trades during a calendar quarter. Power E*TRADE qualification will be determined at the end of each quarter. To continue receiving the Power E*TRADE commission rates customers must re-qualify by making at least 15 trades by the end of the following calendar quarter.

²Qualified Priority E*TRADE customers will be charged \$11.99 for all stock and options trades (plus an additional \$1.50 per options contract). For orders involving securities listed on a national securities exchange (i.e., "listed securities") a fee of \$0.015 per share will apply to that portion of the order that exceeds 2,000 shares. To continue receiving Priority E*TRADE commission rates, customers must re-qualify by maintaining a combined balance of at least \$50,000 in an E*TRADE Securities account or linked E*TRADE Securities and E*TRADE Bank accounts by the end of the following calendar quarter.

³Standard commissions for stock and options trades are \$14.99 (plus an additional \$1.75 per options contract). For orders involving securities listed on a national securities exchange (i.e., "listed securities") a fee of \$0.015 per share will apply to that

portion of the order that exceeds 2,000 shares.

All customers will be charged an additional \$45 for broker-assisted trades. An ECN fee of \$0.005 per share will be added to all trades executed during the Extended Hours trading sessions and on trades executed through Power E*TRADE Pro at an ECN during regular market and Extended Hours sessions. Customers will be charged one commission for an order that executes in multiple lots during a single trading day. Orders that execute over more than one trading day, or orders that are changed, may be subject to an additional commission.

⁴Power E*TRADE has been ranked number 1 for Hyper-active traders in Watchfire GomezPro's Scorecard rankings since the third quarter of 1999, and most recently in Q3 2004, based on low-cost trading, simple interface, functional capabilities and ease of use of the online offering.

⁵**For details and important information about the 12b-1 rebate program, please visit www.etrade.com/fundrebate** for a list of participating funds and specific restrictions such as account eligibility, tax consequences, and payment schedules. The E*TRADE Index Funds do not charge 12b-1 fees and are not part of the rebate program.

⁶**For important information and details about the lowest-cost E*TRADE Index Funds, please visit www.etradefunds.com.** As commissioned by E*TRADE Asset Management, Inc., Lipper determined that the E*TRADE Index Funds had the lowest effective expenses as of February 1, 2005, by comparing them to other Pure Index Funds in the same Lipper Investment Classifications/Objective, while excluding institutional and other mutual funds requiring minimum investments of \$250,000 or more and exchange-traded funds. The E*TRADE Index Funds expenses are the lowest because they are contractually limited through April 30, 2005. There is no assurance that the expense limits will continue beyond April 30, 2005.

⁷Please visit etrade.com/nofeeIRA for details explaining that E*TRADE Securities no-fee, no-minimum IRA customers must accept electronic confirms and statements or have combined assets of \$25,000 or more in E*TRADE Securities and E*TRADE Bank accounts.

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