



## **E\*TRADE FINANCIAL BOLSTERS WEALTH MANAGEMENT STRATEGY WITH ACQUISITION OF KOBREN INSIGHT MANAGEMENT**

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- Executes on regional investment advisor strategy by adding one of the country's largest independent investment advisory firms using mutual funds
- Adds a scalable business platform that will manage additional client assets with minimal incremental expense Transaction expected to be accretive in 2006

New York, August 9, 2005 - E\*TRADE FINANCIAL Corporation (NYSE: ET) today announced its plans to acquire Massachusetts-based Kobren Insight Management, a registered investment advisor that manages approximately \$1 billion for private clients and serves as the investment advisor to the Kobren Insight Funds from the Kobren Insight Group. The acquisition advances E\*TRADE FINANCIAL's regional advisor strategy, offering personalized wealth management services to its retail and Corporate Services clients with over \$250,000 in assets.

The Kobren acquisition, the latest in a series of consolidation initiatives at E\*TRADE FINANCIAL and within the industry, strengthens E\*TRADE's influence among retail investors with sizable assets. E\*TRADE expects the deal to contribute close to \$10 million in revenues and \$2.3 million in net income in FY 2006.

Today's announcement, coupled with yesterday's announced acquisition of HARRISdirect and the January 2005 acquisition of Howard Capital Management, signals E\*TRADE FINANCIAL's expansion from a trading-focused organization to a fully-integrated financial services firm that has the unique opportunity to monetize all aspects of the customer relationship among its retail and institutional business segments.

"E\*TRADE FINANCIAL seeks to enhance its advice and wealth management services by creating high-value tools and services targeted to each of our retail customer segments," said R. Jarrett Lilien, President and COO, E\*TRADE FINANCIAL. "The acquisition of Kobren Insight Management will bring customer relationships that can be monetized through our cash, investment and credit solutions."

The deal with Kobren Insight Management is expected to close in Q4 2005, following customary closing conditions. E\*TRADE will continue to look toward acquiring established wealth management firms in the key customer markets of New York City, Philadelphia, Greater Washington DC, Atlanta, Orlando, Chicago, Dallas, Denver, Scottsdale, San Diego, Orange County, Silicon Valley and San Francisco.

As a subsidiary of E\*TRADE FINANCIAL, Kobren Insight Management will continue to operate under the Kobren name, retaining both its personnel and location. The acquisition will bring two recognized wealth management influencers to the E\*TRADE FINANCIAL team, Eric Kobren, President and CIO, and Rusty Vanneman, CFA. Six analysts, who conduct over 600 mutual fund portfolio manager interviews per year, will also join the E\*TRADE family. Armed with this in-depth insight, and coupled with the firm's proprietary analytical tools, Kobren Insight Management has a reputation for designing personalized portfolios to meet a variety of client objectives.

#### **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.

#### **About Kobren Insight Management**

Kobren Insight Management (KIM) is a registered investment advisor and one of the largest independent investment advisory firms using mutual funds in the country, managing approximately \$1 billion. In addition to managing private accounts and variable annuities for a select group of about 800 individual and institutional clients nationwide, KIM also serves as the investment advisor to the Kobren Insight Funds, an affiliated family of mutual funds.

#### **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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