

**FOR IMMEDIATE RELEASE**

**E\*TRADE FINANCIAL Media Contact**

Pam Erickson  
E\*TRADE FINANCIAL Corporation  
617-296-6080  
pam.erickson@etrade.com

**E\*TRADE FINANCIAL Investor Relations Contact**

Adam Townsend  
E\*TRADE FINANCIAL Corporation  
703-236-8719  
adam.townsend@etrade.com

**E\*TRADE FINANCIAL CORPORATION ISSUES 2007 EARNINGS GUIDANCE  
AND REPORTS NOVEMBER ACTIVITY**

**New York, December 14, 2006** – E\*TRADE FINANCIAL Corporation (NYSE: ET) today established 2007 earnings guidance of \$1.65 - \$1.80 per share on Total Net Revenue of \$2.75 - \$3.0 billion. This earnings range versus the 2006 GAAP guidance midpoint implies 15 to 26 percent growth in 2007 at the low and high end of the range, respectively. The Company expects to realize continued operational efficiencies and scale in 2007 in both its US and international businesses, leading to an estimated operating margin of 47 percent versus approximately 42 percent in 2006.

"Our 2007 earnings guidance showcases the true growth potential embedded in the franchise," said Mitchell H. Caplan, Chief Executive Officer, E\*TRADE FINANCIAL Corporation. "We've made investments in operations, service, products and marketing over the past three years, providing us with the confidence to deliver significant organic growth in net revenue, net income and segment income in the coming year."

The Company also reported November total Daily Average Revenue Trades ("DARTs") of 165,840, an increase of 9.3 percent from October. Gross new retail accounts totaled 96,898 with 56,746 new trading/investing accounts and 40,152 new deposit/lending accounts added during the month. Average margin debt balances increased 2.7 percent versus October, while end of period margin debt balances climbed 5.4 percent to \$6.9 billion. The Company also reported total retail client assets of \$195.9 billion, representing a 2.3 percent increase from October.

## 2007 GAAP Earnings Guidance

### Key Driver Assumptions

	<b>2007 Estimates</b>	
	Low	High
Enterprise interest-earning assets, average <sup>(1)</sup> (\$B)	\$56	\$60
Average enterprise net interest spread (basis points)	265	275
Total customer cash and deposits, end of period (\$B)	\$42	\$46
Loans as a % of average interest-earning assets	66%	70%
Customer cash and deposits as a % of average interest-bearing liabilities	63%	67%
DARTs (in thousands)	170	200
Retail average commission per trade (\$)	\$11.90	\$12.00

### Income Statement

(\$MM, except per share)	Low	High
Net operating interest income after provision for loan losses	\$1,530	\$1,680
Non-interest income	1,220	1,320
Total net revenue	2,750	3,000
Total expenses excluding interest	1,450	1,600
Segment income <sup>(2)</sup>	\$1,300	\$1,400
Consolidated operating margin <sup>(3)</sup>	47%	47%
Total other income	(\$140)	(\$140)
Effective tax rate	37%	37%
Net income	\$735	\$800
GAAP earnings per share	\$1.65	\$1.80
Average diluted shares outstanding	445	445

### Points of EPS Leverage

	<b>Annual EPS Contribution</b> (Estimated)
10,000 DARTs	\$0.04
\$1 billion growth in enterprise interest-earning assets	\$0.025
10 basis point change in shape of the yield curve <sup>(4)</sup>	\$0.015
1% point change in loans as a % of average interest-earning assets	\$0.005
1% point change in customer cash and deposits as a % of average interest-bearing liabilities	\$0.01

<sup>(1)</sup> Includes margin debt balances.

<sup>(2)</sup> Income before other income, income taxes and discontinued operations.

<sup>(3)</sup> Income before other income, income taxes and discontinued operations divided by total net revenue.

<sup>(4)</sup> Spread between the yield on the Fed Funds and 10-year treasury.

## Monthly Activity Data

	Nov-06	Oct-06	Nov-06 vs. Oct-06	Q406 QTD <sup>(5)</sup>	Qtr Ended 09/30/06	Q406 QTD <sup>(5)</sup> vs. Qtr Ended 09/30/06
Trading days	20.5	22.0	N.M.	42.5	62.5	N.M.
<u>DARTs</u>						
US	140,332	130,042	7.9 %	135,005	116,459	15.9 %
International	25,508	21,623	18.0 %	23,497	18,671	25.8 %
Total DARTs	165,840	151,665	9.3 %	158,502	135,130	17.3 %
<u>Market Making</u>						
Equity shares traded (MM)	14,832	14,910	(0.5)%	29,742	54,472	N.M.
Average revenue capture per 1,000 equity shares	\$0.481	\$0.551	(12.7)%	\$0.516	\$0.382	35.1 %
<u>Gross New Retail Accounts</u>						
Trading/investing accounts	56,746	52,042	N.M.	108,788	151,344	N.M.
Deposit/lending accounts	40,152	20,470	N.M.	60,622	102,658	N.M.
Total gross new retail accounts	96,898	72,512	N.M.	169,410	254,002	N.M.
<u>End of Period Retail Accounts</u>						
Trading/investing accounts	3,625,420	3,618,601	0.2 %	3,625,420	3,627,414	(0.1)%
Deposit/lending accounts	819,373	802,049	2.2 %	819,373	799,416	2.5 %
Total end of period retail accounts	4,444,793	4,420,650	0.5 %	4,444,793	4,426,830	0.4 %
End of period margin debt (\$MM)	\$6,904	\$6,551	5.4 %	\$6,904	\$6,424	7.5 %
Average margin debt (\$MM)	\$6,665	\$6,491	2.7 %	\$6,576	\$6,659	(1.2)%
<u>Retail Client Assets (\$MM)</u>						
Client assets in trading/investing accounts	\$172,923	\$169,210	2.2 %	\$172,923	\$163,002	6.1 %
Client assets in deposit accounts	22,938	22,222	3.2 %	22,938	21,752	5.5 %
Total retail client assets	\$195,861	\$191,432	2.3 %	\$195,861	\$184,754	6.0 %

<sup>(5)</sup> Q406 quarter-to-date (QTD) includes results for the two months ended November 30, 2006.

Historical monthly metric data from January 2003 to November 2006 can be found on the E\*TRADE FINANCIAL investor relations site at [www.etrade.com](http://www.etrade.com).

### About E\*TRADE FINANCIAL

The E\*TRADE FINANCIAL family of companies provides 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.  
© 2006 E\*TRADE FINANCIAL Corporation. All rights reserved.