



E*TRADE FINANCIAL CORPORATION CALLS REMAINING CONVERTIBLE SUBORDINATED NOTES

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New York, April 5, 2006-E*TRADE FINANCIAL Corporation (NYSE: ET) announced today that it has called the remaining balance, or approximately \$92.6 million, of its outstanding 6% Convertible Subordinated Notes due 2007 (the "2007 Notes") for redemption on Wednesday, April 26, 2006. The 2007 Notes bear CUSIP Nos. 269246AB0 and 269246AA2. The Company also announced this morning the results of its previous call of the 2007 Notes dated March 14, 2006.

On or prior to the close of business on Tuesday, April 25, 2006, holders of the 2007 Notes may elect to convert their 2007 Notes into common stock of E*TRADE FINANCIAL Corporation at a conversion price of \$23.60 by surrendering the 2007 Notes in accordance with the indenture to The Bank of New York, as conversion agent. Holders of 2007 Notes held in book-entry form through the Depository Trust Company (DTC) must follow the DTC's customary practices. Currently, approximately \$92.6 million principal amount of the 2007 Notes is outstanding. As of April 4, 2006, the closing price of E*TRADE FINANCIAL's common stock on the New York Stock Exchange was \$27.25.

To the extent that holders of the 2007 Notes do not convert their 2007 Notes into common stock of E*TRADE FINANCIAL, such 2007 Notes will be redeemed on April 26, 2006 at a redemption price of \$1,008.60 per \$1,000 face amount, plus accrued and unpaid interest to, but excluding, April 26, 2006. On or before April 25, 2006, such 2007 Notes should be presented to The Bank of New York, as paying agent for the redemption, at the address set forth in the Notice of Redemption, dated April 5, 2006, sent that day to all registered holders. 2007 Notes called for redemption will cease to accrue interest as of April 25, 2006.

The above-referenced CUSIP numbers are included solely for the convenience of the holders of 2007 Notes. No representation is made as to the correctness of such numbers.

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.

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