



E*TRADE FINANCIAL ADVANCES WEALTH MANAGEMENT STRATEGY WITH ACQUISITION OF RETIREMENT ADVISORS OF AMERICA

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- Adds significant experience servicing corporate customers and mass affluent individuals
- Transaction expected to be slightly accretive in 2006

New York, May 30, 2006-E*TRADE FINANCIAL Corporation (NYSE: ET) today announced its intent to acquire Retirement Advisors of America (RAA), a Dallas, Texas-based registered investment adviser managing over \$1 billion in assets¹. The acquisition strengthens E*TRADE FINANCIAL's regional adviser strategy, which delivers localized wealth management services and advice to retail and Corporate Services clients with a minimum of \$250,000 in assets. RAA joins the E*TRADE Wealth Management network of Howard Capital Management (Los Angeles and New York), Kobren Insight Management (Boston) and the investment adviser group of Harrisdirect LLC, totaling nearly \$3 billion in assets under management.

With nearly 1,300 high-value client relationships, the RAA acquisition is expected to provide a predictable and recurring revenue stream with a scalable business platform that can manage additional client assets with minimal incremental expense. E*TRADE FINANCIAL expects the transaction to be slightly accretive in 2006, with approximately \$9.3 million in annualized revenues in FY 2006.

"An increasing number of E*TRADE FINANCIAL customers are seeking support in making more complex financial decisions," said Jon Foster, Head of Wealth Management, E*TRADE FINANCIAL. "With the acquisition of RAA, E*TRADE FINANCIAL enhances its advisory service for customers in Texas - a state with a high concentration of our retail and Corporate Services customers."

The RAA acquisition is expected to close in Q3 2006, following customary closing conditions. E*TRADE FINANCIAL will continue to look toward acquiring established wealth management firms in key customer markets including New York City, Philadelphia, Greater Washington DC, Atlanta, Orlando, Chicago, Denver, Scottsdale, San Diego, Silicon Valley and San Francisco.

"RAA's new relationship with E*TRADE FINANCIAL should prove to be highly advantageous to our clients," said Scott Frost, RAA's CEO. "RAA was attracted to E*TRADE FINANCIAL's history of innovation, its client-centered culture, as well as the Company's commitment to providing multiple channels for wealth advisory services to customers."

As a subsidiary of E*TRADE FINANCIAL, Retirement Advisors of America will operate in a manner consistent with past practices of the former company, retaining its senior management team, all of its personnel, and its complete offering of investment and retirement services. Terms of the agreement were not disclosed.

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provides financial services including trading, investing, cash management 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.

1 Assets as of 12/31/05.

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.

