



E*TRADE FINANCIAL Addresses the Potential Impact of Recent Downgrades of Asset-Backed Securities

November 9, 2007

NEW YORK, Nov 09, 2007 (BUSINESS WIRE) -- E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today filed its quarterly report on Form 10Q for the period ended September 30, 2007. The Company disclosed that consistent with a series of industry-wide rating agency downgrades of securities after the end of the third quarter, it has observed continued declines in the fair value of its \$3.0 billion asset-backed securities portfolio, predominantly within ABS CDO and second-lien securities. The total exposure to ABS CDO and second-lien securities at September 30, 2007 was approximately \$450 million in amortized cost, including approximately \$50 million of "AAA" rated asset-backed CDOs that were downgraded to below investment grade. The Company stated that it expected the declines in fair value to result in further securities write downs in the fourth quarter. The Company expects to remain well capitalized based on regulatory standards.

Management believes the additional deterioration observed since September 30 will likely result in write downs that exceed the previous expectations included in the Company's 2007 earnings outlook updated on October 17, and investors should no longer expect these earnings levels to be achieved. Actual securities-related losses will depend on future market developments, including the potential for future downgrades by rating agencies, which are extremely difficult to predict in this environment. Accordingly, management believes it is no longer beneficial to provide earnings expectations for the remainder of the year.

About E*TRADE FINANCIAL

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