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**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

| | 2007 Estimates | |
|---|-----------------------|---------|
| | Low | High |
| Enterprise interest-earning assets, average ⁽¹⁾ (\$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 ⁽²⁾ | \$1,300 | \$1,400 |
| Consolidated operating margin ⁽³⁾ | 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

| | Annual EPS Contribution (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 ⁽⁴⁾ | \$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 |

⁽¹⁾ Includes margin debt balances.

⁽²⁾ Income before other income, income taxes and discontinued operations.

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

⁽⁴⁾ 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 ⁽⁵⁾ | Qtr Ended 09/30/06 | Q406 QTD ⁽⁵⁾ 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 % |

⁽⁵⁾ 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.

About E*TRADE FINANCIAL

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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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