



E*TRADE FINANCIAL TO OFFER COMPLETE FRAUD COVERAGE AND PAYMENT PROTECTION TO ALL BROKERAGE, BANKING AND LENDING CUSTOMERS

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New York, January 17, 2006-E*TRADE FINANCIAL Corporation (NYSE: ET) today announced the launch of its E*TRADE Complete(TM) Protection Guarantee, providing complete fraud coverage, as well as complete bill payment protection and complete privacy protection to all customers, effective immediately. The E*TRADE Complete Protection Guarantee extends the company's stringent physical, electronic and procedural safeguards to further protect customers in the event of online theft committed via unauthorized access to a customer's investing, cash management or lending account.

The vast majority of online identity theft and fraud perpetrated against consumers occurs through unauthorized access to personal computers - primarily when consumers fail to secure their computers with anti-virus software, firewalls and anti-spyware. A study released today by Insight Express, commissioned by E*TRADE FINANCIAL, finds that 77% of Americans believe their financial institution holds primary responsibility - or responsibility equal to the customer - for taking security measures to protect a customer's assets. However, many consumers do not recognize that they may be responsible for losses incurred when thieves strike. A report published by industry research firm Gartner, Inc. notes, "Unlike banks, brokerage accounts aren't protected by Federal Deposit Insurance Corporation and Regulation E rules, which typically ensure that consumers get their money back."¹

"E*TRADE FINANCIAL's systems are secure, safe and reliable. But the reality is that today's consumers do not always take the necessary measures to ensure their home PCs are adequately protected," said R. Jarrett Lilien, President and Chief Operating Officer, E*TRADE FINANCIAL Corporation. "Consumers must be confident that their funds are secure online - in all circumstances. The E*TRADE Complete Protection Guarantee is E*TRADE FINANCIAL's commitment to stand by any customer who is victimized by criminal activity."

The E*TRADE Complete Protection Guarantee includes:

- Complete Fraud Coverage: E*TRADE Securities LLC or E*TRADE Bank will cover losses arising from fraud in an E*TRADE account that results from the unauthorized use of its investing, banking or lending services equal to the amount in the account lost as a result of the unauthorized activity.²
- Complete Payment Protection: In the unlikely event that a customer's brokerage, banking or loan payment is not sent as instructed (and the situation cannot swiftly be resolved), that customer will promptly be provided with full reimbursement of any related fees, penalties or finance charges.
- Complete Privacy Protection: E*TRADE FINANCIAL will not sell a customer's personal information to third-party marketers for any purpose.

More information about the E*TRADE Complete Protection Guarantee can be found at www.etrade.com/privacy.

E*TRADE FINANCIAL recognizes that comprehensive protection is important to financial consumers and is helping to lead the way by providing Digital Security ID (two-factor authentication), real-time account validation, anti-fraud/theft monitoring, unique confirmation numbers for all wire and ACH transfers, and discounted security software for customers' PCs. Details of the company's security initiatives can be found at www.etrade.com/onlinesecurity.

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 Notices

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.

*1 E*TRADE Tokens Target Customer Need for Strong Authentication, Gartner, March 2005*

*2 E*TRADE expects customers to act in a reasonable manner, taking care to maintain the confidentiality of user names and passwords, and providing timely notification of any unauthorized activity*

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