

E TRADE FINANCIAL CORP  
 Form 4  
 February 17, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**CAPLAN MITCHELL H**  
  
 (Last) (First) (Middle)  
**C/O E\*TRADE FINANCIAL CORPORATION, 135 EAST 57TH STREET**  
  
 (Street)  
**NEW YORK, NY 10022**  
  
 (City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**E TRADE FINANCIAL CORP [ET]**

3. Date of Earliest Transaction  
 (Month/Day/Year)  
**02/15/2006**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)  
 Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**Chief Executive Officer**

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	02/15/2006	02/15/2006	A	(1) 72,976	\$ 23.77	0	D
Common Stock	02/15/2006	02/15/2006	A	(2) 35,282	\$ 23.77	1,425,926	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)
Nonstatutory stock option (right to buy)	\$ 23.77	02/15/2006	02/15/2006	A	412,523	02/15/2007 <sup>(3)</sup> 02/15/2013	Common Stock
Nonstatutory stock option (right to buy)	\$ 23.77	02/15/2006	02/15/2006	A	199,445	02/15/2007 <sup>(4)</sup> 02/15/2013	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CAPLAN MITCHELL H C/O E*TRADE FINANCIAL CORPORATION 135 EAST 57TH STREET NEW YORK, NY 10022	X		Chief Executive Officer	

## Signatures

/s/ Russell S. Elmer, Mitchell H. Caplan, by Russell S. Elmer, his attorney in fact 02/17/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Grant of restricted stock issued pursuant to the E\*TRADE Financial Corporation 2005 Equity Incentive Plan. The individual's right to retain these shares vests in four (4) equal annual installments beginning on the first anniversary date of the grant.
- (2) Grant of restricted stock issued pursuant to the E\*TRADE Financial Corporation 2005 Equity Incentive Plan. The individual's right to retain these shares vests in four (4) equal annual installments beginning on the first anniversary date of the grant; provided, however, that the individual's right to vest in some or all of the shares terminates immediately upon a determination by the Compensation Committee (ratified by the Board of Directors) that performance metrics for 2006 have not been met.
- (3) Option granted pursuant to the E\*TRADE Financial Corporation 2005 Equity Incentive Plan. This option becomes vested and exercisable in four (4) equal annual installments beginning on the first anniversary of the date of grant.
- (4) Option granted pursuant to the E\*TRADE Financial Corporation 2005 Equity Incentive Plan. This option becomes vested and exercisable in four (4) equal annual installments beginning on the first anniversary of the date of grant; provided, however, that the individual's right to vest in some or all of the options terminates immediately upon a determination by the Compensation Committee (ratified by the Board of Directors) that performance metrics for 2006 have not been met.

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