

E TRADE FINANCIAL CORP  
 Form 4  
 May 17, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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**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 \*  
**SIMMONS ROBERT J**

(Last) (First) (Middle)

C/O E\*TRADE FINANCIAL CORPORATION, 135 E. 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)  
**05/15/2006**

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 Financial 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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	
Common Stock	05/15/2006	05/15/2006	M <sup>(1)</sup>	25,000	A	\$ 9.175	0 D
Common Stock	05/15/2006	05/15/2006	S <sup>(1)</sup>	25,000	D	\$ 24.862	0 D
Common Stock	05/15/2006	05/15/2006	M <sup>(1)</sup>	14,584	A	\$ 5.1	0 D
Common Stock	05/15/2006	05/15/2006	S <sup>(1)</sup>	14,584	D	\$ 24.862	0 D
Common Stock	05/15/2006	05/15/2006	M <sup>(1)</sup>	3,826	A	\$ 5.1	0 D

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Common Stock	05/15/2006	05/15/2006	S <sup>(1)</sup>	3,826	D	\$ 24.862	0	D
Common Stock	05/15/2006	05/15/2006	M <sup>(1)</sup>	1,334	A	\$ 10.325	0	D
Common Stock	05/15/2006	05/15/2006	S <sup>(1)</sup>	1,334	D	\$ 24.862	0	D
Common Stock	05/15/2006	05/15/2006	M <sup>(1)</sup>	2,500	A	\$ 4.435	0	D
Common Stock	05/15/2006	05/15/2006	S <sup>(1)</sup>	2,500	D	\$ 24.862	165,504	D

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

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SEC 1474  
(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 Amount of Underlying Security (Instr. 3 and 4)	8. Amount or Number of Shares
Non-Statutory Stock Option (right to buy)	\$ 9.175	05/15/2006		M	25,000	04/23/2002 05/11/2011	Common Stock	25,000
Non-Statutory Stock Option (right to buy)	\$ 5.1	05/15/2006		M	14,584	12/31/2001 09/24/2011	Common Stock	14,584
Non-Statutory Stock Option (right to buy)	\$ 5.1	05/15/2006		M	3,826	09/30/2002 09/24/2011	Common Stock	3,826
Non-Statutory Stock Option (right to buy)	\$ 10.325	05/15/2006		M	1,334	01/02/2003 01/02/2012	Common Stock	1,334
Non-Statutory Stock Option (right to buy)	\$ 4.435	05/15/2006		M	2,500	01/31/2004 01/31/2013	Common Stock	2,500

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SIMMONS ROBERT J C/O E*TRADE FINANCIAL CORPORATION 135 E. 57TH STREET NEW YORK, NY 10022			Chief Financial Officer	

## Signatures

/s/ Russell S. Elmer his attorney  
in fact

05/17/2006

\_\_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).

The transactions reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on May 8, 2006. This plan was implemented as part of Mr. Simmons' personal long-term investment strategy for asset diversification and liquidity.

(1) Pursuant to the plan, a total of 241,730 shares may be sold on a periodic basis between May 2006 and April 2007, at which time the plan will terminate.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.