

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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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 *
Webb Dennis

(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)

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)
 President, Capital Markets Div

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)
Common Stock	02/15/2006	02/15/2006	A	(A) 38,213 (1)	\$ 23.77	0	D
Common Stock	02/15/2006	02/15/2006	A	(A) 11,569 (2)	\$ 23.77	134,015	D

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

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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)
				Code V	(A) (D)	Date Exercisable Expiration Date	Title
Nonstatutory stock option (right to buy)	\$ 23.77	02/15/2006	02/15/2006	A	216,012	02/15/2007 ⁽³⁾ 02/15/2013	Common Stock
Nonstatutory stock option (right to buy)	\$ 23.77	02/15/2006	02/15/2006	A	65,398	02/15/2007 ⁽⁴⁾ 02/15/2013	Common Stock

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Webb Dennis
C/O E*TRADE FINANCIAL CORPORATION
135 E.57TH STREET
NEW YORK, NY 10022

President, Capital Markets Div

Signatures

/s/ Russell S. Elmer, Dennis Webb, 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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Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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