

E TRADE FINANCIAL CORP
 Form 424B7
 July 10, 2008

Filed pursuant to Rule 424(b)(7)

File No. 333-150997

PROSPECTUS SUPPLEMENT No. 1

(To Prospectus Dated May 16, 2008)

E*TRADE FINANCIAL CORPORATION

Shares of Common Stock, 8.0% Senior Notes Due 2011, 7.375% Senior

Notes Due 2013, 7.875% Senior Notes Due 2015 and 12.5% Springing

Lien Notes Due 2017

This Prospectus Supplement supplements and amends our prospectus dated May 16, 2008 (the Prospectus) relating to the offer and resale by certain of our securityholders of our shares of common stock, 8.0% Senior Notes due 2011 (the 2011 Notes), 7.375% Senior Notes due 2013 (the 2013 Notes), 7.875% Senior Notes due 2015 (the 2015 Notes) and 12.5% Springing Lien Notes due 2017 (the 2017 Notes, and together with the 2011 Notes, 2013 Notes and 2015 Notes, the Notes). We will not receive any of the proceeds from the sale of the Notes or shares of common stock by any of the selling securityholders.

This Prospectus Supplement should be read in conjunction with, and may not be delivered or utilized without, the Prospectus, except to the extent information in this Prospectus Supplement supersedes any information contained in the Prospectus. This Prospectus Supplement is incorporated by reference into the Prospectus and should be read in conjunction with the Prospectus.

Investing in these securities involves risks that are described in the Risk Factors section beginning on page 4 of the Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if the Prospectus or this Prospectus Supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is July 9, 2008.

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate | Amount of |
|--|----------------------------|---|----------------------------------|-------------------------|
| | | | Offering Price | Registration Fee (1) |
| 12.5% Springing Lien Notes Due 2017 issued | \$187,910,000 | 100% (1) | \$187,910,000 | \$7,385 |

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on November 29, 2007

- (1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933. See also footnote (3) to the fee table set forth on the cover of the registration statement of which this is a part.

The information appearing in the table below supplements and amends, as of the date hereof, the information in the table appearing under the heading "Selling Securityholders" in the Prospectus. Where the name of a selling securityholder identified in the table below also appears in the table in the Prospectus, the information set forth below regarding such selling securityholder supersedes the information in the Prospectus. The information appearing in the table below is qualified by reference to, and must be read in conjunction with, the text and information appearing under the heading "Selling Securityholders" in the Prospectus.

None of these selling securityholders or any of their affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with us or our affiliates during the past three years. The information contained herein is based on information provided by or on behalf of the selling securityholders in a selling securityholder questionnaire and is as of the date specified by the selling securityholders in such questionnaires.

| Selling Securityholder (1) | Principal Amount of Notes That May Be Sold (2) | | | | Shares of Common Stock That May Be Sold (3) (4) |
|---|--|---------------|---------------|---------------|---|
| | 2011 Notes | 2013 Notes | 2015 Notes | 2017 Notes | |
| Allina Health Systems Trust AHDF3002062 | \$ | \$ | \$ | \$ | 195,000 |
| Allina Health System Defined Benefit Master Trust AHGF4002072 | | | | | 85,000 |
| American Beacon High Yield Bond Fund | | | | | 1,250,000 |
| Carnegie Mellon University | | | | | 125,000 |
| Catholic FD Columbus | | | | | 75,000 |
| City of Jacksonville Operating Fund | | | | | 250,000 |
| Credit Suisse Securities (USA) LLC | | | | | 75,385,000 |
| Freddie Mac Foundation | | | | | 95,000 |
| Heartland Health Defined Benefit | | | | | 70,000 |
| Heartland Reg Medical Center | | | | | 80,000 |
| Indiana Deferred Comp Plan | | | | | 525,000 |
| Indiana Major Moves Core Plus | | | | | 925,000 |
| Indiana Major Moves Hybrid | | | | | 1,100,000 |
| Liberty Mutual Employees Thrift Incentive Plan | | | | | 1,250,000 |
| Lispenard Street Credit (Master) LTD | | | | | 6,840,000 |
| Longacre Capital Partners (QP), LP | | | | | 4,585,000 |
| Longacre Master Fund Ltd. | | | | | 21,615,000 |
| Mariner LDC | | | | | 2,000,000 |
| MedAmerica Health Systems Employee Retirement Plan | | | | | 70,000 |
| Multicare Health System | | | | | 525,000 |
| O Connor Capital Structure Opportunity Master Limited | | | | | 35,000,000 |
| O Connor Credit Opportunity Master Limited | | | | | 13,000,000 |
| Peoples Energy Corporation | | | | | 90,000 |
| Pond View Credit (Master) L.P. | | | | | 3,160,000 |
| Premier Health Oper Inv Program | | | | | 200,000 |
| Raytheon Master Pension Trust | | | | | 290,000 |
| RIC Short Duration Bond Fund | | | | | 450,000 |
| RIC Multistrategy Bond Fund | | | | | 5,500,000 |
| RIC Fixed Income III | | | | | 1,435,000 |
| RTC Russell Common Trust Core | | | | | 600,000 |
| Russell Investments US Bond Fund (Ireland) | | | | | 560,000 |
| Sunoco, Inc. Master Retirement Trust | | | | | 425,000 |
| The Walt Disney Company Retirement Master Plan Trust | | | | | 630,000 |
| Trilogy Portfolio Company, LLC | | | | | 8,000,000 |
| Twin Cities Hospitals Minnesota Nurses Assoc Pension | | | | | 135,000 |
| Tyco Electronics Defined Benefit Plans Master Trust | | | | | 225,000 |
| Tyco International Master Retirement Trust | | | | | 210,000 |
| Wisconsin Public Service Corp | | | | | 175,000 |
| XL Re Ltd | | | | | 780,000 |

(1) Information regarding the selling securityholders may change from time to time. Any such changed information will be set forth in supplements to this prospectus if required.

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- (2) Assumes the offer and sale of all Notes listed in the table beneficially owned by each selling securityholder named in the table, although securityholders are not obligated to sell any Notes.
- (3) Assumes the offer and sale of all shares of common stock beneficially listed in the table owned by each selling securityholder named in the table, although securityholders are not obligated to sell any shares of common stock.
- (4) Based on 468,335,796 shares of common stock outstanding as of March 31, 2008, no identified selling securityholder would own 1% or more of our common stock after the offering and sale of all shares of common stock included in this prospectus.