

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.