

Supplemental Portfolio Disclosure



GLOBAL TRADING

Trading

Order Type: All

Market: United Kingdom

Symbol: UKVOD

Limit Price:

Shares:

PREVIEW ORDER

VODAFONE (UK:VOD)

20.97 GBX +0.06 (+0.29%)

Bid	Ask	Volume
20.96	20.97	914,796

Real Time
08/22/06 - 9:31:39AM ET

October 17, 2007
(All data and ratings are as of 9/30/07)

This presentation contains information as of September 30th, 2007 or as of another date specified herein, and may include "forward-looking statements" as defined under the Securities Act and the Securities Exchange Act. No statement is a guarantee of future performance and we disclaim any duty to update any forward-looking statements.

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Introduction

This document includes updated disclosure on the mortgage loan, investment security, and funding sources of our balance sheet as of September 30, 2007. E*TRADE FINANCIAL disclosed similar information on August 16, 2007, for the June 30, 2007 portfolio and on September 17, 2007 for the August 31, 2007 portfolio

** Certain numbers and percentages contained herein may not recalculate due to rounding*

Executive Summary

Our conservative approach to credit and funds management is demonstrated by the following key points

One- to Four-Family Portfolio

- As of September 30, 2007, the portfolio had a total unpaid principal balance of \$16.9B and delinquent loans of \$365MM, or 2.16%
- \$16.9B portfolio is supported by high FICOs, low LTVs, and private mortgage insurance
- All loans with an 80% or higher LTV are protected by private mortgage insurance

Home Equity Portfolio

- As of September 30, 2007, the portfolio had a total unpaid principal balance of \$12.4B and delinquent loans of \$404MM, or 3.25%
- \$9.3B, or 75%, of portfolio is to borrowers with FICOs of 700 and higher
- \$6.0B, or 48%, of portfolio has CLTV of 80% or lower

Investment Securities

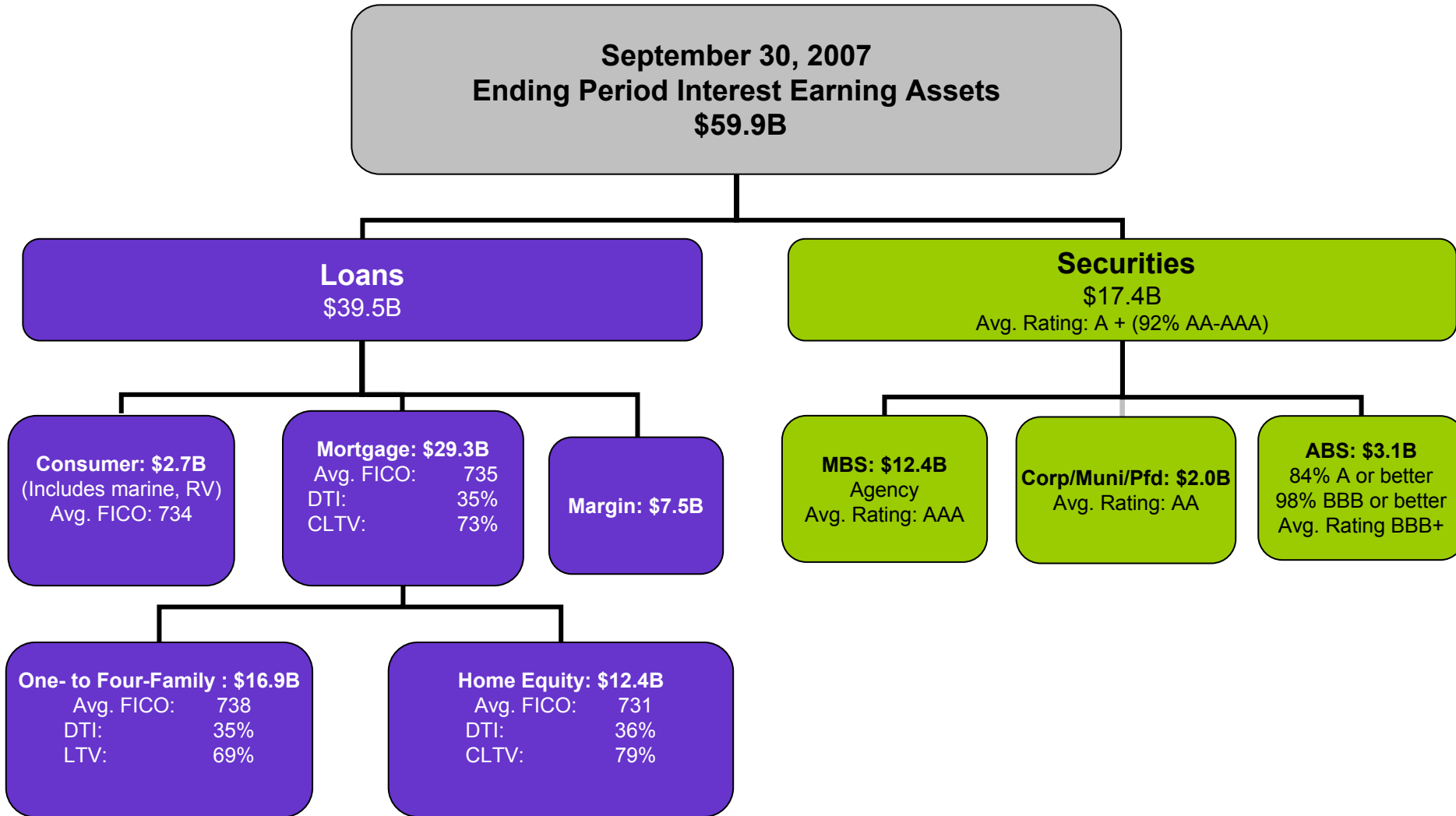
- \$16.1B, or 92% of the Investment Securities portfolio is rated AAA or AA
- \$2.0B, or nearly 100% of the Corporate, Municipal and Preferred Stock portfolio are rated AA or better
- \$2.6B, or 84%, of the Asset-Backed portfolio is rated A or higher

Executive Summary continued

Balance Sheet Funding Sources

- Consistent and growing base of retail customer cash
- Thrift charter provides access to FHLB - \$14.4B of additional borrowing capacity
- \$250MM of undrawn committed senior secured revolving credit facility
- \$504MM of Free Cash⁽¹⁾ as of September 30, 2007
- No material changes to date with respect to wholesale funding availability, pricing or margin, including repurchase agreements

Interest-Earning Assets Composition



NOTE: Loan balances are shown based on UPB, and securities are shown at amortized cost basis. Numbers may not add due to rounding.

One- to Four-Family Mortgage Loan Distribution by FICO and LTV

- \$16.9B portfolio is supported by high FICOs, low LTVs, and private mortgage insurance
- \$510MM of loans with an 80% or higher LTV are protected by private mortgage insurance

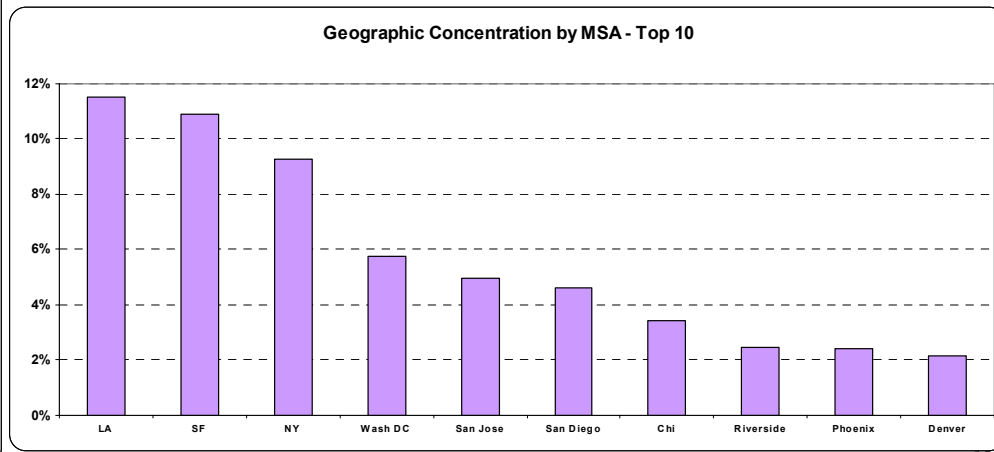
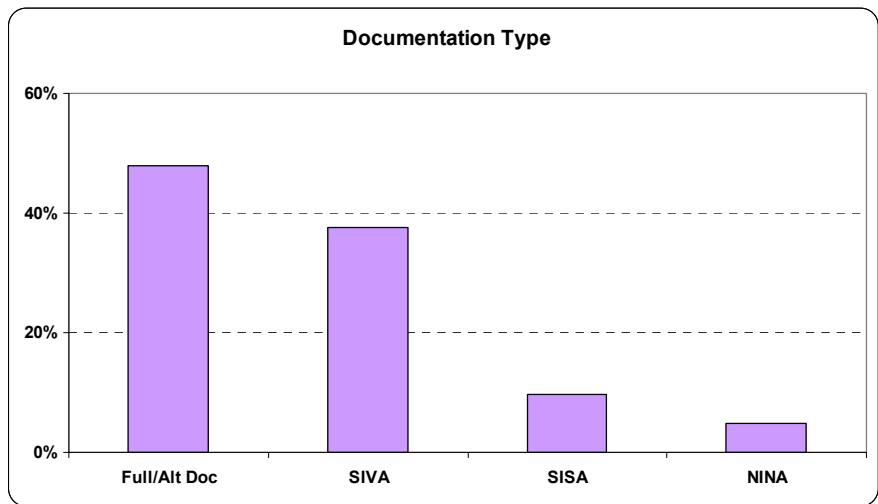
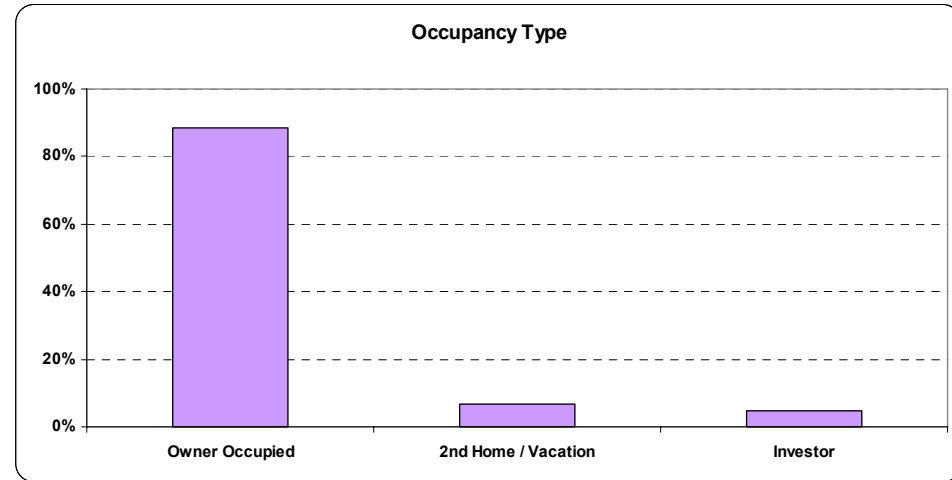
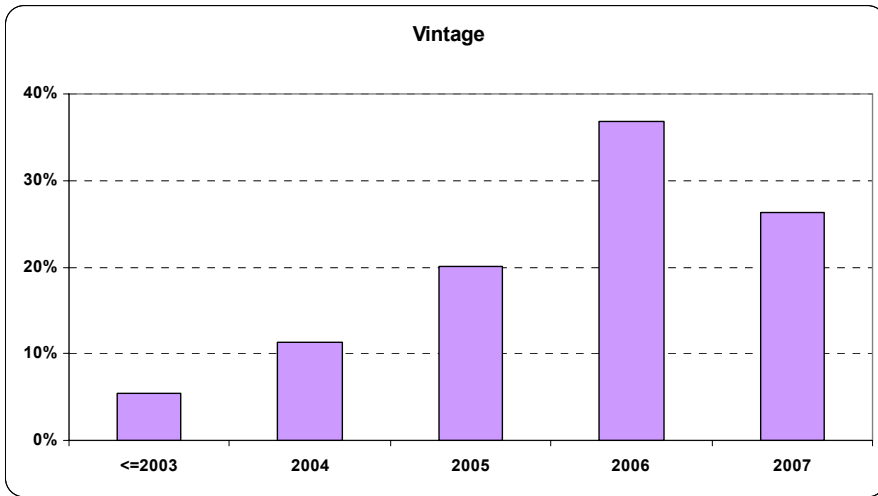
(Unpaid principal balances, \$ in MM)		FICO						Total
		>=720	719-700	699-680	679-660	659-620	<620	
LTV	<70%	4,904 29.1%	899 5.3%	650 3.9%	424 2.5%	251 1.5%	7 0.0%	7,135 42.3%
	70% - 80%	5,959 35.3%	1,312 7.8%	1,059 6.3%	590 3.5%	284 1.7%	8 0.1%	9,212 54.6%
	80% - 90%	118 0.7%	40 0.2%	39 0.2%	31 0.2%	17 0.1%	1 0.0%	246 1.5%
	>90%	123 0.7%	42 0.3%	40 0.2%	28 0.2%	31 0.2%	0 0.0%	264 1.6%
	Total	11,104 65.8%	2,293 13.6%	1,788 10.6%	1,073 6.4%	583 3.5%	16 0.1%	16,857 100.0%

One- to Four-Family Delinquent Loan Distribution – Traditional Method

- \$34MM, or 9%, of delinquent balances have an LTV of over 80%
- \$193MM, or 53%, of delinquent balances have a FICO of 700 or greater

(Unpaid principal balances, \$ in MM)		FICO						Total
		>=720	719-700	699-680	679-660	659-620	<620	
LTV	<70%	35 9.6%	12 3.3%	13 3.6%	15 4.0%	13 3.7%	2 0.5%	90 24.7%
	70% - 80%	96 26.3%	36 9.7%	47 13.0%	37 10.3%	24 6.3%	1 0.4%	241 66.0%
	80% - 90%	5 1.2%	3 0.9%	4 1.0%	4 1.1%	2 0.6%	0 0.1%	18 4.9%
	>90%	4 1.1%	2 0.7%	2 0.5%	3 0.8%	5 1.4%	0 0.0%	16 4.4%
	Total	140 38.2%	53 14.6%	66 18.1%	59 16.2%	44 12.0%	3 0.9%	365 100.0%

One- to Four-Family Portfolio Attributes



Home Equity Loan Distribution by FICO and LTV

- \$9.3B, or 75%, of portfolio to borrowers with FICOs of 700 and higher
- \$6.0B, or 48%, of portfolio with CLTV of 80% or lower

(Unpaid principal balances, \$ in MM)		FICO						Total
		>=720	719-700	699-680	679-660	659-620	<620	
CLTV	<70%	2,717 22.0%	446 3.6%	362 2.9%	159 1.3%	126 1.0%	13 0.1%	3,823 30.9%
	70% - 80%	1,255 10.1%	365 2.9%	313 2.5%	125 1.0%	115 0.9%	3 0.0%	2,176 17.4%
	80% - 90%	2,048 16.5%	714 5.7%	682 5.5%	307 2.5%	233 1.9%	2 0.0%	3,986 32.1%
	>90%	1,264 10.2%	451 3.6%	381 3.1%	212 1.7%	130 1.0%	0 0.0%	2,438 19.6%
	Total	7,284 58.8%	1,976 15.8%	1,738 14.0%	803 6.5%	604 4.8%	18 0.1%	12,423 100.0%

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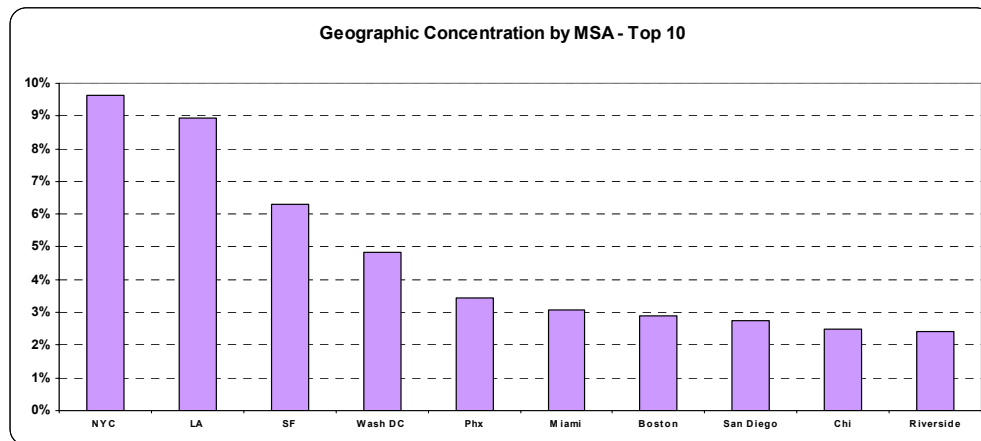
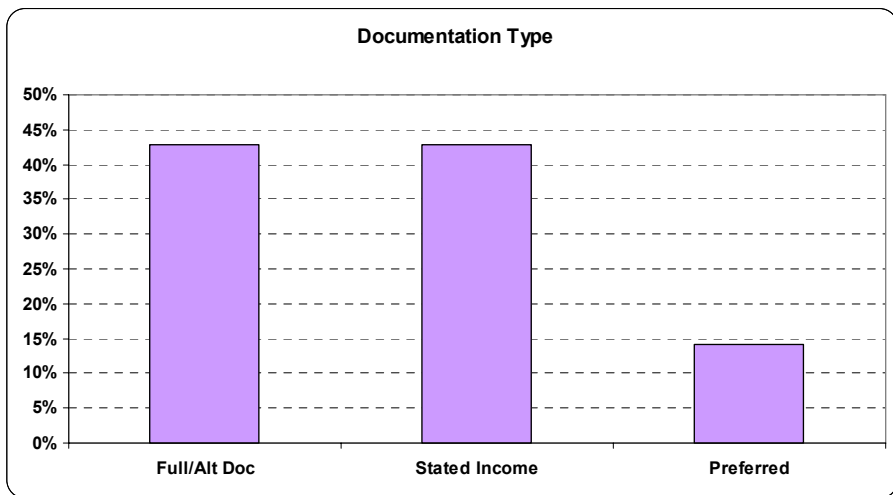
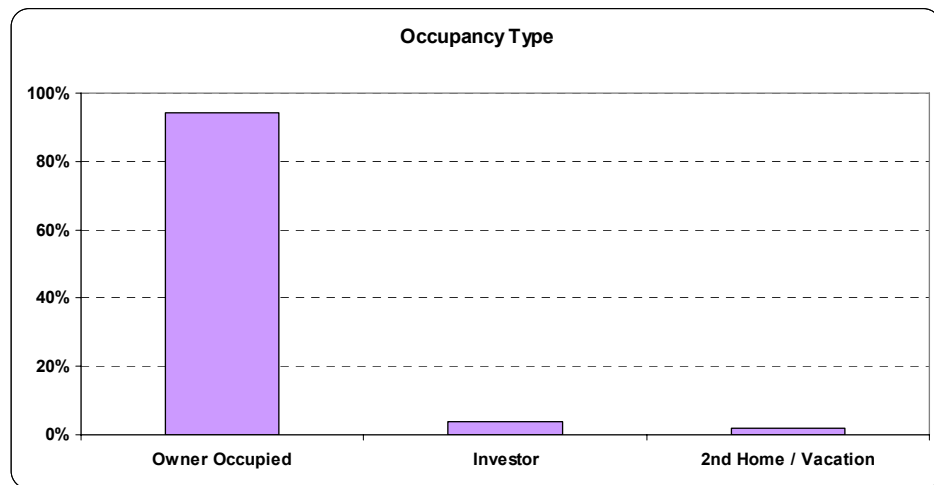
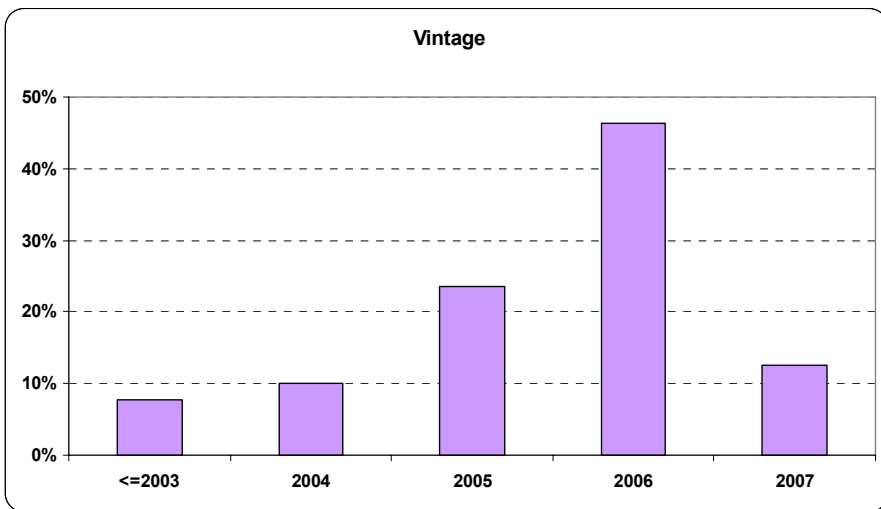
Home Equity Delinquent Loan Distribution – Traditional Method

- \$331MM, or 82%, of delinquent balances have a CLTV of over 80%
- \$193MM, or 48%, of delinquent balances have a FICO of 700 or greater

(Unpaid principal balances, \$ in MM)		FICO						Total
		>=720	719-700	699-680	679-660	659-620	<620	
CLTV	<70%	8 2.0%	4 1.0%	7 1.7%	4 1.0%	5 1.2%	1 0.2%	29 7.1%
	70% - 80%	12 3.0%	8 2.0%	8 2.0%	6 1.5%	10 2.5%	0 0.0%	44 11.0%
	80% - 90%	41 10.1%	26 6.4%	33 8.2%	25 6.2%	31 7.7%	0 0.0%	156 38.6%
	>90%	59 14.6%	35 8.7%	37 9.2%	26 6.3%	18 4.5%	0 0.0%	175 43.3%
	Total	120 29.7%	73 18.1%	85 21.1%	61 15.0%	64 15.9%	1 0.2%	404 100.0%

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Home Equity Portfolio Attributes

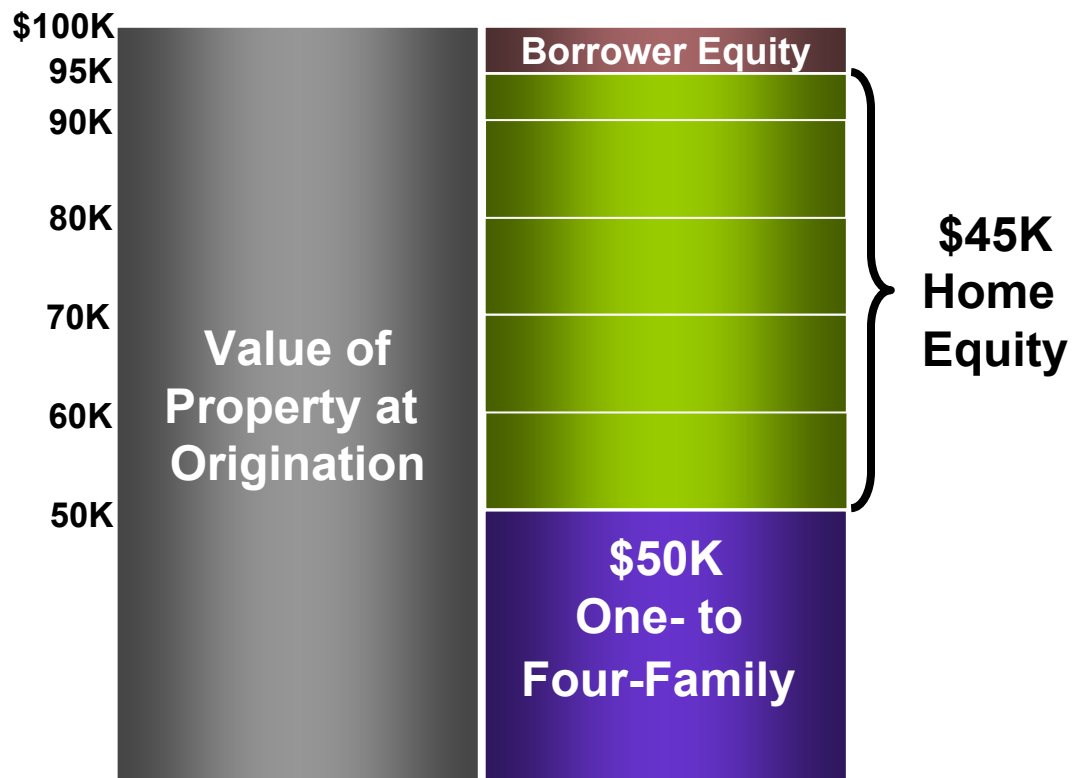


Principal at Risk (PAR) Method vs. Traditional Method

- **We look first to the credit quality of a borrower, as indicated by FICO and similar measures, for repayment of a loan. Should a loan become delinquent, realized future losses will be dependent on a number of factors including, but not limited to, cure rates⁽²⁾, local real estate dynamics and resulting loan-to-value (LTV)**
- **The traditional method, as shown on previous pages, categorizes the entire loan balance at the highest dollar LTV**
- **The Principal at Risk (PAR) method is an internal approach that we believe more appropriately depicts the unpaid principal balance by tranching it against the supporting collateral value at time of origination**
- **The following example demonstrates how a \$45,000 home equity loan classified under the traditional method at a 95% CLTV can be tranching to several PAR LTV thresholds under the PAR method**

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Loan Distribution Principal at Risk (PAR) Method Example



(\$ in thousands)	Traditional Method	PAR Method
FICO	720	720
<70% LTV	\$0	\$20
70%-80% LTV	\$0	\$10
80%-90% LTV	\$0	\$10
>90% LTV	\$45	\$5

One- to Four-Family Loan Distribution – PAR Method

- \$16.9B portfolio is well supported by high FICOs, low LTVs, and private mortgage insurance
- \$62MM of exposure greater than 80% of property value is protected by private mortgage insurance

(Unpaid principal balances, \$ in MM)		FICO						Total
		>=720	719-700	699-680	679-660	659-620	<620	
PAR LTV	<70%	10,472 62.1%	2,145 12.7%	1,666 9.9%	1,002 5.9%	546 3.2%	15 0.1%	15,846 94.0%
	70% - 80%	603 3.6%	138 0.8%	113 0.7%	63 0.4%	31 0.2%	1 0.0%	949 5.6%
	80% - 90%	21 0.1%	7 0.0%	7 0.0%	6 0.0%	5 0.0%	0 0.0%	46 0.3%
	>90%	8 0.0%	3 0.0%	2 0.0%	2 0.0%	1 0.0%	0 0.0%	16 0.1%
	Total	11,104 65.8%	2,293 13.6%	1,788 10.6%	1,073 6.4%	583 3.5%	16 0.1%	16,857 100.0%

One- to Four-Family Delinquent Loan Distribution – PAR Method

- 99% of delinquent balances are mitigated by PAR LTV of 80% or lower

(Unpaid principal balances, \$ in MM)		FICO						Total
		>=720	719-700	699-680	679-660	659-620	<620	
PAR LTV	<70%	128 35.0%	48 13.2%	60 16.4%	54 14.8%	40 10.9%	3 0.8%	333 91.2%
	70% - 80%	11 2.9%	5 1.3%	5 1.6%	4 1.2%	3 0.8%	0 0.0%	28 7.8%
	80% - 90%	1 0.2%	0 0.1%	1 0.1%	1 0.2%	1 0.2%	0 0.0%	4 0.8%
	>90%	0 0.1%	0 0.0%	0 0.0%	0 0.0%	0 0.1%	0 0.0%	0 0.2%
	Total	140 38.2%	53 14.6%	66 18.1%	59 16.3%	44 12.0%	3 0.8%	365 100.0%

Home Equity Loan Distribution – PAR Method

- \$8.5B, or 69%, of portfolio has a CLTV of 80% or below
- Of the \$3.9B in loans with CLTV above 80%, \$2.7B are to borrowers with FICO's of 700 or higher

(Unpaid principal balances, \$ in MM)		FICO						Total
		>=720	719-700	699-680	679-660	659-620	<620	
PAR CLTV	<70%	4,105 33.1%	868 6.9%	718 5.8%	303 2.5%	240 1.9%	16 0.1%	6,250 50.3%
	70% - 80%	1,193 9.6%	424 3.4%	384 3.1%	154 1.2%	123 1.0%	1 0.0%	2,279 18.3%
	80% - 90%	1,529 12.4%	520 4.2%	497 4.0%	264 2.1%	192 1.5%	1 0.0%	3,003 24.2%
	>90%	457 3.7%	164 1.3%	139 1.1%	82 0.7%	49 0.4%	0 0.0%	891 7.2%
	Total	7,284 58.8%	1,976 15.8%	1,738 14.0%	803 6.5%	604 4.8%	18 0.1%	12,423 100.0%

Home Equity Delinquent Loan Distribution – PAR Method

- \$232MM, or 57%, of delinquent balances have a PAR CLTV of over 80%
- \$193MM, or 48%, of delinquent balances have a FICO of 700 or greater

(Unpaid principal balances, \$ in MM)		FICO						Total
		>=720	719-700	699-680	679-660	659-620	<620	
PAR CLTV	<70%	28 6.9%	16 4.0%	18 4.5%	12 3.0%	16 4.0%	1 0.2%	91 22.6%
	70% - 80%	20 5.0%	15 3.7%	19 4.7%	12 3.0%	15 3.7%	0 0.0%	81 20.1%
	80% - 90%	49 12.1%	28 6.9%	34 8.4%	26 6.3%	26 6.5%	0 0.0%	163 40.2%
	>90%	23 5.7%	14 3.5%	14 3.5%	11 2.7%	7 1.7%	0 0.0%	69 17.1%
	Total	120 29.7%	73 18.1%	85 21.1%	61 15.0%	64 15.9%	1 0.2%	404 100.0%

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Loan Risk Mitigation Discipline

- **Geographic diversification with no single MSA greater than 10% of mortgage loan portfolio**
- **Low leveraged borrowers with average debt-to-income ratio of 35% across mortgage portfolio**
- **No option or negative amortization ARMs**
- **Top Sellers/Originators of mortgage loan portfolio:**

**Bank of America
Countrywide
E-Loan
E*TRADE⁽³⁾
GMAC**

**JPMorgan
Morgan Stanley
National City
UBS
Wells Fargo**

Risk Mitigation Strategy

- **Growth sources – Portfolio growth, if any, will be driven by prime one- to four-family mortgage loans**
- **Mix shift - Allow home equity and consumer loan portfolios to decline with repayments/prepayments**
- **Credit line management – Evaluate revolving credit borrowers, reducing available lines based on leading indicators**
- **Loan modifications – Provide rate and term modifications to qualified borrowers**

Investment Securities Composition

- \$16.1B, or 92%, of the Investment Securities portfolio is rated AAA or AA
- Over 99% of the Investment Securities portfolio is rated investment grade

(\$ in MM, based on book value)

	AA or Higher	A	BBB	Below Inv. Grade	Non-Rated	Grand Total
MBS	12,373 71.1%	-	-	-	-	12,373 71.1%
Corporate, Municipal and Preferred Stock	1,965 11.3%	16 0.1%	-	-	-	1,981 11.4%
ABS	1,767 10.1%	815 4.7%	431 2.5%	16 0.1%	30 0.2%	3,059 17.5%
Grand Total	16,105 92.5%	831 4.8%	431 2.5%	16 0.1%	30 0.2%	17,413 100.0%

Mortgage-Backed Securities Breakdown

- Nearly all of the \$12.3B MBS portfolio is rated AAA

(\$ in MM, based on book value)

	AA or Higher	A	BBB	Below Inv. Grade	Non-Rated	Total
Agency MBS/CMO	11,092 63.7%	-	-	-	-	11,092 63.7%
Private Label CMO	1,281 7.4%	-	-	-	-	1,281 7.4%
Total	12,373 71.1%	-	-	-	-	12,373 71.1%

Percentages are measured as a percent of the \$17.4 B Investment Securities Portfolio

Note: Includes \$30MM of securities classified as Trading Securities

Corporate, Municipal and Preferred Stock

- Nearly all of the Municipal bond, Agency stock and Corporate bond portfolio is rated “AA” or higher

(\$ in MM, based on book value)

	AA or Higher	A	BBB	Below Inv. Grade	Non-Rated	Total
Municipal Bonds	934 5.4%	-	-	-	-	934 5.4%
Agency Preferred Stock (FNM, FRE)	512 2.9%	-	-	-	-	512 2.9%
FHLB Stock	409 2.4%	-	-	-	-	409 2.4%
Corporate Bonds (\$78mm FNMA Note)	110 0.6%	16 0.1%	-	-	-	126 0.7%
Total	1,965 11.3%	16 0.1%	-	-	-	1,981 11.4%

Percentages are measured as a percent of the \$17.4B Investment Securities Portfolio

Asset-Backed Securities Breakdown

- \$2.6B, or 84%, of ABS portfolio is rated A or higher
- Non-rated and below investment grade securities are \$46MM, or 0.3% of Investment Securities portfolio

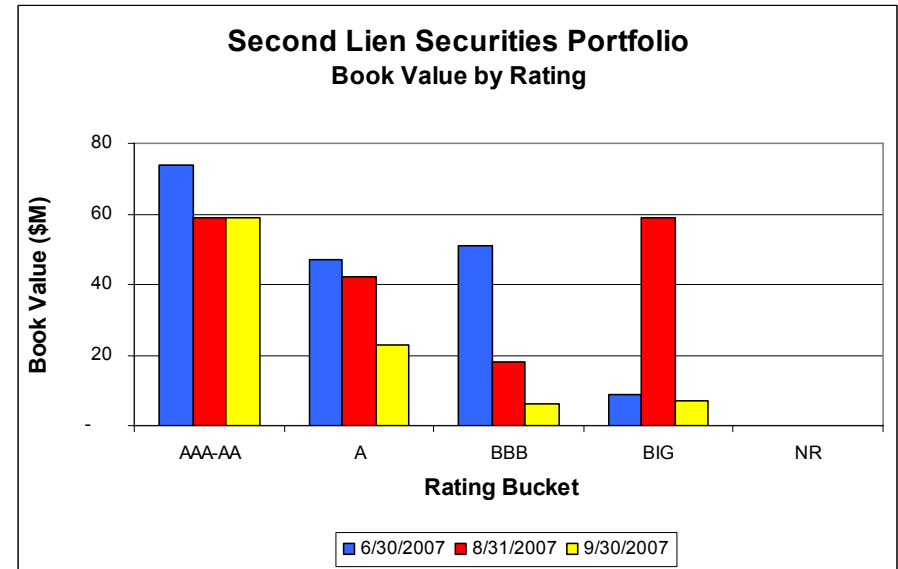
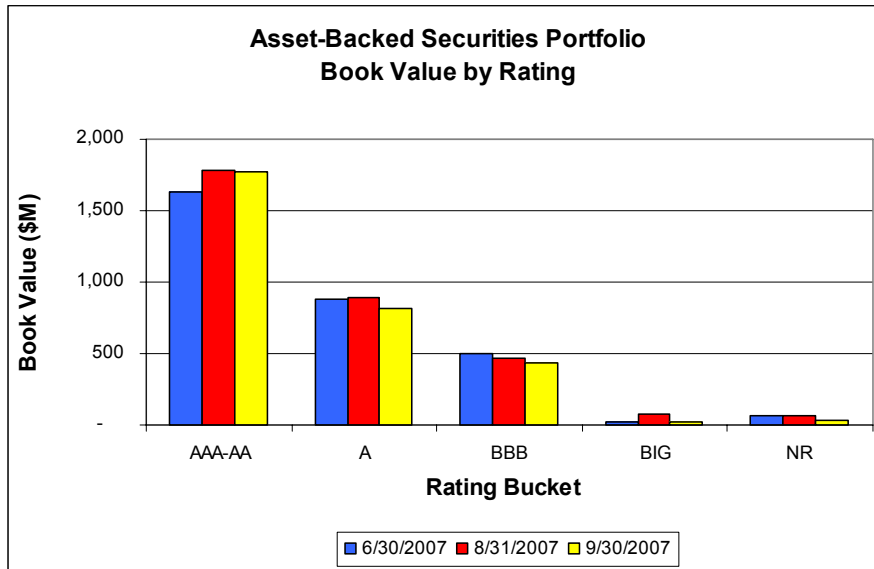
(\$ in millions, based on book value)

	AA or Higher	A	BBB	Below Inv. Grade	Non-Rated	Total
Prime Residential First Lien Mortgage	1,355 7.8%	590 3.4%	285 1.6%	-	-	2,230 12.8%
ABS CDO	223 1.3%	87 0.5%	34 0.2%	-	10 0.1%	354 2.0%
Commercial Real Estate & Trust Pfd CDO	123 0.7%	67 0.4%	41 0.2%	-	16 0.1%	247 1.4%
Second Liens	59 0.3%	23 0.1%	6 0.0%	7 0.0%	-	95 0.5%
Sub-prime Residential First Lien Mortgage	2 0.0%	33 0.2%	53 0.3%	9 0.1%	-	97 0.6%
Other	5 0.0%	15 0.1%	12 0.1%	-	4 0.0%	36 0.2%
Total	1,767 10.1%	815 4.7%	431 2.5%	16 0.1%	30 0.2%	3,059 17.5%

Percentages are measured as a percent of the \$17.4B Investment Securities Portfolio

Note: Includes \$36MM of securities classified as Trading Securities

Asset-Backed Securities Portfolio



- The net growth in the portfolio quarter-to-date has occurred nearly exclusively in the AAA-AA rating bucket
- From June 30th through September 30th, there have been four issues upgraded (5 bonds for \$26M) and twelve issues downgraded (17 bonds for \$116M) in the portfolio. All of the downgrades have been in the second lien sector

Prime Residential First Lien Mortgage Securities (Includes Alt-A)

(\$ in MM, based on book value)

	AA or Higher	A	BBB	Below Inv. Grade	Non-Rated	Total
Prime Residential First Lien Mortgage	1,355 7.8%	590 3.4%	285 1.6%	-	-	2,230 12.8%

- **Weighted Average original FICO = 725; LTV = 71%**
- **No bonds within our Alt-A portfolio have been downgraded**
- **No significant impairments are expected in this portfolio**

Percentages are measured as a percent of the \$17.4B Investment Securities Portfolio

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Sub-prime Residential First Lien Mortgage Securities

(\$ in MM, based on book value)

	AA or Higher	A	BBB	Below Inv. Grade	Non-Rated	Total
Sub-prime Residential First Lien Mortgage	2 0.0%	33 0.2%	53 0.3%	9 0.1%	-	97 0.6%

- **Weighted Average original FICO = 639; LTV = 79%**
- **Through September 30th, there have not been any downgrades in the sub-prime portfolio**

Percentages are measured as a percent of the \$17.4B Investment Securities Portfolio

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ABS, Commercial Real Estate and Trust Preferred CDOs

(\$ in MM, based on book value)

	AA or Higher	A	BBB	Below Inv. Grade	Non-Rated	Grand Total
ABS CDO	223 1.3%	87 0.5%	34 0.2%	-	10 0.1%	354 2.0%
Commercial Real Estate & Trust Pfd CDO	123 0.7%	67 0.4%	41 0.2%	-	16 0.1%	247 1.4%

- The most immediate risk of impairment for certain lower rated (<AA) CDO bonds will be diversion of cash flow as required under pre-determined performance criteria. The effect of this criteria is to redirect cash flow from lower rated bonds to higher rated bonds. Continued deterioration could lead to future impairments**

Percentages are measured as a percent of the \$17.4B Investment Securities Portfolio

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Second Lien Mortgage Securities

(\$ in MM, based on book value)	AA or Higher	A	BBB	Below Inv. Grade	Non-Rated	Total
Second Liens	59 0.3%	23 0.1%	6 0.0%	7 0.0%	-	95 0.5%

- **Weighted Average FICO = 680; CLTV = 99%**
- **On August 16th, Moody's downgraded 691 tranches of 2006 vintage second liens, representing 84% of all second lien deals Moody's rated in 2006**

Percentages are measured as a percent of the \$17.4 B Investment Securities Portfolio

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Balance Sheet Funding Sources

Retail Deposits and Customer Payables

- **\$36B – 84% from customers who also hold an investing account**
- **Average Quarterly Growth in Total Customer Cash and Deposits = \$1.6B⁽⁴⁾**

Wholesale Borrowings

- **Thrift charter provides access to FHLB**
 - **Currently \$8.5B of Advances – additional \$14.4B of excess borrowing capacity**
- **\$11B in repurchase agreements**
 - **Primarily AAA FNMA and GNMA backed transactions**
 - **Diversified maturities with a strong group of over 20 counterparties**
- **Not dependent on warehouse lines**
- **Access to the Federal Reserve Discount Window**
- **No material changes to date with respect to wholesale funding availability, pricing or margin, including repurchase agreements**

Corporate Liquidity

- **\$250MM undrawn committed senior secured revolving credit facility**
- **\$504MM in Free Cash⁽¹⁾ as of September 30, 2007**

Endnotes and Glossary of Terms

Endnotes:

- (1) Free cash represents cash held at the Company and its non-Bank and non-Brokerage subsidiaries, less discretionary reserves, plus excess capital at Bank and Brokerage after application of regulatory capital requirements and the Company's own regulatory capital guidelines.
- (2) Cure rates represent the rate of currently delinquent balances that return to performing status and/or fully pay off.
- (3) Includes direct and wholesale originated loans.
- (4) Average organic quarterly total cash and deposit growth since 12/31/2005.

Terms:

ARM – Adjustable Rate Mortgage

CDO – Collateralized Debt Obligation

CLTV – Combined Loan-to-Value

DTI – Debt-to-Income

FHLB – Federal Home Loan Bank

HELOC – Home Equity Line of Credit

HEIL – Home Equity Installment Loan

LTV – Loan-to-Value

PMI – Private Mortgage Insurance

MSA – Metropolitan Statistical Area

NINA – No Income No Asset

SISA – Stated Income Stated Assets

SIVA – Stated Income Verified Assets

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