

E TRADE FINANCIAL CORP

Form 4

November 13, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
LILIEN R JARRETT

(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)
11/09/2006

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 & COO

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)			
			Code	V	Amount		Price

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

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information contained in this form are not
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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	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amount Underlying Security
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)		(Instr. 3 and 4)			
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of S
Contract (right and obligation to sell)	<u>(1)</u>	11/09/2006	J/K ⁽¹⁾			51,232	11/09/2006	11/09/2006	Common Stock	51,
Contract (right and obligation to sell)	<u>(2)</u> <u>(3)</u>	11/13/2006	J/K ⁽²⁾⁽³⁾			85,508	11/13/2006	11/13/2006	Common Stock	85,

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LILIEN R JARRETT C/O E*TRADE FINANCIAL CORPORATION 135 E. 57TH STREET NEW YORK, NY 10022	X		President & COO	

Signatures

/s/ Russell S.
Elmer 11/13/2006

__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).
- On November 9, 1999, the R. Jarrett Lilien (the "Reporting Person") entered into a prepaid variable forward sale contract with an unaffiliated third party buyer. The contract obligates the Reporting Person to deliver to the buyer up to 51,232 shares of E*TRADE common stock (or, at the Reporting Person's election, an equivalent amount of cash based on the market price of E*TRADE common stock at that time) on the valuation date of the contract (November 9, 2006). In exchange for assuming this obligation, the Reporting Person received a cash payment of \$1,259,730.12 as of the date of entering into the contract. The reporting person pledged 51,232 shares of E*TRADE common stock (the "Pledged Shares") to secure his obligations under the contract, and retained dividend and voting rights in the Pledged Shares during the term of the pledge. The number of shares of E*TRADE stock to be delivered to the buyer on the valuation date is 51,232 based on the Final Price on the valuation date..
- (1) On November 10, 1999, the Reporting Person through Pistons Consultants, Ltd., an entity (the "Entity") wholly owned by the Reporting Person entered into a prepaid variable forward sale contract with an unaffiliated third party buyer. The contract obligates the Entity to deliver to the buyer up to 85,508 shares of E*TRADE common stock (or, at the Entity's election, an equivalent amount of cash based on the market price of E*TRADE common stock at that time) on the valuation date of the contract (November 13, 2006). In exchange for assuming this obligation, the reporting person received a cash payment of \$2,061,813.61 as of the date of entering into the contract. The

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Entity pledged 85,508 shares of E*TRADE common stock (the "Pledged Shares") to secure its obligations under the contract, and retained dividend and voting rights in the Pledged Shares during the term of the pledge (Continued to footnote 3).

- (3) The number of shares of E*TRADE stock to be delivered to the buyer on the valuation date is 85,508 based on the Final Price on the valuation date.

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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