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E TRADE FINANCIAL CORP Form SC 13D/A May 06, 2008

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

SCHEDULE 13D (Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

Under the Securities Exchange Act of 1934 (Amendment No. 6)*

<u>E*TRADE Financial Corporation</u> (Name of Issuer)

<u>Common Stock, \$0.01 par value</u> (Title of Class of Securities)

> <u>269246104</u> (CUSIP Number)

Matthew B. Hinerfeld Citadel Investment Group, L.L.C. 131 S. Dearborn Street, 32nd Floor Chicago, Illinois 60603

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

May 2, 2008 (Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box. £

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1		NAME OF REPORTING PERSON				
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)					
	Citadel Limited Part	tnership				
2	CHECK THE APPR	ROPRIATE BOX	IF A MEMBER OF A GROUP			
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			(b)£			
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	SHARES	8	SHARED VOTING POWER			
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¹ See Item 3 and Item 5 below.

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1		NAME OF REPORTING PERSON				
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)					
	Citadel Investment	Group, L.L.C.				
2	CHECK THE APPR	OPRIATE BOX	IF A MEMBER OF A GROUP			
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		7	SOLE VOTING POWER			
	NUMBER OF	ľ	0			
	SHARES	8	SHARED VOTING POWER			
	BENEFICIALLY OWNED BY	0	89,528,542 shares			
		9	SOLE DISPOSITIVE POWER			
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	WITH		See Row 8 above.			
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² See Item 3 and Item 5 below.

CUSIP No. 269246104 Page 4 of 16 Pages

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	Kenneth Griffin					
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	SHARES	8	SHARED VOTING POWER			
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14	TYPE OF REPORT	ING PERSON				
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³ See Item 3 and Item 5 below.

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1	NAME OF REPORTING PERSON					
	I.R.S. IDENTIFICA	TION NO. OF A	BOVE PERSON (ENTITIES ONLY)			
	Citadel Equity Fund	Ltd.				
2	CHECK THE APPR	OPRIATE BOX	IF A MEMBER OF A GROUP			
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	Cayman Islands					
		7	SOLE VOTING POWER			
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		8	SHARED VOTING POWER			
	OWNED BY	0	89,528,542 shares			
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14	TYPE OF REPORT	ING PERSON				
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⁴ See Item 3 and Item 5 below.

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1		NAME OF REPORTING PERSON				
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)					
	Citadel Derivatives	Group LLC				
2	CHECK THE APPR	ROPRIATE BOX	IF A MEMBER OF A GROUP			
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	Delaware					
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	BENEFICIALLY		89,528,542 shares			
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⁵ See Item 3 and Item 5 below.

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	Cayman Islands				
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	NUMBER OF SHARES		0		
		8	SHARED VOTING POWER		
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	OWNED BY	9	SOLE DISPOSITIVE POWER		
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		10	SHARED DISPOSITIVE POWER		
	WITH		See Row 8 above.		
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14	TYPE OF REPORT	NG PERSON			
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⁶ See Item 3 and Item 5 below.

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1	NAME OF REPOR	TING PERSON				
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	Citadel AC Investme	ents I td				
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	Cayman Islands					
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11	AGGREGATE AM	OUNT BENEFIC	CIALLY OWNED BY EACH REPORTING PERSON			
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12	CHECK BOX IF TH	HE AGGREGAT	E AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES \pounds			
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14	TYPE OF REPORT	ING PERSON				
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⁷ See Item 3 and Item 5 below.

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1	NAME OF DEPON	EINIC DEDCON				
1	NAME OF REPORTING PERSON					
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)					
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	EACH		0			
	REPORTING	10	SHARED DISPOSITIVE POWER			
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12	CHECK BOX IF TH	IE AGGREGAT	E AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES			
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13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)					
	17.4 percent ⁸					
14	TYPE OF REPORT	ING PERSON				
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⁸ See Item 3 and Item 5 below.

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1	NAME OF REPORT				
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)				
	Citadel Holdings I L	.P			
2	CHECK THE APPR	OPRIATE BOX	IF A MEMBER OF A GROUP		
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6	CITIZENSHIP OR I	PLACE OF ORGA	ANIZATION		
	Delaware	<u> </u>			
	NUMBER OF	7	SOLE VOTING POWER		
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		o	89,528,542 shares		
		9	SOLE DISPOSITIVE POWER		
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		10	SHARED DISPOSITIVE POWER		
	WITH		See Row 8 above.		
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14	CHECK BOX II' 11	IE AGGREGATI	£		
13	PERCENT OF CLA	SS REPRESENT	ED BY AMOUNT IN ROW (11)		
	17.4 percent ⁹				
14	TYPE OF REPORT	ING PERSON			
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⁹ See Item 3 and Item 5 below.

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	1					
1		NAME OF REPORTING PERSON				
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)					
	Citadel Holdings II					
2	CHECK THE APPR	ROPRIATE BOX	IF A MEMBER OF A GROUP			
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	Delaware	1				
		7	SOLE VOTING POWER			
	NUMBER OF		0			
	SHARES	8	SHARED VOTING POWER			
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13		PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)				
	17.4 percent ¹⁰					
14	TYPE OF REPORT	ING PERSON				
	PN, HC					

¹⁰ See Item 3 and Item 5 below.

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1	NAME OF REPOR				
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)				
	Citadel Investment (Group II, L.L.C.			
2	CHECK THE APPR	OPRIATE BOX	IF A MEMBER OF A GROUP		
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	Delaware				
		7	SOLE VOTING POWER		
	NUMBER OF		0		
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14	TYPE OF REPORT	ING PERSON			
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¹¹ See Item 3 and Item 5 below.

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ITEM 1.

SECURITY AND ISSUER

This Amendment No. 6 amends the Schedule 13D filed on December 17, 2007 (the "Original Filing") by Citadel Limited Partnership ("CLP"), Citadel Investment Group, L.L.C. ("CIG"), Kenneth Griffin ("Griffin"), Citadel Equity Fund Ltd. ("CEF"), Citadel Derivatives Group LLC ("CDG"), Citadel Derivatives Trading Ltd. ("CDT"), Wingate Capital Ltd., and Citadel AC Investments Ltd. ("CAC") relating to the Common Stock, \$0.01 par value, of E*TRADE Financial Corporation, as amended by Amendment No. 1 to Schedule 13D filed on January 18, 2008 ("Amendment No. 1"), Amendment No. 2 to Schedule 13D filed on February 27, 2008 ("Amendment No. 2"), Amendment No. 3 to Schedule 13D filed on March 10, 2008 ("Amendment No. 3"), Amendment No. 4 to Schedule 13D filed on April 1, 2008 ("Amendment No. 4") and Amendment No. 5 to Schedule 13D filed on April 4, 2008 ("Amendment No. 5" and, together with the Original Filing, Amendment No. 1, Amendment No. 2, Amendment No. 3 and Amendment No. 4, the "Prior Filing") by CLP, CIG, Griffin, CEF, CDG, CDT, CAC, Citadel Advisors LLC ("Citadel Advisors"), Citadel Holdings I LP ("CH-I"), Citadel Holdings II LP ("CH-II"), and Citadel Investment Group II, L.L.C. ("CIG-II"). Capitalized terms not defined herein shall have the meaning given to them in the Prior Filing.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

Item 3 of the Prior Filing is amended by deleting the fourth paragraph of the Prior Filing and replacing it with the following:

On January 18, 2008, the Issuer and Wingate executed a second amendment to the Investment Agreement (the "Second Amendment") that provided, among other things, that on the date thereof the Issuer would issue to the Reporting Persons \$150,000,000 in aggregate principal amount of the Issuer's 12.5% Springing Lien Notes due 2017 (constituting the Final Springing Lien Notes) and the Reporting Persons would contribute to the Issuer cash in the aggregate amount of \$150,000,000, less expenses for which the Issuer is responsible under the Amended Investment Agreement. The transactions concerning the Final Springing Lien Notes contemplated by the Second Amendment were consummated on January 18, 2008. The Second Amendment also provided that the Reporting Persons have the right to receive from the Issuer 46,684,890 shares of Common Stock (constituting the Final Common Stock) following the receipt of the remaining government approvals relating to such issuance, and that the Reporting Person's right to designate a nominee to be appointed to the Issuer's Board of Directors would become effective immediately following the issuance of the Final Common Stock. The Issuer and Wingate entered into a third amendment to the Investment Agreement, dated March 27, 2008 (the "Third Amendment"), which provided that the Reporting Persons' obligation to give notice (thus triggering their right to receive from the Issuer 46,684,890 shares of Common Stock constituting the Final Common Stock) would be extended from 30 days after receipt of all regulatory approvals (which occurred on February 26, 2008) to May 1, 2008. The Issuer and Wingate entered into a fourth amendment to the Investment Agreement, dated May 2, 2008 (the "Fourth Amendment" and, together with the Investment Agreement, the First Amendment, the Second Amendment and the Third Amendment, the "Amended Investment Agreement"). The Fourth Amendment provided that the Reporting Persons' obligation to give notice (thus triggering their right to receive from the Issuer 46,684,890 shares of Common Stock constituting the Final Common Stock) would be extended from May 1, 2008 to May 22, 2008.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

Items 5(a) and (b) of the Prior Filing are amended and restated as follows:

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(a) Number of shares: 89,528,542 shares

Percentage of shares: 17.4%¹²

(b) Sole power to vote or direct the vote: 0

Shared power to vote or direct the vote: 89,528,542 shares

Sole power to dispose or to direct the disposition: 0

Shared power to dispose or direct the disposition: 89,528,542 shares

- (c) The table attached hereto as Exhibit 99.17 sets forth the transactions effected by the Reporting Persons in the shares of Common Stock of the Issuer since Amendment No. 5. All transactions described in Exhibit 99.17 either (i) resulted from the exercise of listed option contracts previously entered in open market transactions or (ii) were effected in the open market.
- (d) No change.
- (e) No change.

ITEM CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

Item 6 of the Prior Filing is amended by adding after the fourteenth paragraph the following:

The Issuer and Wingate entered into the Fourth Amendment, dated May 2, 2008, a copy of which is attached as Exhibit 99.18 hereto and the terms of which are described in Item 3. The description of the terms of the Fourth Amendment contained in Item 3 is a summary, does not purport to be complete, and is qualified in its entirety by the Fourth Amendment, a copy of which is attached as Exhibit 99.18, and which is incorporated herein by reference.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

The following documents are filed as appendices and exhibits (or incorporated by reference herein):

Exhibit 99.17: Transaction Listing Required by Item 5(c)

Exhibit 99.18: Fourth Amendment to the Investment Agreement, dated May 2, 2008, by and between

E*TRADE Financial Corporation and Wingate Capital Ltd.

¹² The percentages reported in this Amendment No. 6 are based upon 515,020,686 shares of Common Stock outstanding as of May 5, 2008 (468,335,796 shares of Common Stock outstanding as of March 31, 2008 (as reported in the Issuer's Form 8-K filed on April 17, 2008), plus 46,684,890 shares of Common Stock to which the Reporting Persons became entitled on February 26, 2008).

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Signature

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated this 6th day of May, 2008

CITADEL LIMITED PARTNERSHIP

CITADEL INVESTMENT GROUP, L.L.C.

By: Citadel Investment Group, L.L.C.,

its General Partner

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

CITADEL EQUITY FUND LTD.

CITADEL AC INVESTMENTS LTD.

By: Citadel Limited Partnership,

its Portfolio Manager

By: Citadel Limited Partnership,

its Portfolio Manager

By: Citadel Investment Group, L.L.C.,

its General Partner

By: Citadel Investment Group, L.L.C.,

its General Partner

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

KENNETH GRIFFIN

CITADEL DERIVATIVES GROUP LLC

By: /s/ Matthew B. Hinerfeld

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Matthew B. Hinerfeld, attorney-in-fact¹³

By: Citadel Limited Partnership, its Managing Member

By: Citadel Investment Group, L.L.C.,

its General Partner

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

Matthew B. Hinerfeld is signing on behalf of Kenneth Griffin as attorney-in-fact pursuant to a power of attorney previously filed with the Securities and Exchange Commission on February 4, 2005, and hereby incorporated by reference herein. The power of attorney was filed as an attachment to a filing by Citadel Limited Partnership on Schedule 13G/A for Komag, Incorporated.

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CITADEL DERIVATIVES TRADING LTD.

CITADEL ADVISORS LLC

By: Citadel Limited Partnership,

its Portfolio Manager

By: Citadel Investment Group, L.L.C.,

its General Partner

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

CITADEL HOLDINGS I LP

By: Citadel Investment Group II, L.L.C.,

its General Partner

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

CITADEL INVESTMENT GROUP II, L.L.C.

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

By: Citadel Holdings II LP, its managing member

By: Citadel Investment Group II, L.L.C.,

its General Partner

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory

CITADEL HOLDINGS II LP

By: Citadel Investment Group II, L.L.C.,

its General Partner

By: /s/ Matthew B. Hinerfeld

Matthew B. Hinerfeld, Authorized Signatory