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**E*TRADE FINANCIAL APPOINTS CHAIRMAN DONALD H. LAYTON
CHIEF EXECUTIVE OFFICER**

R. Jarrett Lilien to Resume Position as President and Chief Operating Officer

New York, March 3, 2008 – The Board of Directors of E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today announced that it has unanimously elected Chairman Donald H. Layton, 57, as Chief Executive Officer, effective immediately. Mr. Layton, a 32-year financial services industry veteran, was elected Chairman of the Board on November 29, 2007, after serving as an advisor to the Board during negotiations that led to the Company's previously announced \$2.5 billion cash infusion. R. Jarrett Lilien, who was appointed acting CEO on November 29, 2007, will resume his role as President and Chief Operating Officer and remain a Director of the Company.

"The Board is fortunate to have had the opportunity to work closely with Don over the last few months as he helped construct the Company's Turnaround Plan. We have been tremendously impressed with his leadership and his vast business experience, which spans capital markets, consumer financial services and financial institution management," said C. Cathleen Raffaelli, the newly-elected Lead Independent Director and member of the CEO Search Committee. "The Board is highly confident that Don is the right choice to return E*TRADE FINANCIAL to its position as a growth company. We are pleased that he has agreed to accept the position of CEO."

"Having worked directly with the Board of Directors and the management team over the past few months, I am fully convinced that the E*TRADE franchise has immense strength, perhaps best exemplified by the quick return of its customer volumes. I also believe that its current financial issues can be effectively managed despite the tough environment," said Mr. Layton. "I look forward to my expanded role and am committed to seeing the Company reach its full potential."

In accepting the CEO position, and as a clear vote of confidence in the Company, Mr. Layton requested that all of his 2008 and 2009 incentive compensation be in the form of equity. His employment agreement states that in those years nearly 90 percent of his total compensation will be composed of restricted stock and stock options, with no cash bonus.

Mr. Layton's 32 years of experience in financial services includes 29 years at JPMorgan Chase & Co. and its predecessors, serving most recently as Vice Chairman, and as a member of its three-person Office of the Chairman and its Executive Committee. At the time of his retirement from JPMorgan Chase, Mr. Layton was responsible for approximately half of the firm's business, including all Chase-branded activities, which included the consumer, small business and middle market businesses; the wholesale operating services business, custody, cash management and institutional trust; and oversight of all technology. Together, these units generated over \$18 billion of revenue and comprised over 60,000 employees. Mr. Layton also served on JPMorgan Chase's Executive Committee, the senior group that assisted the Chairman in setting strategic direction for the firm, as well as the firm's Risk and Capital Committees.

Previously, Mr. Layton had been Co-Chief Executive Officer of JPMorgan, the investment bank of JPMorgan Chase & Co., sharing responsibility for overseeing the entire range of the investment bank's activities. These included all capital markets, corporate advisory, market making and risk management products of the firm, which were offered to a global client base of large corporations, financial institutions and governments. Prior to the merger of Chase Manhattan and JPMorgan in 2000, Mr. Layton had been responsible since 1996 for Chase's worldwide capital markets and trading activities, including foreign exchange, risk management products, emerging markets and fixed income.

Mr. Layton, as Senior Advisor to the Securities Industry and Financial Markets Association, chairs an industry committee developing a stand-by dealer financing capability for government and other securities. He is also a member of the Federal Reserve Bank of New York's International Capital Markets Advisory Committee and the MIT Visiting Committee for Economics, and serves as Chairman of the Board for the Partnership for the Homeless and as a director of the International Executive Service Corps. In May 2006, he became a member of the board of directors of Assured Guaranty Ltd., a credit insurance company, where he currently chairs the Risk Oversight Committee.

Mr. Layton received bachelor and masters of science degrees in economics simultaneously from the Massachusetts Institute of Technology in 1972. He holds an MBA from Harvard University, graduating as a Baker Scholar in 1974.

Mr. Lilien has been President and Chief Operating Officer of the Company since 2003 and led the retail operation to produce five years of record results. In the last 90 days, he has developed and implemented the first phase of the Company's Turnaround Plan, which has stabilized customer confidence and returned customer engagement to normalized levels.

"In the last three months, Jarrett has shown he is a true leader, managing the Company to operational stability and placing it squarely on the path to growth," said Mr. Layton. "He will continue to focus on building a premier retail franchise as the Company's President and Chief Operating Officer. The Board, and I personally, want to thank him for everything he has done in such difficult circumstances."

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provides financial services including trading, investing, banking and lending for retail and institutional customers. Securities products and services are offered by E*TRADE Securities LLC (Member FINRA/SIPC). Bank and lending

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