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**DONALD H. LAYTON TO COMPLETE TENURE AS CHAIRMAN AND CEO OF
E*TRADE FINANCIAL AT YEAR'S END**

***Top Executive, Having Fulfilled Mission to Recapitalize E*TRADE and Return the
Company to Growth, to Depart on Schedule***

New York, September 9, 2009 – The E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) Board of Directors today announced that Donald H. Layton, 59, will step down as Chairman and CEO of the Company at the end of 2009 when his contract expires. In doing so, Mr. Layton will have delivered on his commitment to the Board, made when he joined the Company, to oversee a recapitalization of E*TRADE's balance sheet and lead a restructuring effort that has set the Company's online brokerage business back on a growth trajectory.

Mr. Layton will retain all of his current responsibilities until his contract ends, and will work in partnership with a special committee of the Board of Directors to oversee a search for his successor. E*TRADE expects to name a new CEO before the end of the year.

Named Chairman of E*TRADE's Board in late 2007 after helping the Company secure a \$2.5 billion capital infusion, Mr. Layton shortly thereafter agreed to become CEO through year-end 2009 to oversee development and implementation of the Company's Turnaround plan. Under his tenure, E*TRADE raised significant amounts of new capital and liquidity, substantially reduced the Company's balance sheet risk, re-energized the Company's core online brokerage business, recruited key senior executives and reorganized the management and strategy of the Company.

In making the announcement, Robert Druskin, Lead Independent Director of E*TRADE FINANCIAL, said, "We are very grateful for the many invaluable contributions Don has made in helping E*TRADE navigate these extremely difficult economic times. Despite facing unprecedented challenges, E*TRADE has evolved under his leadership into a company that is poised to take advantage of new growth opportunities, particularly in its online brokerage business. We wish him the best in the future."

Mr. Layton said, "It was an exciting but very challenging time as E*TRADE dealt successfully with the severe financial distress of the last two years. Now that our major

recapitalization is complete and the online brokerage business is growing again, I have accomplished what was needed for me to end my time as CEO on schedule. I wish to thank everyone involved – it was a great team effort.”

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provides financial services including online brokerage and related banking products and services to retail investors. Specific business segments include Trading and Investing, and Balance Sheet Management. Securities products and services are offered by E*TRADE Securities LLC (Member FINRA/SIPC). Bank products and services are offered by E*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries.

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Forward-Looking Statements. The statements contained in this news release that are forward looking are based on current expectations that are subject to a number of uncertainties and risks, and actual results may differ materially. The uncertainties and risks include, but are not limited to, potential negative regulatory consequences resulting from actions by the Office of Thrift Supervision or other regulators and related matters. Additional uncertainties and risks affecting the business, financial condition, results of operations and prospects of the Company include, but are not limited to, potential changes in market activity, anticipated changes in the rate of new customer acquisition, the conversion of new visitors to the site to customers, the activity of customers and assets held at the institution, seasonality, macro trends of the economy in general and the residential real estate market, instability in the consumer credit markets and credit trends, rising mortgage interest rates, tighter mortgage lending guidelines across the industry, increased mortgage loan delinquency and default rates, portfolio growth, portfolio seasoning and resolution through collections, sales or charge-offs, the development and enhancement of products and services, competitive pressures (including price competition), system failures, economic and political conditions, including changes to the U.S. Treasury's Troubled Asset Relief Program, changes in consumer behavior and the introduction of competing products having technological and/or other advantages. Further information about these risks and uncertainties can be found in the “Risk Factors” section of the Company's prospectus supplements dated June 18 and July 2, 2009, and in the information included or incorporated in the annual, quarterly and current reports on Form 10-K, Form 10-Q and Form 8-K previously filed by E*TRADE FINANCIAL Corporation with the SEC (including information under the caption “Risk Factors”). Any forward-looking statement included in this release speaks only as of the date of this communication; the Company disclaims any obligation to update any information.

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