

FOR IMMEDIATE RELEASE

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JOSEPH M. VELLI JOINS E*TRADE FINANCIAL CORP. BOARD OF DIRECTORS

NEW YORK, January 25, 2010 — E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today announced that Joseph M. Velli, Chairman and Chief Executive Officer of BNY ConvergEx Group, LLC (“ConvergEx”), has joined the Board of Directors of E*TRADE FINANCIAL Corporation and the Board of Directors of E*TRADE Bank. His appointment fills the open Board seats formerly held by Donald H. Layton who retired at the end of 2009.

“Joe is a highly respected financial services executive with a rare mix of consumer banking, global securities processing, sales and marketing, and electronic trading expertise,” said Robert Druskin, Chairman and interim Chief Executive Officer, E*TRADE Financial Corporation. “E*TRADE is fortunate to have Joe’s experience and guidance as we embark on our next phase of growth.”

ConvergEx, a leading financial technology company, was formed in October 2006 through the combination of Eze Castle Software, a highly regarded provider of investment technologies, and The Bank of New York Mellon’s institutional brokerage business.

Mr. Velli has held a variety of financial leadership positions during his career, including serving as Senior Executive Vice President of The Bank of New York and Chief Executive Officer of BNY Securities Group. During his tenure with the Bank, Mr. Velli’s responsibilities also included heading Global Issuer Services, Global Custody and related Investor Services, Consumer Banking and Global Marketing and Sales.

In 1984, Mr. Velli joined The Bank of New York, where he established and led the Bank’s Depository Receipt business. At The Bank of New York he also served as Sector Head of Global Issuer Services, as well as Senior Executive Vice President, responsible for Consumer Banking. In 1997, Mr. Velli established the Bank’s institutional brokerage business and in 2001 he was named head of the Brokerage and Clearing Sector, a newly formed unit that combined the Bank’s trade execution and clearing businesses (later branded as BNY Securities Group). Under Mr. Velli’s leadership, Pershing LLC, the world’s largest correspondent clearing firm was acquired in 2003 and became part of BNY Securities Group.

Prior to joining The Bank of New York, Mr. Velli was head of Citibank's Depository Receipt business.

Mr. Velli holds an M.B.A. in Finance from Fairleigh Dickinson University and a B.A. in accounting from William Paterson University of New Jersey. He currently serves on the board of Paychex, Inc.

Mr. Velli's election to the E*TRADE Board of Directors is effective today. Mr. Velli is appointed as a Class I director. While his Class will stand for re-election in 2011, Mr. Velli will also stand for re-election at E*TRADE's annual stockholders meeting in 2010.

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 changes in market activity, anticipated changes in the rate of new customer acquisition, macro trends of the economy in general and the residential real estate market, instability in the consumer credit markets and credit trends, increased mortgage loan delinquency and default rates, portfolio growth, portfolio seasoning and resolution through collections, sales or charge-offs and the potential negative regulatory consequences resulting from actions by the Office of Thrift Supervision or other regulators. Further information about these risks and uncertainties can be found in our annual, quarterly and current reports on Form 10-K and Form 10-Q previously filed by E*TRADE FINANCIAL Corporation with the SEC (including information in these reports 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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