

FOR IMMEDIATE RELEASE

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**E*TRADE FINANCIAL ANNOUNCES SECONDARY OFFERING OF 23,950,000
SHARES OF COMMON STOCK BY AN AFFILIATE OF CITADEL LLC**

NEW YORK, February 23, 2011 – E*TRADE Financial Corporation (NASDAQ: ETFC) today announced that Citadel Equity Fund Ltd., an affiliate of Citadel LLC, is offering 23,950,000 shares of E*TRADE's common stock in an underwritten offering. The selling stockholder has also granted the underwriter a 30-day option to purchase up to an additional 3,592,500 shares of common stock. Closing of the offering is expected to occur on or about March 1, 2011, subject to customary closing conditions.

E*TRADE will not receive any proceeds from the proposed offering.

Goldman, Sachs & Co. is the sole underwriter of this offering.

A copy of the preliminary prospectus supplement and accompanying prospectus relating to the offering may be obtained by contacting: Goldman, Sachs & Co., 200 West Street, New York, New York 10282, Attn: Prospectus Department, 866-471-2526 (email: prospectus-ny@ny.email.gs.com).

A shelf registration statement relating to the offering was filed with the Securities and Exchange Commission on April 17, 2009 and became effective automatically upon filing. The offering is being made solely by means of a prospectus supplement and accompanying prospectus. This press release does not constitute an offer to sell or the solicitation of an offer to buy securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

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.

Important Notices

E*TRADE Financial, E*TRADE and the E*TRADE logo are trademarks or registered trademarks of E*TRADE Financial Corporation. ETFC-G

Forward-Looking Statements: This press release contains forward-looking statements relating to E*TRADE's expectations regarding the completion of the offering. These forward-looking statements 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, uncertainties and risks related to the satisfaction of customary closing conditions relating to the public offering. There can be no assurance that the public offering will be completed on the anticipated timeframe or at all. Additional risks and uncertainties can be found in the annual, quarterly and current reports on Form 10-K, Form 10-Q, and Form 8-K previously filed by E*TRADE with the Securities and Exchange Commission (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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