

FOR IMMEDIATE RELEASE

E*TRADE Financial Media Relations Contact

Susan Hickey

646-521-4675

susan.hickey@etrade.com

E*TRADE Financial Investor Relations Contact

Brett Goodman

646-521-4406

brett.goodman@etrade.com

**E*TRADE FINANCIAL ANNOUNCES PROPOSED
PUBLIC OFFERING OF SENIOR NOTES**

NEW YORK, May 16, 2011 – E*TRADE Financial Corporation (NASDAQ: ETFC) today announced that it proposes to offer, subject to market and other considerations, \$435 million in aggregate principal amount of senior notes due 2016. Actual terms of the notes, including the interest rate, principal amount, and redemption provisions, will depend on market conditions at the time of pricing.

E*TRADE will use the net proceeds from the sale of the notes to redeem all of its outstanding 7.375% Senior Notes due 2013, totaling approximately \$414.7 million aggregate principal amount, including paying the associated redemption premiums, accrued interest and related fees and expenses.

J.P. Morgan Securities LLC is serving as sole book-runner for the offering.

The offering of the notes is made only by means of a prospectus supplement and the accompanying prospectus, copies of which may be obtained from J.P. Morgan Securities LLC, 383 Madison Ave., 3rd Floor, New York, NY 10179, Attention: Syndicate Desk or by calling (800) 245-8812.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the notes or any other securities, nor will there be any sale of the notes or any other securities in any state or jurisdiction in which such an offer, solicitation or sale is not permitted.

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, including statements relating to E*TRADE's expectations regarding the completion, timing and size of the proposed public offering. These forward-looking statements are based on current expectations that are subject to a number of uncertainties and risks, and actual results and the timing of events may differ materially. The uncertainties and risks include, but are not limited to, uncertainties and risks related to market conditions and the satisfaction of customary closing conditions related to the public offering. There can be no assurance that the public offering will be completed on the anticipated terms, 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.

© 2011 E*TRADE Financial Corporation. All rights reserved.