

**FOR IMMEDIATE RELEASE**

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**E\*TRADE FINANCIAL CORPORATION  
ADDRESSES STOCKHOLDER PROPOSALS**

**New York, August 8, 2011** – E\*TRADE Financial Corporation (NASDAQ: ETFC) today announced that its Board of Directors formed a new special committee, composed entirely of independent directors appointed within the last three years, with respect to the previously announced review of strategic alternatives. The committee, which is composed of Frederick W. Kanner, Joseph L. Sclafani and Joseph M. Velli, has retained Goldman, Sachs & Co. (“Goldman Sachs”) to conduct the strategic review. The committee will facilitate and manage the strategic review process in collaboration with the full Board of Directors, which will act as a whole in making all decisions regarding the future direction of the company. The decision and actions taken by the new special committee are unanimously supported by all independent members of the Board.

As previously announced on July 20, 2011, E\*TRADE received a letter from Citadel LLC (“Citadel”), requesting a Special Meeting of Stockholders to vote on a number of proposals. On July 22, the company responded and outlined steps that had been taken to address Citadel’s requests. On July 25, Citadel delivered a second letter responding to the actions taken by the company and its Board of Directors.

The company expects that the formation of this new special committee and the selection of Goldman Sachs will result in Citadel’s withdrawal of its request for a Special Meeting of Stockholders. Accordingly, the company looks forward to the cooperation and support of its shareholders, including those who have submitted requests to call a special meeting, during the remainder of this process.

**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. More information is available at [www.etrade.com](http://www.etrade.com).

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**Important Notices**

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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. Further information about these risks and uncertainties can be found in the Company's 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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