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**E*TRADE BOARD OF DIRECTORS APPOINTS
CHAIRMAN FRANK J. PETRILLI INTERIM CHIEF EXECUTIVE OFFICER**

Rodger Lawson to Become Lead Independent Director

Company's Board Initiates Search for Permanent CEO

NEW YORK, August 9, 2012 – E*TRADE Financial Corporation (NASDAQ: ETFC) today announced that its Board of Directors has appointed Frank J. Petrilli to serve as interim Chief Executive Officer, effective immediately. Mr. Petrilli's appointment follows the departure of Steven J. Freiberg. In conjunction with today's announcement, Rodger Lawson has been appointed as Lead Independent Director to serve as a representative for the non-management directors. Mr. Petrilli, who has served on E*TRADE's Board since January 2012, will remain as Chairman.

"E*TRADE is a fantastic company with an enduring and iconic brand, a top-notch product and service offering, and a dedicated senior management team," said Frank J. Petrilli, Chairman and interim CEO of E*TRADE Financial. "The Company recently implemented a refined business strategy, centered on strengthening the firm's financial position, while continuing to focus on the core brokerage business – the heart of the Company. We have realigned the Bank organization to exclusively focus on de-risking and de-leveraging while bolstering the Company's enterprise risk management function. Additionally, we are focused on reducing costs with an enhanced focus on efficiencies. Accordingly, the Board believes it is an appropriate time to transition the role of CEO to a new leader to guide the Company through the next phase of its evolution."

The Board has formed a committee to oversee the process of searching for a permanent CEO, which will retain a leading executive search firm to assist in identifying qualified external candidates to fill the position. The selection committee will focus on candidates who have a strong understanding of the brokerage industry, a foundation in enterprise risk management, and a depth of experience that will allow them to immediately lead E*TRADE's strategy and management team. The committee of the Board responsible for the executive search is composed of Frank Petrilli, Rodger Lawson, Kenneth Griffin, Donna Weaver and Stephen Willard.

"On behalf of the Board and everyone at E*TRADE, I would like to thank Steve for his leadership, commitment and many contributions. We wish Steve all the best in his future endeavors," added Petrilli.

About Frank J. Petrilli

Frank J. Petrilli, 61, has been a director and Chairman of the Board since January 2012. Most recently, Mr. Petrilli was Chief Executive Officer of Surge Trading, Inc. and previously served as President and Chief Executive Officer of Nexxar Group, Inc. From 1995 to 2004 he held several positions at TD Waterhouse, during that period a US subsidiary of TD Bank Group, including President and CEO. Prior to TD Waterhouse, he was President and Chief Operating Officer of American Express Centurion Bank. Mr. Petrilli has served on various non-profit boards, including the American Red Cross in Greater New York, Big Brothers Big Sisters of NYC, and Fordham University. He holds a Bachelor of Science from Fordham College of Business and an M.B.A. from Fordham Graduate School of Business and he received his Chartered Financial Analyst (CFA) designation in 1986. Mr. Petrilli is the Chairman and a member of the E*TRADE Bank board, as well as President and CEO of E*TRADE Bank on an interim basis.

About Rodger Lawson

Rodger A. Lawson, 65, has been a director of the Company since February 2012. Mr. Lawson is a retired financial services executive who most recently served as President of Fidelity Investments. Prior to joining Fidelity, Mr. Lawson served in several senior executive roles with Prudential Financial including Vice Chairman of Prudential Financial. He has held numerous other executive positions in financial services, including President and CEO of Van Eck Global, and President, CEO and Partner of Global Private Banking at Bankers Trust Asset Management. Previously, Mr. Lawson was President and CEO of Fidelity Investments Retail Group, and CEO of the Dreyfus Service Corporation. Mr. Lawson is currently on the board of directors of UnitedHealth Group, Inc., where his appointment was endorsed by CalPERS, the largest US public pension fund, for its best practices nomination process. Mr. Lawson is a member of the E*TRADE Bank board, the Audit Committee and the Risk Oversight Committee.

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 and affiliates. More information is available at www.etrade.com. ETFC-G

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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 and in rate of net acquisition of brokerage accounts and assets, macro trends of the economy in general and the residential real estate market, instability in the consumer credit markets and credit trends, potential changes in liability relating to auction rate securities, increased mortgage loan delinquency and default rates, portfolio growth, portfolio seasoning and resolution through collections, sales or charge-offs, the uncertainty surrounding the foreclosure process, and the potential negative regulatory consequences resulting from the

implementation of financial regulatory reform as well as from actions by or potentially more restrictive policies or interpretations of the Federal Reserve and the Office of the Comptroller of the Currency or other regulators. Further information about these 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 Financial Corporation 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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