

FOR IMMEDIATE RELEASE

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**E*TRADE FINANCIAL CORPORATION IMPROVES BALANCE SHEET COMPOSITION
THROUGH TERMINATION OF HIGH-COST LEGACY FUNDING**

Company deploys excess capital to eliminate wholesale funding obligations

NEW YORK, September 8, 2015 – E*TRADE Financial Corporation (NASDAQ: ETFC) today announced a restructuring of its bank balance sheet liabilities to eliminate the entirety of its \$4.4 billion of wholesale funding obligations by quarter end. The action significantly improves the Company's balance sheet composition by immediately removing high-cost funding, while creating capacity to onboard low-cost deposits over the next several quarters.

"Today's announcement marks another significant step forward for E*TRADE and its capital plan," said Paul Idzik, Chief Executive Officer. "As the Company continues to deploy excess capital, this action provides us with very clear and immediate benefits in the form of accelerating the path to normalized earnings and creating opportunities for balance sheet growth funded by core customer deposits. E*TRADE is in a position of financial strength that it has not seen in many years, and we are eager to keep progressing down this path, unlocking value for our owners each step of the way."

In connection with the restructuring, the Company will record a pre-tax charge of approximately \$410 million in the current quarter — the vast majority of which is non-cash. The Company is offsetting the impact of this charge by decreasing its balance sheet size commensurate with the reduction in liabilities, utilizing excess bank capital, and contributing \$110 million of parent capital to the bank.

In relation to the bank's expected net loss in the current quarter, the Company does not intend to issue a dividend from bank to parent during the fourth quarter of 2015, though it intends to resume quarterly bank dividends in the following quarter.

About E*TRADE Financial

E*TRADE Financial and its subsidiaries provide 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.

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Forward-Looking Statements

The statements contained in this news release that are forward looking, including statements regarding the Company's ability to continue to deploy excess capital, accelerating the path to normalized earnings, creating opportunities for balance sheet growth and unlocking value for our owners are "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, and are subject to a number of uncertainties and risks. Actual results may differ materially from those indicated in the forward-looking statements. The uncertainties and risks include, but are not limited to, 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, 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 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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