

**FOR IMMEDIATE RELEASE**

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**E\*TRADE FINANCIAL CORPORATION ANNOUNCES RESIGNATION  
OF MITCHELL H. CAPLAN FROM BOARD OF DIRECTORS**

**New York, January 2, 2008** – E\*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today announced the resignation of Mitchell H. Caplan from the Company's Board of Directors, effective December 31, 2007. Also to be disclosed in an 8K filing today are the terms of Mr. Caplan's severance agreement related to his former position as CEO. The agreement is specifically limited to the terms of his pre-existing employment contract dated September 1, 2004. Pursuant to the terms of that contract, Mr. Caplan will receive a payment of \$10.9 million, which is two times the sum of his base salary and bonus during 2006, as well as two years of medical, life and disability insurance coverage. In addition, he will be entitled to reimbursement of certain legal fees. Mr. Caplan's resignation from the Board effectively severs all ties with the Company.

"E\*TRADE's Board and management team are acting swiftly to establish and execute a turnaround plan designed to unlock the Company's value," said Donald H. Layton, Chairman, E\*TRADE FINANCIAL Corporation. "E\*TRADE's Board of Directors remains confident in the strength of the core franchise and the loyalty of its customer base."

On November 29, the Company announced that Mr. Caplan had stepped down as Chief Executive Officer. E\*TRADE FINANCIAL President and Chief Operating Officer R. Jarrett Lilien was immediately appointed acting Chief Executive Officer. In addition, Donald H. Layton was named Chairman of the Board, replacing former Chairman George Hayter. Mr. Hayter remains on the Board as a director. Mr. Layton is leading the previously announced executive search to fill the CEO position, for which Mr. Lilien and external candidates are being considered. The Company expects to announce its new CEO within the next 30-60 days.

**About E\*TRADE FINANCIAL**

The E\*TRADE FINANCIAL family of companies provides financial services including trading, investing, banking and lending for retail and institutional customers. Securities products and services are offered by E\*TRADE Securities LLC (Member FINRA/SIPC). Bank and lending products and services are offered by E\*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries.

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