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E*TRADE FINANCIAL MARKS PROGRESS ON TURNAROUND PLAN

Company Anticipates \$80 Million to Bolster Capital Position

New York, February 11, 2008 – E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today announced that it has signed an Asset Purchase Agreement to sell substantially all of the assets of RAA Wealth Management, LLC (RAA) to PHH Investments, Ltd (PHH). This transaction and unrelated definitive and other transactions under contract, are subject to normal closing conditions, which when satisfied are anticipated to be completed within the next 90 days; as a result, the Company expects to generate approximately \$80 million in proceeds.

As outlined last month in the details of its Turnaround Plan, the Company is actively working to improve capital and liquidity. Management has identified non-core assets with high market demand that will create value for the franchise through the orderly sale of such assets. The Company has also streamlined certain corporate functions to reduce expenses and will allocate these savings, as planned, to growth initiatives for its core retail business.

“We have taken swift action and are generating results to maximize the value of our assets,” said R. Jarrett Lilien, acting Chief Executive Officer, E*TRADE FINANCIAL Corporation. “Effective execution of our turnaround plan will be measured by our continued ability to monetize assets, reduce balance sheet risk, streamline expenses and re-invest in growth that strengthens the overall franchise and best meets the needs of our customers.”

Providing advice to E*TRADE FINANCIAL customers remains an integral component of the E*TRADE value proposition. E*TRADE will continue to offer investment and financial planning advice to its core retail and Corporate Services clients. The RAA deal is expected to close in April 2008. PHH is a Texas-based registered investment advisor specializing in providing services to airline crewmember clients.

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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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E*TRADE FINANCIAL, E*TRADE and the E*TRADE logo are trademarks or registered trademarks of E*TRADE FINANCIAL Corporation. 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, changes in market activity, anticipated increases in the rate of new customer acquisition, the conversion of new visitors to the site to customers, the activity of customers and assets held at the institution, seasonality, macro trends of the economy in general and the residential real estate market, instability in the consumer credit markets and credit trends, rising mortgage interest rates, tighter mortgage lending guidelines across the industry, increased mortgage loan delinquency and default rates, portfolio growth, portfolio seasoning and resolution through collections, sales or charge-offs, the development and enhancement of products and services, competitive pressures (including price competition), system failures, economic and political conditions, changes in consumer behavior and the introduction of competing products having technological and/or other advantages. Further information about these risks and uncertainties can be found in the information included in the annual reports previously filed by E*TRADE FINANCIAL Corporation with the SEC on Form 10-K (including information under the caption "Risk Factors") and quarterly reports on Form 10-Q.

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