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E*TRADE CLOSES SALE OF IL&FS INVESTSMART SHARES TO HSBC

New York, September 29, 2008 – E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today announced that its indirectly wholly-owned subsidiary, E*TRADE Mauritius Limited, has completed the sale of 100 percent of its equity shares in IL&FS Investsmart Limited (“Investsmart”), an India-based financial services organization, to HSBC, through its Group subsidiaries. The sale will yield approximately \$145 million in proceeds to E*TRADE.

“We are pleased with the success E*TRADE has had identifying and executing on non-core asset sales, marking solid progress against our 2008 Turnaround Plan,” said Donald H. Layton, Chairman and Chief Executive Officer, E*TRADE FINANCIAL Corporation. “With the sale of E*TRADE Mauritius’ equity stake in IL&FS, non-core asset sales for the year have generated more than \$700 million in proceeds, a testament to the success of our Turnaround Plan and our commitment to raising capital in an efficient and shareholder-friendly manner.”

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provides financial services including trading, investing and banking for retail and institutional customers. 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.

About E*TRADE Mauritius Limited

E*TRADE Mauritius Limited, an indirectly wholly-owned subsidiary of E*TRADE FINANCIAL Corporation, identifies strategic investment opportunities throughout the Indian Ocean Rim.

Important Notice

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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