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E*TRADE FINANCIAL CORP. NAMES ROBERT DRUSKIN CHAIRMAN AND INTERIM CEO

Lead Independent Director to Assume Dual Roles Beginning December 31

Hiring Process for Successor to CEO Don Layton Continues to Progress

NEW YORK, Dec. 21, 2009 – The Board of Directors of E*TRADE FINANCIAL Corporation (NASDAQ: ETFC) today announced that it has named Lead Independent Director Robert Druskin Chairman and interim Chief Executive Officer of the Company effective December 31, 2009. Mr. Druskin, who has served on E*TRADE FINANCIAL Corporation's Board of Directors since February 2008, will assume both positions from Don Layton, who is retiring as planned at year end when his contract expires. Mr. Druskin has chaired the Finance and Risk Oversight Committee and served on the Nominating and Governance Committee while on E*TRADE FINANCIAL's Board. Mr. Druskin is a former Chief Operating Officer of Citigroup, where he was also a member of the Office of the Chairman.

The Board of Directors also announced that it has made meaningful progress in the search for a new CEO. Mr. Druskin is not a candidate to fill the CEO position. To ensure a smooth transition, Mr. Layton has entered into a consulting agreement to aid Mr. Druskin and the to-be-named CEO, as needed.

"I am very pleased to be expanding my role at E*TRADE at a time when the Company is seeing strong momentum in so many fundamental parts of its business, thanks in no small part to Don's tremendous efforts here during the last two years," Mr. Druskin said. "Despite the difficult economic environment, the Company's number of brokerage accounts is at an all-time high, with record year-to-date trading volumes; and the balance sheet is significantly stronger as a result of the Company's recapitalization. We enter 2010 well positioned to take advantage of the growth opportunities ahead, and I am looking forward to helping drive that progress."

"It is with great pride and appreciation that I turn E*TRADE over to Bob and the next CEO, Mr. Layton said. "I want to thank everyone involved with E*TRADE — from front-line associates, through senior management, and to the Board itself — for being so dedicated to the Company these past two years. It was my honor to work with them to navigate successfully through this period of tremendous financial distress to where we now have a thriving franchise fully deserving of customer confidence. I look forward to helping ensure a smooth transition and to seeing the company prosper in the years ahead."

(more)

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.

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