

## OFFICE OF THRIFT SUPERVISION

### Approval of Amendment to Rebuttal of Control Agreement of Citadel Investment Group, L.L.C. and Related Parties

**Order No.:** 2009-43  
**Date:** August 4, 2009  
**OTS Nos.** 5848, 8308, 18000 and  
H-3483

Citadel Investment Group, L.L.C. and Related Parties (see Exhibit A) (Citadel) have applied to the Office of Thrift Supervision (OTS) to amend their rebuttal of control agreement pertaining to E\*TRADE Financial Corporation (Holding Company), and its subsidiary savings banks, E\*TRADE Bank, Arlington, Virginia, E\*TRADE Savings Bank, Arlington, Virginia, and United Medical Bank, FSB, Arlington, Virginia (collectively, the Savings Banks), to permit Citadel to enter into agreements with the Holding Company to participate in an offer by the Holding Company to exchange Holding Company debt securities (Exchange). The Exchange will result in intercompany transactions between Citadel and the Holding Company, necessitating an amendment to the Rebuttal of Control Agreement.

#### **Background**

The Holding Company is the savings and loan holding company of the Savings Banks. OTS accepted Citadel's rebuttal of control of the Holding Company and the Savings Banks in January 2008, and Citadel is currently subject to a Rebuttal of Control Agreement. Consistent with the existing Rebuttal of Control Agreement, Citadel currently owns an aggregate of approximately 16.1 percent of the Holding Company's outstanding common stock.

The Holding Company recently commenced an offer to all holders of its 8 percent Senior Notes due 2011 (2011 Notes) and its 12.5 percent Springing Lien Notes due 2017 (Springing Lien Notes) to exchange up to \$1.7 billion of such notes for a new issue of zero-coupon convertible debentures due in 2019 (Convertible Debentures). Citadel has investments in the 2011 Notes and the Springing Lien Notes. The Convertible Debentures do not have any voting rights. The Convertible Debentures are convertible into the Holding Company's common stock and are subject to certain conversion blocking terms and transfer restrictions. Citadel proposes to amend the existing Rebuttal of Control Agreement to enable it to participate in the Exchange.

**Discussion**

OTS has considered the facts pertaining to the amendment and, based on the facts presented, concludes that the proposed amendment is consistent with the purposes of the Rebuttal of Control Agreement. Based on the facts presented and Citadel's commitments to OTS, Citadel cannot control the features of the Exchange, or the Convertible Debentures, and will not control the Holding Company or the Savings Banks.

Accordingly, based on the facts presented to OTS, and the foregoing analysis, OTS hereby approves the application to amend the Rebuttal of Control Agreement.

By order of the Acting Director of the Office of Thrift Supervision, or his designee, effective August 4, 2009.



Grovetta N. Gardineer  
Managing Director  
Corporate & International Activities

Exhibit A

**The Related Parties**

Citadel Derivatives Trading Ltd.  
Citadel Derivatives Group LLC  
Citadel AC Investments Ltd.  
Citadel Equity Fund Ltd.  
Citadel Holdings Ltd.  
Citadel Wellington LLC  
Citadel Kensington Global Strategies Fund Ltd.  
Citadel Limited Partnership  
Citadel Derivatives Group Investors LLC  
CLP Holdings LLC  
Citadel Tactical Trading LLC  
Citadel Tactical Trading Ltd.  
Citadel Advisors LLC  
KGFT Holdings LLC  
Citadel Holdings II LP  
Red Admiral U-A-D 12-20-07  
Citadel Holdings I LP  
GFH Limited Partnership  
GFH Family Offices, Inc.  
Citadel Investment Group II, L.L.C.  
Wingate Capital Ltd.  
Kenneth C. Griffin