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E*TRADE GROUP, INC. REPORTS MOST PROFITABLE YEAR IN COMPANY'S HISTORY, EARNING \$0.45 PER SHARE FROM ONGOING OPERATIONS IN 2002

- *Earns \$0.14 Per Share from Ongoing Operations in the Fourth Quarter, Double the \$0.07 Earnings Per Share from Ongoing Operations in the Same Quarter Last Year*
- *Grows GAAP¹ Quarterly Net Income 41 Percent Over Same Quarter Last Year*
- *Delivers Third Consecutive Cash Flow Positive Quarter*
- *Issues Guidance of \$0.45-\$0.55 Per Share from Ongoing Operations for 2003*

MENLO PARK, Calif., Jan. 22, 2003 – E*TRADE Group, Inc. (NYSE: ET) today announced results for its quarter ended December 31, 2002, reporting net income from ongoing operations of \$52 million, or \$0.14 per share, compared to \$25 million, or \$0.07 per share, in the same quarter a year ago. The company reported net revenue for its quarter ended December 31, 2002 of \$349 million, compared to \$345 million for the same period a year ago. The company also reported GAAP net income for the fourth quarter of \$30 million or \$0.08 per diluted share, compared to \$22 million or \$0.06 per share for the same period a year ago.

“E*TRADE Group is pleased to have produced the most profitable year in the history of the company earning \$0.45 per share from ongoing operations, while growing revenue in 2002,” said Christos M. Cotsakos, Chairman of the Board and Chief Executive Officer, E*TRADE Group, Inc. “Our ability to achieve continued success in this challenging environment is directly attributable to our focus and execution, our superior customer value proposition, our flexible business model and the dedication of our associates.”

E*TRADE Group, Inc. reported progress in the fourth quarter in a number of key financial areas:

- The company grew its active trader segment by 14 percent and increased its overall average daily transactions by 11 percent over last quarter (excluding professional trading);

- E*TRADE Mortgage generated more than \$2.2 billion in new loans during the fourth quarter, with another \$1.1 billion locked in the pipeline;
- E*TRADE Securities retail business break-even point was reduced to 63,000 transactions per day;
- The company ended its third consecutive cash flow positive quarter with \$367 million in free cash.

“With incremental acquisitions such as Ganis Credit Corporation and Engelman Securities and a steady focus on meeting the needs of different customer segments, we continue to position the company for further success in our brokerage, banking and lending businesses,” stated Cotsakos. “In 2003, we will concentrate on significantly enhancing our customer experience, while looking to build increased operating leverage among business units and improve overall long-term profitability.”

The company also continued to drive shareowner and stakeholder value in the fourth quarter by:

- Acquiring Ganis Credit Corporation, advancing its consumer financing business by adding recreational vehicle, marine and motorsport loans to its existing suite of consumer lending products;
- Acquiring Engelman Securities, further advancing its broker-to-broker and institutional-trading business, and adding 16 experienced traders to the company’s growing talent pool;
- Improving Keynote transaction speed by 30 percent to under five seconds, providing investors with an even more responsive brokerage Web site; and
- Enhancing the customer experience by introducing innovative new features including real-time transfer functionality, on-line check imaging, asset allocation views of brokerage account portfolios and complex options functionality.

Results from ongoing operations exclude gain on early extinguishment of debt, amortization of goodwill and other intangibles, acquisition-related expenses, the gain or loss on investments, unrealized losses on venture fund investments, the fair value adjustments of financial derivatives related to the impact of Statement of Financial Accounting Standard (SFAS) No. 133, executive agreement and loan settlement, facility restructuring and other exit charges, and the cumulative effect of accounting change.

Guidance for 2003

For 2003, the company anticipates current political and economic conditions will continue to cause uncertainty in the global marketplace and a challenging operating environment absent of any real global growth stimulus in the near-term. Specifically, the company believes:

- The U.S. economic recovery and financial markets will remain sluggish;
- Interest rates will not increase significantly, with little flexibility remaining for additional cuts;
- Investors will remain skeptical of the performance of equities with lingering doubts around corporate governance; and

- The global economy will remain in a similar or weaker state, with European and Asian economies anemic.

As a result of these anticipated conditions, the company is issuing 2003 guidance of \$0.45-\$0.55 earnings per share from ongoing operations. The table below reflects a range of guidance assumptions based on five key drivers of the business model, including brokerage transaction volumes (excluding professional trading), mortgage revenues (consisting of both retail and correspondent businesses), bank net interest spread, marketing spend and operating efficiencies. Actual performance and mix of these key drivers could vary from the assumptions listed below.

The company also anticipates Q1 2003 will be its softest quarter for the year, with earnings per share from ongoing operations below Q4 2002 by approximately 20-30 percent due to an increase in its targeted marketing investment and lower mortgage revenue. However, the company anticipates earnings per share to improve for the rest of the year.

Despite the risks to the guidance that could include a decline in the financial markets for the fourth straight year, a quicker than expected drop off in mortgage lending and a credit environment that inhibits the ability to widen spreads, the company believes it has the business model that can produce strong returns should the environment turn more positive.

Key Guidance Assumptions	
\$0.45 ongoing EPS estimate:	
Average daily retail transactions	85,000 to 90,000 (flat with 2002)
Decline in mortgage revenue	60% over the year
Average bank net interest spread	160 to 170 bps
Marketing spend	Flat with 2002
Operating efficiencies	No material improvement
\$0.50 ongoing EPS estimate:	
Average daily retail transactions	90,000 to 95,000 with a gain in marketshare
Decline in mortgage revenue	55% over the year
Average bank net interest spread	170 to 180 bps
Marketing spend	15% to 20% over 2002 levels driving growth in marketshare
Operating efficiencies	\$15 million operating cost improvement
\$0.55 ongoing EPS estimate:	
Average daily retail transactions	95,000 to 100,000 with a gain in marketshare
Decline in mortgage revenue	50% over the year
Average bank net interest spread	180 to 190 bps
Marketing spend	20% to 25% over 2002 levels driving growth in marketshare
Operating efficiencies	\$30 million operating cost improvement

Financial Results*

Reconciliation of reported results to results from ongoing operations:

(\$ in millions (except per share amounts))	Q ended 12/31/2002	Q ended 12/31/2001	Q ended 9/30/2002	Yr ended 12/31/2002
Income (loss) as reported:				
Pre-tax	\$55.4	\$36.8	\$39.0	\$193.9
Income before cumulative effect of accounting change	\$30.4	\$21.6	\$20.7	\$107.3
Net income (loss)	\$30.4	\$21.6	\$20.7	\$(186.4)
Diluted earnings per share before cumulative effect of accounting change	\$0.08	\$0.06	\$0.06	\$0.30
Diluted earnings (loss) per share	\$0.08	\$0.06	\$0.06	\$(0.52)
<u>Pre-tax amount, excluded from ongoing operations</u>				
Pre-tax income	\$55.4	\$36.8	\$39.0	\$193.9
Gain on early extinguishment of debt	-	(23.2)	-	(5.3)
Amortization of goodwill	7.1	14.6	6.9	28.3
Acquisition-related expenses	1.4	5.3	1.4	11.5
Facility restructuring and other exit charges	12.4	5.7	2.7	16.5
Executive agreement and loan settlement	-	-	-	(23.5)
Unrealized loss on venture funds	0.2	0.6	4.4	9.7
Loss on investments	3.7	1.8	9.7	18.5
Fair value adjustments of financial derivatives	4.9	(1.6)	6.5	11.7
Income from ongoing operations:				
Pre-tax	\$85.1	\$40.1	\$70.6	\$261.2
After-tax and minority interest	\$52.3	\$24.7	\$43.0	\$161.0
EPS from ongoing operations on a diluted basis	\$0.14	\$0.07	\$0.12	\$0.45

*Amounts may not add due to rounding

Key Performance Metrics*

	Q ended 12/31/02		Q ended 12/31/02 vs. Q ended 12/31/01		Q ended 12/31/02		Q ended 12/31/02 vs. Q ended 9/30/02		Yr ended 12/31/02		Yr ended 12/31/02 vs. Yr ended 12/31/01	
	Q ended 12/31/02	Q ended 12/31/01	ended 12/31/01	ended 12/31/01	ended 12/31/02	ended 12/31/02	ended 12/31/02	ended 12/31/02	ended 12/31/02	ended 12/31/01	ended 12/31/01	ended 12/31/01
Active global brokerage accounts	3,690,916	3,511,941	5%		3,659,628	1%		3,690,916	3,511,941	5%		
Active banking accounts	511,298	490,913	4%		510,699	0%		511,298	490,913	4%		
Total active accounts end of period	4,202,214	4,002,854	5%		4,170,327	1%		4,202,214	4,002,854	5%		
Net new accounts	31,887	108,157	(71)%		18,263	75%		199,360	443,845	(55)%		

	<i>Q ended</i> <i>12/31/02</i>	<i>Q ended</i> <i>12/31/01</i>	<i>Q ended</i> <i>12/31/02</i> <i>vs. Q</i> <i>ended</i> <i>12/31/01</i>	<i>Q ended</i> <i>9/30/02</i>	<i>Q ended</i> <i>12/31/02</i> <i>vs. Q</i> <i>ended</i> <i>9/30/02</i>	<i>Yr ended</i> <i>12/31/02</i>	<i>Yr ended</i> <i>12/31/01</i>	<i>Yr ended</i> <i>12/31/02</i> <i>vs. Yr</i> <i>ended</i> <i>12/31/01</i>
Acquisition marketing costs (\$MM)	\$14.1	\$17.1	(18)%	\$10.4	35%	\$72.8	\$124.5	(42)%
Cost per net new account	\$441	\$158	179%	\$572	(23)%	\$365	\$281	30%
Total customer households end of period	3,132,024	3,005,021	4%	3,091,553	1%	3,132,024	3,005,021	4%
Net new households	40,471	102,423	(60)%	28,019	44%	127,003	N.A.	N.A.
Average assets per household	\$13,894	\$17,586	(21)%	\$13,335	4%	\$13,894	\$17,586	(21)%
<i>Total assets in investing accounts (\$B)</i>	<i>\$35.1</i>	<i>\$44.8</i>	<i>(22)%</i>	<i>\$33.0</i>	<i>6%</i>	<i>\$35.1</i>	<i>\$44.8</i>	<i>(22)%</i>
<i>Total deposits in banking accounts (\$B)</i>	<i>\$8.4</i>	<i>\$8.1</i>	<i>4%</i>	<i>\$8.2</i>	<i>2%</i>	<i>\$8.4</i>	<i>\$8.1</i>	<i>4%</i>
Total assets / deposits in customer accounts (\$B)	\$43.5	\$52.8	(18)%	\$41.2	6%	\$43.5	\$52.8	(18)%
Total inflow into customer accounts (\$B)	\$3.6	\$3.8	(4)%	\$3.5	3%	\$16.4	\$18.3	(11)%
Daily average inflow (\$MM)	\$56.7	\$59.3	(4)%	\$55.2	3%	\$64.9	\$73.8	(12)%
Total bank assets (\$B)	\$17.1	\$13.5	26%	\$13.9	23%	\$17.1	\$13.5	26%
Total global brokerage transactions (MM) **	5.6	7.0	(20)%	5.1	11%	22.2	28.2	(22)%
Daily average global brokerage transactions **	88,052	110,126	(20)%	79,274	11%	87,905	113,835	(23)%
Commissions per global brokerage transaction **	\$12.02	\$12.87	(7)%	\$12.49	(4)%	\$12.78	\$13.38	(4)%
Rebates per global brokerage transaction **	\$0.39	\$0.73	(46)%	\$0.62	(37)%	\$0.64	\$1.78	(64)%
Total shares traded in professional trading (MM)	2,347	N.A.	N.A.	2,783	(16)%	6,271	N.A.	N.A.
Daily average shares traded in professional trading (MM)	36.7	N.A.	N.A.	43.5	(16)%	42.4	N.A.	N.A.
Commission per shares traded in professional trading	\$0.004	N.A.	N.A.	\$0.003	18%	\$0.003	N.A.	N.A.
<i>Interest income - brokerage (\$MM)</i>	<i>\$35.3</i>	<i>\$53.1</i>	<i>(33)%</i>	<i>\$42.7</i>	<i>(17)%</i>	<i>\$182.1</i>	<i>\$305.6</i>	<i>(40)%</i>
<i>Interest expense - brokerage (\$MM)</i>	<i>\$(2.9)</i>	<i>\$(4.5)</i>	<i>(36)%</i>	<i>\$(2.7)</i>	<i>6%</i>	<i>\$(12.5)</i>	<i>\$(86.5)</i>	<i>(86)%</i>
Net interest income - brokerage (\$MM)	\$32.5	\$48.6	(33)%	\$40.1	(19)%	\$169.6	\$219.1	(23)%
<i>Interest income - bank (\$MM)</i>	<i>\$182.5</i>	<i>\$205.9</i>	<i>(11)%</i>	<i>\$187.3</i>	<i>(3)%</i>	<i>\$763.9</i>	<i>\$854.3</i>	<i>(11)%</i>
<i>Interest expense - bank (\$MM)</i>	<i>\$(129.8)</i>	<i>\$(160.3)</i>	<i>(19)%</i>	<i>\$(132.2)</i>	<i>(2)%</i>	<i>\$(548.7)</i>	<i>\$(692.8)</i>	<i>(21)%</i>
Net interest income - bank (\$MM)	\$52.7	\$45.6	16%	\$55.1	(4)%	\$215.2	\$161.5	33%
Average margin debt (\$B)	\$0.9	\$1.5	(39)%	\$1.1	(16)%	\$1.3	\$2.1	(40)%

	<i>Q ended</i> <i>12/31/02</i>	<i>Q ended</i> <i>12/31/01</i>	<i>Q ended</i> <i>12/31/02</i> <i>vs. Q</i> <i>ended</i> <i>12/31/01</i>	<i>Q ended</i> <i>9/30/02</i>	<i>Q ended</i> <i>12/31/02</i> <i>vs. Q</i> <i>ended</i> <i>9/30/02</i>	<i>Yr ended</i> <i>12/31/02</i>	<i>Yr ended</i> <i>12/31/01</i>	<i>Yr ended</i> <i>12/31/02</i> <i>vs. Yr</i> <i>ended</i> <i>12/31/01</i>
Bank interest rate spread (basis points)	140	121	16%	152	(8)%	144	96	50%
Commission revenue (as a % of total net revenue)	22%	26%	(4)%	22%	0%	23%	30%	(7)%
Principal transactions (as a % of total net revenue)	16%	18%	(2)%	16%	0%	16%	12%	4%
Net brokerage interest income (as a % of total net revenue)	9%	14%	(5)%	12%	(3)%	13%	17%	(4)%
Other brokerage revenue (as a % of total net revenue)	15%	8%	7%	14%	1%	13%	12%	1%
Total brokerage net revenue (as a % of total net revenue)	63%	66%	(3)%	64%	(1)%	65%	71%	(6)%
Gain on sales of originated loans (as a % of total net revenue)	14%	10%	4%	9%	5%	10%	7%	3%
Gains on bank loans held-for-sale and other securities - net (as a % of total net revenue)	5%	9%	(4)%	8%	(3)%	6%	6%	0%
Net banking interest income (as a % of total net revenue)	15%	13%	2%	17%	(2)%	16%	13%	3%
Other banking revenue (as a % of total net revenue)	3%	2%	1%	2%	1%	2%	2%	0%
Total banking net revenue (as a % of total net revenue)	37%	34%	3%	36%	1%	35%	29%	6%

* Amounts and percentages may not calculate due to rounding

** Excludes transactions related to professional trading (Tradescape)

Bank Asset Portfolio Details

(\$ in MM)	Q4'02	Q3'02	Q4'01
Cash & equivalents	\$277	\$1,194	\$302
Trading securities	392	325	71
Investment securities, available-for-sale	1,258	732	980
Mortgage securities, available-for-sale	6,932	3,638	3,557
Loans receivable, net including loans held-for-sale:			
<i>Mortgage loans, net</i>	<i>3,846</i>	<i>5,605</i>	<i>6,347</i>
<i>Consumer – auto/RV/marine, net</i>	<i>3,504</i>	<i>1,857</i>	<i>1,651</i>
<i>Other</i>	<i>2</i>	<i>1</i>	<i>12</i>
Other assets	897	541	544
Total assets	\$17,108	\$13,893	\$13,464

Non-Accrual Loans

(\$ in MM)	Q4'02	Q3'02	Q4'01
Loans accounted for on a non-accrual basis:			
Real estate loans:			
<i>One-to-four family (Incl. HELOC's)</i>	\$22.6	\$19.5	\$20.6
<i>Commercial</i>	--	--	--
Consumer	3.9	1.4	0.1
Total non-performing loans, net	26.5	20.9	20.7
Total REO and other repossessed assets	3.0	4.3	3.3
Total non-performing assets, net	\$29.5	\$25.2	\$24.0
Total non-performing assets, net, as a % of total banking assets	0.17%	0.18%	0.18%
Total loan loss allowance as a % of total non-performing loans, net	104%	75%	96%

Activity in Allowance for Loan Losses

(\$ in 000's)	Mortgage	Consumer	Total
Three Months Ending 12/31/02			
Allowance for loan losses, beginning 10/1/02	\$4,544	\$11,165	\$15,709
Provision for loan losses	--	2,723	2,723
Charge-offs, net	(352)	(4,841)	(5,193)
Purchased reserve	--	14,247	14,247
Allowance for loan losses, ending 12/31/02	\$4,192	\$23,294	\$27,486
Twelve Months Ending 12/31/02			
Allowance for loan losses, beginning 1/1/02	\$8,873	\$11,001	\$19,874
Provision for loan losses	(4,251)	18,916	14,665
Charge-offs, net	(430)	(20,870)	(21,300)
Purchased reserve	--	14,247	14,247
Allowance for loan losses, ending 12/31/02	\$4,192	\$23,294	\$27,486

Credit Quality & Reserve Metrics

	Q4'02	Q3'02	Q2'02	Q1'02	Q4'01
Net charge-offs as % of total average assets (annualized)	0.14%	0.12%	0.16%	0.19%	0.11%
Provision as % of total average assets (annualized)	0.07%	0.12%	0.13%	0.10%	0.13%
Allowance as % of ending loans	0.37%	0.21%	0.20%	0.24%	0.24%
Allowance as % of ending 'held for investment' loans	0.49%	0.37%	0.22%	0.27%	0.31%
Allowance as % of ending assets	0.16%	0.11%	0.11%	0.12%	0.15%

Bank Average Balance Data

(\$ in 000's)	Three Months Ended December 31, 2002			Three Months Ended December 31, 2001		
	Average Balance	Interest Income/ Expense	Average Annualized Yield/Cost	Average Balance	Interest Income/ Expense	Average Annualized Yield/Cost
Interest-earning banking assets:						
Loans receivable, net.....	\$7,386,005	\$111,184	6.02%	\$7,613,218	\$131,925	6.93%
Interest-bearing deposits	193,968	1,230	2.52%	134,715	1,130	3.33%
Mortgage-backed and related available- for-sale securities	5,568,696	54,797	3.94%	3,879,319	55,646	5.74%
Available-for-sale investment securities .	1,041,517	11,725	4.50%	1,171,242	15,612	5.37%
Investment in FHLB stock	83,053	1,130	5.40%	58,287	818	5.57%
Trading securities	365,320	2,668	2.92%	65,523	751	4.58%
Total interest-earning banking assets	14,638,559	\$182,734	4.99%	12,922,304	\$205,882	6.37%
Non-interest earning banking assets	732,360			792,731		
Total banking assets.....	<u>\$15,370,919</u>			<u>\$13,715,035</u>		
Interest-bearing banking liabilities:						
Retail deposits.....	\$7,890,993	\$75,642	3.80%	\$7,982,445	\$103,549	5.15%
Brokered certificates of deposit.....	406,322	3,030	2.96%	-	-	-
FHLB advances	1,244,353	14,639	4.60%	990,215	14,387	5.69%
Other borrowings.....	4,794,141	36,490	2.98%	3,347,413	42,393	4.96%
Total interest-bearing banking liabilities	14,335,809	\$129,801	3.59%	12,320,073	\$160,329	5.16%
Non-interest bearing banking liabilities.....	240,016			677,037		
Total banking liabilities.....	14,575,825			12,997,110		
Total banking shareowner's equity.....	795,094			717,925		
Total banking liabilities and shareowner's equity.....	<u>\$15,370,919</u>			<u>\$13,715,035</u>		
Excess of interest-earning banking assets over interest-bearing banking liabilities/net interest income.....	<u>\$302,750</u>	<u>\$52,933</u>		<u>\$602,231</u>	<u>\$45,553</u>	
Net interest spread			<u>1.40%</u>			<u>1.21%</u>

Revenue Format

(\$ in thousands)	Q ended 12/31/2002	Q ended 9/30/2002	Q ended 6/30/2002	Q ended 3/31/2002	Q ended 12/31/2001	Q ended 9/30/2001
Brokerage Revenues:						
Commissions	\$76,115	\$71,784	\$71,352	\$82,527	\$90,694	\$71,012
Principal transactions	56,699	52,438	52,092	55,315	61,615	33,721
Other brokerage related	53,071	45,113	43,799	36,761	28,633	35,447
Brokerage interest income	35,335	42,742	50,975	53,051	53,098	71,020
Brokerage interest expense	(2,852)	(2,681)	(3,089)	(3,893)	(4,473)	(16,616)
Net brokerage revenues	218,368	209,396	215,129	223,761	229,567	194,584
Banking Revenues:						
Gain on sales of originated loans	50,469	30,749	22,613	24,675	33,277	28,146
Gain on loans held-for-sale and other securities - net	17,625	27,652	17,054	21,622	30,783	17,629
Other banking related	12,870	10,853	12,077	10,384	10,641	10,455
Banking interest income	182,512	187,286	191,424	202,668	205,882	213,926
Banking interest expense	(129,801)	(132,155)	(137,852)	(148,851)	(160,329)	(172,580)
Provision for loan losses	(2,723)	(4,176)	(4,383)	(3,382)	(4,377)	-
Net banking revenues	130,952	120,209	100,933	107,116	115,877	97,576
Total net revenues	\$349,320	\$329,605	\$316,062	\$330,877	\$345,444	\$292,160

Revenue Line Item Classifications

Commissions – Commissions include domestic transaction revenues and international transaction revenues. In addition, commissions include onsite professional trading revenues beginning in June 2002. Historically, international transaction revenues were included in global and institutional.

Principal transactions – Principal transactions include revenues from our institutional activities, historically included in global and institutional, and revenues from market making activities, included in other revenue beginning in the quarter ended December 31, 2001.

Other brokerage related services – Other brokerage related services is primarily comprised of account maintenance fees, professional trading rebate revenue, payment for order flow, Business Solutions Group revenue and mutual fund and asset management revenue. Order flow revenue was historically included in transaction revenues.

Brokerage interest income – Brokerage interest income was historically combined with banking interest income in interest income.

Brokerage interest expense – Brokerage interest expense was historically combined with banking interest expense in interest expense.

Gain on sales of originated loans – Non-interest revenue from E*TRADE Financial's mortgage business.

Gain on sale of loans held-for-sale and other securities – net – Net gains from trading and available-for-sale securities including revenue from the correspondent mortgage business, as well as gains on bank loans held-for-sale previously included in other revenue.

Other banking related revenues – Other banking related revenues are primarily comprised of automated teller machine revenues.

Banking interest income – Banking interest income was historically combined with brokerage interest income in interest income.

Banking interest expense – Banking interest expense was historically combined with brokerage interest expense in interest expense.

About E*TRADE Financial

E*TRADE Financial brings together personalized and fully integrated financial services including investing, banking, lending, planning and advice. Delivered through a multi-touchpoint platform, the products, services, content and information at E*TRADE Financial are available to customer households through E*TRADE Financial Centers, Zones, ATMs and branded Web sites throughout the world. Securities products and services are offered by E*TRADE Securities, LLC (member NASD/SIPC), bank products and services are offered by E*TRADE Bank (member FDIC), mortgages are offered by E*TRADE Mortgage Corporation, and E*TRADE Financial Advisor is a service of E*TRADE Advisory Services, Inc., an investment adviser registered with the SEC.

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¹Generally Accepted Accounting Principles

E*TRADE GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2002	2001	2002	2001
Brokerage revenues				
Commissions	\$ 76,115	\$ 90,694	\$ 301,778	\$ 377,704
Principal transactions	56,699	61,615	216,544	157,949
Other brokerage related	53,071	28,633	178,744	156,690
Brokerage interest income	35,335	53,098	182,103	305,581
Brokerage interest expense	(2,852)	(4,473)	(12,515)	(86,489)
Net brokerage revenue	218,368	229,567	866,654	911,435
Banking revenues				
Gain on sales of originated loans	50,469	33,277	128,506	95,478
Gain on loans held-for-sale and other securities, net	17,625	30,783	83,953	75,836
Other banking related revenues	12,870	10,641	46,184	38,587
Banking interest income	182,512	205,882	763,890	854,290
Banking interest expense	(129,801)	(160,329)	(548,659)	(692,786)
Provision for loan losses	(2,723)	(4,377)	(14,664)	(7,476)
Net banking revenue	130,952	115,877	459,210	363,929
Total net revenue	349,320	345,444	1,325,864	1,275,364
Cost of services	147,156	162,178	567,224	595,590
Operating expenses:				
Selling and marketing	45,649	54,057	203,613	253,422
Technology development	12,637	22,134	55,712	88,717
General and administrative	53,614	58,955	210,646	236,353
Amortization of goodwill and other intangibles	7,086	14,649	28,258	43,091
Acquisition-related expenses	1,378	5,270	11,473	11,174
Facility restructuring and other exit charges	12,421	5,726	16,519	202,765
Executive agreement and loan settlement	-	-	(23,485)	30,210
Total operating expenses	132,785	160,791	502,736	865,732
Total cost of services and operating expenses	279,941	322,969	1,069,960	1,461,322
Operating income (loss)	69,379	22,475	255,904	(185,958)
Non-operating income (expense)				
Corporate interest income	2,715	4,424	12,655	22,179
Corporate interest expense	(11,714)	(13,578)	(47,740)	(52,862)
Loss on investments	(3,688)	(1,774)	(18,507)	(49,812)
Equity in income (losses) of investments	3,653	57	9,071	(6,174)
Unrealized loss on venture funds	(221)	(641)	(9,683)	(34,716)
Fair value adjustments of financial derivatives	(4,939)	1,591	(11,662)	(3,112)
Gain on early extinguishment of debt	-	23,248	5,346	49,318
Other	167	1,030	(1,444)	200
Total non-operating income (expense)	(14,027)	14,357	(61,964)	(74,979)
Pre-tax income (loss)	55,352	36,832	193,940	(260,937)
Income tax expense (benefit)	24,580	14,733	85,121	(19,885)
Minority interest in subsidiaries	408	496	1,555	480
Income (loss) before cumulative effect of accounting change	30,364	21,603	107,264	(241,532)
Cumulative effect of accounting change	-	-	(293,669)	-
Net income (loss)	\$ 30,364	\$ 21,603	\$ (186,405)	\$ (241,532)
Income (loss) per share before cumulative effect of accounting change:				
Basic	\$ 0.09	\$ 0.06	\$ 0.30	\$ (0.73)
Diluted	\$ 0.08	\$ 0.06	\$ 0.30	\$ (0.73)
Net income (loss) per share:				
Basic	\$ 0.09	\$ 0.06	\$ (0.52)	\$ (0.73)
Diluted	\$ 0.08	\$ 0.06	\$ (0.52)	\$ (0.73)
Shares used in computation of per share data:				
Basic	356,500	361,685	355,090	332,370
Diluted	360,566	368,426	361,051	332,370

E*TRADE GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended	
	December 31, 2002	September 30, 2002
Brokerage revenues:		
Commissions.....	\$ 76,115	\$ 71,784
Principal transactions.....	56,699	52,438
Other brokerage related.....	53,071	45,113
Brokerage interest income.....	35,335	42,742
Brokerage interest expense.....	(2,852)	(2,681)
Net brokerage revenue.....	218,368	209,396
Banking revenues:		
Gain on sales of originated loans.....	50,469	30,749
Gain on loans held-for-sale and other securities, net.....	17,625	27,652
Other banking related revenues.....	12,870	10,853
Banking interest income.....	182,512	187,286
Banking interest expense.....	(129,801)	(132,155)
Provision for loan losses.....	(2,723)	(4,176)
Net banking revenue.....	130,952	120,209
Total net revenue.....	349,320	329,605
Cost of services.....	147,156	145,521
Operating expenses:		
Selling and marketing.....	45,649	39,986
Technology development.....	12,637	13,528
General and administrative.....	53,614	52,170
Amortization of goodwill and other intangibles.....	7,086	6,891
Acquisition-related expenses.....	1,378	1,429
Facility restructuring and other exit charges.....	12,421	2,693
Total operating expenses.....	132,785	116,697
Total cost of services and operating expenses.....	279,941	262,218
Operating income.....	69,379	67,387
Non-operating income (expense):		
Corporate interest income.....	2,715	2,791
Corporate interest expense.....	(11,714)	(11,827)
Loss on investments.....	(3,688)	(9,722)
Equity in income of investments.....	3,653	1,517
Unrealized loss on venture funds.....	(221)	(4,398)
Fair value adjustments of financial derivatives.....	(4,939)	(6,501)
Other.....	167	(252)
Total non-operating expense.....	(14,027)	(28,392)
Pre-tax income.....	55,352	38,995
Income tax expense.....	24,580	17,543
Minority interest in subsidiaries.....	408	774
Net income.....	\$ 30,364	\$ 20,678
Net income per share:		
Basic.....	\$ 0.09	\$ 0.06
Diluted.....	\$ 0.08	\$ 0.06
Shares used in computation of per share data:		
Basic.....	356,500	359,640
Diluted.....	360,566	363,380

E*TRADE GROUP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(in thousands)

	December 31,	
	2002	2001
ASSETS		
Cash and equivalents.....	\$ 771,313	\$ 836,201
Cash and investments required to be segregated under Federal or other regulations.....	1,449,062	764,729
Brokerage receivables, net.....	1,741,771	2,139,153
Mortgage-backed securities.....	6,932,394	3,556,619
Loans receivable, net.....	5,561,304	6,394,368
Loans held-for-sale, net.....	1,790,268	1,616,089
Investments.....	1,770,450	1,168,623
Property and equipment, net.....	370,944	331,724
Goodwill.....	378,913	559,918
Other intangible assets.....	161,567	129,927
Other assets.....	580,824	675,063
Total assets.....	\$ 21,508,810	\$ 18,172,414
LIABILITIES AND SHAREOWNERS' EQUITY		
Liabilities:		
Brokerage payables.....	\$ 2,922,470	\$ 2,699,984
Banking deposits.....	8,400,333	8,082,859
Borrowings by bank subsidiary.....	7,183,085	4,170,440
Accounts payable, accrued and other liabilities.....	658,438	818,464
Convertible subordinated notes.....	695,330	760,250
Total liabilities.....	19,859,656	16,531,997
Mandatorily redeemable preferred securities.....	143,365	69,503
Shareowners' equity:		
Preferred stock, shares authorized: 1,000,000; issued and outstanding: none at December 31, 2002 and December 31, 2001.....	-	-
Shares exchangeable into common stock, \$.01 par value, shares authorized: 10,644,223; issued and outstanding: 1,627,265 at December 31, 2002 and 1,825,632 at December 31, 2001.....	16	18
Common stock, \$.01 par value, shares authorized: 600,000,000; issued and outstanding: 358,044,317 at December 31, 2002 and 347,592,480 at December 31, 2001.....	3,580	3,476
Additional paid-in-capital.....	2,190,200	2,072,701
Shareowners' notes receivable.....	-	(32,707)
Deferred compensation.....	(23,058)	(28,110)
Accumulated deficit.....	(433,492)	(247,087)
Accumulated other comprehensive loss.....	(231,457)	(197,377)
Total shareowners' equity.....	1,505,789	1,570,914
Total liabilities and shareowners' equity.....	\$ 21,508,810	\$ 18,172,414