



The right name.  
The right time.  
The right company.



## Financial and Operating Highlights

Years ended*	December 31, 2001	September 30, 2000	September 30, 1999
(dollars and shares in thousands except per share amounts)			
Net revenue	\$ 1,275,364	\$ 1,368,318	\$ 671,448
Income (loss) before cumulative effect of accounting change and extraordinary items	\$ (270,801)	\$ 19,152	\$ (54,315)
Net income (loss)	\$ (241,532)	\$ 19,152	\$ (56,769)
Net income (loss) from ongoing operations <sup>(1)</sup>	\$ 40,234	\$ (27,883)	\$ (78,643)
Income (loss) per share before cumulative effect of accounting change and extraordinary items			
Basic	\$ (0.81)	\$ 0.06	\$ (0.20)
Diluted	\$ (0.81)	\$ 0.06	\$ (0.20)
Income (loss) per share			
Basic	\$ (0.73)	\$ 0.06	\$ (0.21)
Diluted	\$ (0.73)	\$ 0.06	\$ (0.21)
Income (loss) from ongoing operations per share <sup>(1)</sup>			
Basic	\$ 0.12	\$ (0.09)	\$ (0.29)
Diluted	\$ 0.12	\$ (0.09)	\$ (0.29)
Shares used in computation of income (loss) and income (loss) before accounting change and extraordinary items per share			
Basic	332,370	301,926	272,832
Diluted	332,370	319,336	272,832
Shares used in computation of income (loss) from ongoing operations per share <sup>(1)</sup>			
Basic	332,370	301,926	272,832
Diluted	339,315	301,926	272,832

Years ended*	December 31, 2001	September 30, 2000	September 30, 1999
(dollars in thousands)			
Average daily brokerage transactions	114,000	171,500	69,200
Total customer households	3,005,000	NA	NA
Total active accounts	4,002,900	3,315,400	1,664,800
Total assets/deposits in customer accounts	\$52,847,100	\$65,880,000	\$30,847,500
Number of associates	3,500	3,800	2,000

\* On January 22, 2001, our fiscal year was changed from September 30 to December 31, aligning ourselves with the top financial services companies around the world.

(1) Results from ongoing operations exclude the amortization of goodwill and other intangibles, acquisition-related expenses, the gain (loss) on investments, unrealized losses on venture fund investments, the fair value adjustments of financial derivatives related to the impact of SFAS 133, executive loan settlement, facility restructuring and other non-recurring charges, and extraordinary gain on the early extinguishment of debt.



## Our diversification continues, staying ahead of the curve.

**To our shareowners, associates, customers and stakeholders—We thank you.**

2001 was a year that will live in our memories forever. It was a year when trust and pride took on an ever-greater meaning. It was a year focused on innovation and strategic growth. It was the year we made it all come together to become E\*TRADE Financial.

Combining comprehensive investing, banking, lending, planning and advice solutions with our multi-touchpoint and Personalized Digital Financial Media strategies, E\*TRADE Financial exemplifies the successful culmination of six years of innovation. We have recently been ranked by Fortune as one of the top ten most admired companies in the securities industry, by Barron's as one of the top three online brokers, and by Gomez Advisors as first in customer confidence in online mortgage origination platforms.

**E\*TRADE Financial—The New Blue Chip Brand for the 21st Century** With each new generation, a branded leader emerges. Each time, the same drivers work in combination enabling a new leader to grow and expand. *Disruptive*

forces like the Internet can change the rules for an entire industry. *Generational* transitions develop that compel companies to find new ways to satisfy the needs of the next generation of wealth. And, *opportunistic* companies move quickly to respond to these forces so they are not held captive to the old way of doing things. E\*TRADE Financial knows how it works firsthand.

In 1996, we saw the trends shaping our industry and have always strived to stay ahead of the curve. Our vision was simple in concept but sweeping and revolutionary in practice. In 1998 and 1999, the Company took a planned strategic moratorium on profitability to invest in building and fortifying its brand and to reinvest in its technology infrastructure. In 2000, we began to enhance our product offering, expand globally and diversify our revenue streams, making strategic inroads in the banking industry. And in 2001, we continued our successful evolution into a fully integrated and diversified financial services provider.

Over the last five years, we built an operationally profitable, diversified model with more than four million active accounts and three million loyal household relationships.

We ended the year with a strong free cash position of **\$400 million**, while reducing our debt and buying back shares.

Through it all, our core concepts have remained constant. Our strategic vision, first created in 1996 and continuously enhanced and refined over time, is the basis of our successful operating model. It was the foundation for our transformation from “E\*TRADE” to “E\*TRADE Financial.”

**In Good Times and Bad, Our Business Model Delivered**

By enhancing the customer experience, building a diverse culture, developing innovative and value-added products and services, and executing on our strategy while continuing to diversify our business, we have built a model that worked in the best of times and worst of times. The strength of our model is reflected in our solid fundamentals and financial results in 2001. Even in the face of an extraordinarily difficult environment, we made significant strides in advancing our strategy.

- > We reported net revenues of more than \$1.2 billion. We achieved profitability from ongoing operations and year-over-year growth in each of the last four quarters. We tripled earnings per share on a calendar year basis from ongoing operations between 2000 and 2001—meeting or exceeding all four quarterly Wall Street estimates.
- > Operating margins from ongoing operations increased from 3.4 percent in calendar year 2000 to 7.9 percent for calendar year 2001.
- > Non-transactional revenue as a percent of net revenue increased from 48 percent in calendar year 2000 to 68 percent in calendar year 2001, highlighting the ongoing success of our diversified business model and decreasing dependence on equity commissions. This supports our

goal to generate one-third of our revenue from transactions, one-third from interest rate spreads and another third from fee income.

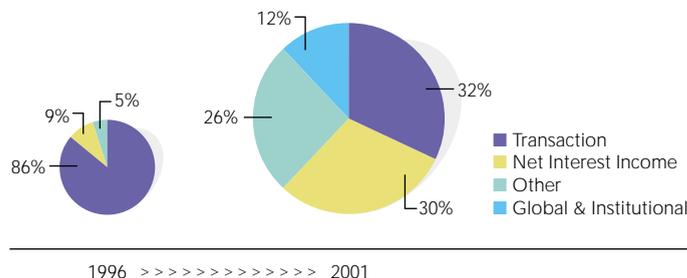
- > Our Guiding Principles and our strategic goals provided the cornerstone for delivering \$200+ million in annualized operating efficiencies without compromising customer or associate satisfaction and loyalty.
- > We strengthened our balance sheet by raising \$325 million through a convertible bond issuance, retiring \$215 million of debt and repurchasing 37.5 million shares at a weighted average price of \$6.37 per share.
- > We ended the year with a strong free cash position of \$400 million—and our stock price on December 31, 2001 finished up 39 percent from December 31, 2000, compared with the S&P 500 and NASDAQ indices down 13 and 21 percent over the same period, respectively.

**E\*TRADE Financial. A New Name, A New Site, An Entirely New Customer Experience**

2001 was a time for change and positioning as we continued to build our brand, advance our technology, diversify our product offering, enhance the customer experience, develop our touchpoint platform and accelerate our Personalized Digital Financial Media strategy. Everything we do revolves around empowering individuals by putting more choice and control in their hands. During the year, we continued to launch many innovative products, services and tools that do just that.

Power E\*TRADE Pro was introduced to optimize the overall trading experience for our most active customers with direct access capabilities and a robust feature set.

**Percentage of Net Revenue**



**E\*TRADE Bank is the**  
**11th largest insured**  
**U.S. savings bank**  
**with the 2nd largest ATM network.**

Stock Baskets were added to offer our self-directed customers another flexible investment option. We rolled out E\*TRADE Financial Advisor, an innovative financial services model that integrates electronic and personal advice with account aggregation, delivering added convenience to customers through our Ready-Set-Go! platform.

E\*TRADE Bank continued to lead the online banking industry and as of December 31, 2001, is the 11th largest insured savings bank in the country based on asset size. We ended the year with \$8 billion in customer deposits and \$13 billion in bank assets, while making progress on our goal of an interest rate spread of 200 basis points by the end of 2002.

Our Business Solutions Group, the nation's largest provider of stock plan services, also realized successful growth during 2001, growing the total number of corporate clients by 16 percent and the number of customers served by 31 percent.

We moved forward aggressively into new lines of business, starting with the acquisition of LoansDirect, bringing us into the mortgage and lending industry. And, our acquisition of Dempsey & Co. positioned us as one of the leading market makers in the nation, extending our growth synergies in both the retail and institutional securities marketplaces.

We continued to diversify our revenue stream and remain committed to deepening our relationships with customers by increasing the number of E\*TRADE Financial products per household. For example, with interest rates at 30-year historical lows, we capitalized on the opportunity

and saw demand that exceeded projections for consumer mortgage originations and refinancing.

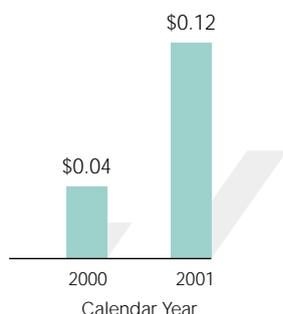
We significantly advanced our touchpoint strategy by opening five E\*TRADE Financial Centers in New York City, Beverly Hills, San Francisco, Denver and Boston. For 2001, our New York Center was named "Store of the Year" by ISP (Institute of Store Planners) and VM+SD (Visual Merchandising and Store Design) magazine for its strategic design, planning and merchandising innovations. We launched broadcast facilities in our New York and San Francisco Centers—delivering the streaming original branded content our customers desire.

We also opened 18 E\*TRADE Financial Zones in six states, giving customers access to our full range of products and services, including brokerage and banking capabilities, streaming media and much more. In addition, customers can visit the Zones to speak directly with licensed Relationship Specialists and utilize the E\*TRADE Financial ATM network.

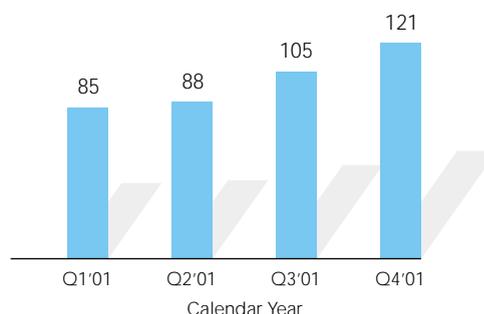
We continued accelerating our global growth strategy, launching websites in Germany, Hong Kong and Israel, bringing our branded presence to a total of 12 countries. And, we transferred our listing to the NYSE, aligning us with the top financial services companies around the world and reinforcing the strength of our global brand.

**Doing it the E\*TRADE Financial Way** For as long as we have been in business, we have been guided by our values and driven by performance. We run every aspect of our business with the highest degree of ethics and integrity so

**Earnings Per Share**  
 from ongoing operations



**E\*TRADE Bank Interest Rate Spread**  
 (in basis points)



# Love all customers. Deliver a quality earnings stream. Do it the E\*TRADE Financial way.

that our customers, potential customers, shareowners and stakeholders can trust us with their most valuable assets. Our seasoned leadership team and professional associates lead by our Guiding Principles:

- > Living our CARE Values—Customer experience, Accountability, Responsibility and E\*nnovation
- > Incorporating our CAT 9 Requirements—Customers: service, simplicity, savings; Associates: spirituality, sharing, shareowner and stakeholder value; Time: security, speed, scalability
- > Delivering Performance Leadership
- > Empowering and Educating Customers
- > Creating and Unlocking Shareowner and Stakeholder Value
- > Practicing Good Corporate Governance

Our Board of Directors applies the same level of integrity to the governance of our corporate affairs. The Board works with independent third parties whenever appropriate, including auditors, legal counsel and subject matter experts, to ensure that its decisions are always in the best long-term interests of our shareowners and stakeholders.

**We Say What We Do and We Do What We Say** We live by these words at E\*TRADE Financial. 2001 was no exception. Our vision to achieve sustained leadership in financial services revolves around six key components: Blue Chip Brand. Advanced Technology. Product Diversity. High Value Customer Experience. Capital Efficient Touchpoint Strategy. Personalized Digital Financial Media.

During the next year and beyond, we've again set aggressive goals for ourselves. Our target is to reach four million households while creating a trusted and personalized relationship between the customer and E\*TRADE Financial, train, develop, and retain top performers through our performance leadership program, earn \$1.00 per share from ongoing operations, become cash flow positive and be a good corporate citizen. We have the brand strength, business model, experienced leadership and culture, as well as the necessary resources to help us make this happen.

We look to 2002 with a strong sense of purpose and confidence:

- > In February, we increased our 2002 earnings guidance for the second time.

- > We have the currency and resources for selective, disciplined acquisitions to increase shareowner and stakeholder value. We look at all, but select only the best.
- > We launched E\*TRADE Financial—once again raising the bar and setting new standards in financial services.
- > Our Personalized Digital Financial Media strategy meets customers' demands for a customized, one-to-one information connection. We are one of the first in our industry to produce independent programming aligned with our customers' interest.

**E\*TRADE Financial is Staying Ahead of the Curve** It is important for this great Company to always be positioned for the future, to steer the prudent and honorable course, and to be relentlessly focused on creating and unlocking shareowner and stakeholder value. As we stand poised for our next growth cycle, investors around the world realize the accomplishments we've made, where we are headed and the strength and solidity of our blue-chip brand and balance sheet.

While no one can make assurances or guarantees as to what the U.S. economy and/or global markets will do or what our growth will be, I do know that we have the right model in place, the right people on board and are headed down the right path to achieve long-term success. With our customer connection, talented associates, innovative culture, leading-edge technology, global brand, financial strength and our Guiding Principles, we believe we can build the next generation financial services company.

Thank you for your confidence and trust. We look forward to earning it every day.

Sincerely,



Christos M. Cotsakos, Ph.D.  
Chairman of the Board, Chief Executive Officer and  
Shareowner, E\*TRADE Group, Inc.

During 2001,  
E\*TRADE Mortgage funded

**\$5.2 Billion in new  
mortgages.**

## **The right tools to meet your needs.**

Financial destiny. We put it in *your* hands. Our strategic vision, created in 1996, has never wavered. While simple in concept, it was revolutionary in practice. It leveraged technology and personalized our offering to empower individuals to take control of their financial futures. E\*TRADE Financial brings it all together.

By offering our customers the comprehensive tools and services they need, we're enabling them to make the most of their money. We're not just a leader in online investing anymore. The products and services offered at E\*TRADE Financial give our customers the ability to make investments, bank, borrow, create a financial plan, get advice, save for retirement, pay their bills and more.

We have more than three million loyal household relationships and the broadest reach on the web in financial services—bar none. We are the 2nd largest online brokerage in the U.S. and the largest provider of stock plan services in the nation. We have the 11th largest insured savings bank, the 2nd largest ATM network, and are the 3rd largest provider of online mortgage products in the U.S. We are definitely delivering the right tools for our customers.



## The right brand.

What's in a brand? A lot actually. It represents what we stand for, what we deliver our customers, our reason for being. Since day one, we've known that the strength of our brand would determine our future. Great brands have a compelling story to tell—Nike® inspires athletic excellence, Coca-Cola® brings refreshment to a thirsty world. And E\*TRADE Financial? We empower financial control. > We have a brand that resonates. Over the years, our brand has evolved to change with the times. We went from exploiting the traditional players with “Boot your Broker,” to building the online investing category with “Someday, We'll All Invest This Way,” to capitalizing on

our leadership position with “It's Time for E\*TRADE.” Through provocative yet straightforward advertising we've built a financial services brand that is not only trusted and highly recognized—but also sincerely liked. With “E\*TRADE. It's Your Money,” we strengthened our value proposition once again by showcasing the value of integrated products. E\*TRADE Financial is the next generation of financial services, giving our customers more of what they need to stay ahead in today's economy. Our new campaign says it all. > A blue-chip brand. A household name. A value proposition for the 21st century.

-  United States
-  Australia
-  Canada
-  Danmark
-  Deutschland
-  Hong Kong

-  ישראל
-  日本
-  한국
-  Norge
-  Sverige
-  United Kingdom



## The right technology.

E\*TRADE Financial's technology platform differentiates and powers everything we do, enabling us to exploit the inefficiencies in traditional financial services. Our Stateless Architecture<sup>SM</sup> is built on an open systems platform that is secure, scalable and fast. What does that *really* mean? We've got a competitive advantage that enables us to scale up and down with increasing efficiency and effectiveness. > Our proprietary technology also integrates and tailors our diverse range of products and services. Our Customer Relationship Management Warehouse and Personalization Engine houses more than two terabytes of customer data. With it, we've been able to gather the information that allows us to successfully cross-sell our existing household investing base. 36 percent of our bank accounts and over

20 percent of mortgage originations and refinancings come from these cross-selling efforts. > And with technology, we're extending our worldwide reach—we build once, then leverage globally. Ultimately, we envision a world where global customers can transact business on any exchange, in any currency, in any language. On this front, we're consolidating our 12 different country-specific websites into a single global, multilingual site. During 2001, we launched the first phase of our global 'home page'—the first step to one global site where we can leverage the brand we built in the U.S. to all our major global businesses. We are bringing etrade.com to the global investor on a uniform, scalable infrastructure.



When markets soared, customers flocked to us for the value and convenience of our core equity products—stocks, bonds, mutual funds, options. As markets weakened, customers transferred money into our FDIC-insured bank products—CDs, money markets, savings accounts. When mortgage rates plummeted to historic lows, customers refinanced their homes through us, saving thousands of dollars in competitive rates and lower fees. And when market instability shook the financial foundation of this country, customers once again looked to us to help them meet and reset their short- and long-term financial goals. That's because, in the best of times and the worst of times, E\*TRADE Financial has a diversified business model that works and consistently offers the right products at the right time for customers. > Today, through E\*TRADE Financial, we

provide actionable information, investing, banking, lending, planning and advice. By offering our customers this diversified range of products and services, we're giving them access to more of what they need to stay ahead in today's economy, making it easier and more convenient for them to manage their lifetime financial goals. > Retail is just part of the story. We're continually looking for profitable and valuable avenues for earnings growth through growing our household base, expanding our product offerings, leveraging vertical integration and entering new market segments. We've already established solid positions in our institutional, corporate, specialist and market-making businesses that can be leveraged globally.

## The right products.





## Right at your fingertips.

There is only one site that pulls Personalized Digital Financial Media with investing, banking, lending, planning and advice—E\*TRADE Financial. Did we mention, it's also incredibly easy to use? > Our new website represents over 300,000 people-hours of design, development and production—all completed with in-house talent developed over the past four years. It breaks new ground in ease of use, data integration and personalization. Developed with a customer-centric focus, it is targeted to attract new households to E\*TRADE Financial as well as generate greater revenue from our existing households. > What can you do here? You can manage your account, plan your retirement or apply for a mortgage. Innovative cross-product integration features include a personalized customer snapshot view

that lists all brokerage, bank and OptionsLink accounts combined with portfolio holdings, company news and a personal inbox with real-time customer information and alerts on a single page. A fully integrated planning and advice area, fundamental enhancements to our banking platform and customer-friendly lending area complete with online forms, are part of the new E\*TRADE Financial experience. Log onto any area of the site with just one click. Get answers you need quickly from our new Help Center, navigate the site with even greater ease and speed, or locate an E\*TRADE Financial Center, Zone or ATM. Stay in touch with the most current financial news and information via our dynamic streaming audio and video.

## Right where you want it, right when you need it.

Online or offline. Over the phone or in person. Reach us any-time, anywhere, through almost any secure device, including cellular phones, PDAs and interactive, two-way pagers. It's the customer's choice. That's our touchpoint strategy. It targets our customers' lifestyles, giving them greater efficiency and value. > Want an in-person visit? We currently have E\*TRADE Financial Centers in New York City, Beverly Hills, San Francisco, Denver and Boston. At each of these sites, customers and visitors can access their accounts, work one-on-one with a licensed Relationship Specialist and gain access to E\*TRADE Financial-branded content and financial news programming.

> We opened 18 E\*TRADE Financial Zones during the year. These Zones deliver an attractive demographic and allow us to reach customers where they live and shop. > Need access to an ATM? Our network of 11,000 ATMs is the 2nd largest in the country. And beyond traditional ATMs, we're planning to roll out a new type of kiosk that will combine E\*TRADE Financial's dynamic content and tools with the convenience and transaction capabilities of an ATM. > Most importantly, our touchpoint strategy is capital efficient. For the price of a traditional bank branch, we can create 15 E\*TRADE Financial Zones or install hundreds of ATMs.





## The right information, all the right media.

Actionable, tailored content. With the growth in broadband access around the world, we can now deliver content in the form of dynamic, streaming video and audio to almost any device, anytime, anywhere. Over the next year, we plan to build and deliver a breakthrough set of products and services that will continue to position us as the leader in personalized financial services that empower customers by giving them unprecedented control over their financial futures. > During 2001, we expanded our content distribution capabilities with the launch of our new online Media Center. It provides original E\*TRADE Financial-branded and third party financial news and content

through dynamic, streaming video and audio, giving us an important real-time connection to the markets and the news-makers in investing and personal finance. Our Personalized Digital Financial Media strategy enables us to deliver a rich and personalized experience to customers. Once again, we are providing the information and the tools our customers need to better manage their finances. > The right brand. The right technology. The right products. Right at your fingertips. Right where you want it, right when you need it. The right information, all the right media. E\*TRADE Financial—the right company.

**Directors and Shareowners**

Christos M. Cotsakos, Ph.D.  
 Chairman of the Board and Chief Executive Officer  
 E\*TRADE Group, Inc.  
 Co-Chair, Finance Committee

Peter Chernin  
 President and COO,  
 News Corporation  
 Chairman and CEO,  
 The Fox Group, Inc.

Ronald D. Fisher  
 Vice Chairman  
 SOFTBANK Holdings, Inc.

William E. Ford  
 Managing Member  
 General Atlantic Partners, LLC  
 Co-Chair, Finance Committee

David C. Hayden  
 Founder and Executive Chairman  
 Critical Path, Inc.  
 Chair, Compensation Committee

George A. Hayter  
 International Business Consultant  
 George Hayter and Associates  
 Lead Director  
 Chair, International  
 Advisory Committee  
 Co-Chair, Corporate  
 Governance Committee

William A. Porter  
 Chairman, International  
 Securities Exchange  
 Chairman Emeritus

Lewis E. Randall  
 Private Investor  
 Chair, Nominating Committee

Lester C. Thurow, Ph.D.  
 Lemelson Professor of Management  
 and Economics  
 Sloan School,  
 Massachusetts Institute of Technology  
 Chair, Audit Committee  
 Co-Chair, Corporate  
 Governance Committee

**Office of the President and Shareowners**

Jerry D. Gramaglia  
 President and Chief Customer  
 Operations Officer

Mitchell H. Caplan  
 Chief Financial Products Officer and  
 Managing Director, North America

Joshua S. Levine  
 Chief Technology Officer and  
 Managing Director, Europe, Africa, and  
 the Middle East

R. Jarrett Lilien  
 Chief Brokerage Officer and Managing  
 Director, Asia Pacific and Latin America

**Officers and Shareowners**

Betsy Barclay  
 Chief Government Affairs Officer

Thomas A. Bevilacqua  
 Chief Strategic Investment Officer

Connie M. Dotson  
 Chief Communications and  
 Knowledge Officer

Russell S. Elmer  
 Chief Legal Affairs and  
 Human Resources Officer

Pamela S. Kramer  
 Chief Content Development Officer

Leonard C. Purkis  
 Chief Finance and Administration Officer

Brigitte VanBaelen  
 Chief Community Development Officer  
 and Corporate Secretary



BETSY BARCLAY

JARRETT LILIEN

JOSH LEVINE

PAM KRAMER

LEN PURKIS

MITCH CAPLAN

**Corporate Office**

E\*TRADE Group, Inc.  
 4500 Bohannon Drive  
 Menlo Park, CA 94025  
 650-331-6000  
 etrade.com

**Financial Information**

Securities analysts, investors and representatives of financial institutions are invited to contact:

Robert Simmons  
 Investor Relations  
 ir@etrade.com  
 916-859-4004

To obtain our Corporate Report, Form 10-K or other publications without charge, visit our Web site or contact:  
 E\*TRADE Financial Investor Relations  
 corporatereport@etrade.com  
 650-331-5397

**Corporate Communications**

Connie Dotson  
 Chief Communications and  
 Knowledge Officer  
 mediainq@etrade.com  
 916-858-8835

**Wholly-Owned Subsidiaries**

For a list of wholly-owned subsidiaries, please refer to our Form 10-K.

**Transfer Agent and Registrar**

American Stock Transfer  
 & Trust Company  
 59 Maiden Lane  
 New York, NY 10038  
 800-937-5449

**Independent Auditors**

Deloitte & Touche LLP  
 San Jose, California

**Annual Meeting**

The Annual Meeting of the Shareowners will be held:  
 Friday, May 24, 2002  
 Hotel Sofitel  
 223 Twin Dolphin Dr.  
 Redwood City, CA 94065

E\*TRADE Financial brings together a personalized and fully integrated financial services solution that includes investing, banking, lending, planning and advice. Delivered in 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, Incorporated (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.

E\*TRADE, the E\*TRADE logo and Stateless Architecture are registered trademarks of E\*TRADE Group, Inc. or its subsidiaries. The statements contained in this corporate report 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, seasonality, the development of new products and services, the enhancement of existing 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 report filed by E\*TRADE Group, Inc. with the SEC on Form 10-K (including information under the caption "Risk Factors") and quarterly reports on Form 10-Q.



JERRY GRAMAGLIA



CONNIE DOTSON



TOM BEVILACQUA



RUSS ELMER



BRIGITTE VANBAELEN



On September 11, 2001, we, at E\*TRADE Financial, were deeply saddened and outraged by the vicious terrorist attack on the American people and the world at large.

The horrific events of that day have affected us all, leaving us struck with both enormous grief and resolve. Our thoughts and prayers go out to our colleagues, friends, families and those around the globe who were affected by this unthinkable tragedy.

We are also most grateful for those courageous and unselfish individuals who put themselves in harm's way each and every day to help ensure the health, well being and safety of the communities in which we all live. We pay tribute to the true heroes—the

caregivers, rescue workers and ordinary citizens—who quickly came to action in those communities that were singled out for such a cowardly act.

At E\*TRADE Financial, we hope that in some small way our nation will take comfort and joy in the realization that all of us are brothers and sisters with common beliefs in a common cause. And while we cannot change the events of that day, all of us can affect who we are, what we stand for and how we will engage the world tomorrow.

E\*TRADE Financial respectfully salutes the victims of September 11 and their families. Our prayers and sympathies will remain with them always.