E*TRADE FINANCIAL CORPORATION REPORTS STRONG FIRST QUARTER RESULTS AND RAISES EARNINGS GUIDANCE

- Reported first quarter GAAP earnings of $0.23 per share on net income of $88 million
- Increased both Total and Retail Daily Average Revenue Trades by 12 percent over the fourth quarter results, to 157,000 and 103,000 respectively
- Increased margin debt by 22 percent to $2.1 billion at quarter end, compared to $1.8 billion at the end of the fourth quarter
- Improved bank spread to 185 basis points from 169 basis points in the fourth quarter, and exited the quarter at 201 basis points
- Repurchased $50 million of common stock at a weighted average price of $13.31
- Added 37,000 net new accounts
- Raised 2004 Earnings Guidance to between $0.75 and $0.90 per share

New York, April 16, 2004 – E*TRADE FINANCIAL Corporation (NYSE: ET) today announced results for its first quarter ended March 31, 2004, reporting GAAP net income of $88 million, or $0.23 per diluted share, compared to GAAP net income of $21 million, or $0.06 per share, in the same quarter a year ago. Net revenues for the quarter ended March 31, 2004 increased 28 percent over the year ago period to $411 million.

The Company increased its 2004 GAAP earnings guidance to between $0.75 and $0.90 per share from a previous range of between $0.70 and $0.85 per share.

“Our focus on integrating brokerage and banking products to enhance the customer experience is delivering superior value to both our customers and shareholders in 2004,” said Mitchell H. Caplan, Chief Executive Officer, E*TRADE FINANCIAL Corporation. “First quarter momentum is a solid indicator of the increased opportunities created by our integrated model.”

Other selected highlights from the first quarter of 2004:
- Retail investor activity increased for the fourth consecutive quarter, generating higher DARTs and margin debt balances. Total DARTs for the quarter were 157,000, a 12 percent sequential increase and an 81 percent increase year-over-year.
Average commission per trade increased to $11.53 from $11.18 in the prior quarter based on strength in main street customer activity, a higher volume of option trades and a favorable mix of international transactions.

Exited the quarter at 201 basis points in net interest spread, achieving target a full quarter ahead of plan.

Total customer assets increased to $87.2 billion from $83.3 billion in the fourth quarter.

Cash and equivalents for the quarter totaled $847 million and free cash totaled $705 million.

E*TRADE Securities launched the industry’s first 2-second execution guarantee on S&P 500 stocks.

E*TRADE Securities received a four-and-a-half star rating from Barron’s with top honors among active trader platforms.

E*TRADE FINANCIAL included in Standard & Poor’s flagship stock index, the S&P 500.

“E*TRADE FINANCIAL is ahead of plan, delivering positive growth from our core brokerage and bank earnings drivers,” said R. Jarrett Lilien, President and Chief Operating Officer, E*TRADE FINANCIAL Corporation. “The steady rise in quarterly trading activity and continued growth in margin debt, along with our ability to generate bank net interest spread in excess of 200 basis points as we exited the first quarter, gives us the confidence to raise 2004 guidance.”

“We continue to set the standard for innovative products and services that meet the needs of the individual investor,” continued Mr. Lilien. “We remain focused on leveraging technology and cost-efficiency to create value for our customers and exceptional results for our shareholders.”

Historical monthly metric data from January 2003 to March 2004 can be found on the E*TRADE FINANCIAL investor relations site at www.etrade.com.

About E*TRADE FINANCIAL

The E*TRADE FINANCIAL family of companies provide financial services including brokerage, banking and lending for retail, corporate and institutional customers. Securities products and services are offered by E*TRADE Securities LLC (Member NASD/SIPC). Bank and lending products and services are offered by E*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries.

Important Notice

E*TRADE FINANCIAL and the E*TRADE FINANCIAL logo is a registered trademark or trademark 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, 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 Group, Inc. or 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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## Financial Statements

### E*TRADE FINANCIAL CORPORATION AND SUBSIDIARIES

#### Consolidated Statements of Operations

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td><strong>Brokerage revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions</td>
<td>$112,230</td>
<td>$60,888</td>
</tr>
<tr>
<td>Principal transactions</td>
<td>$69,429</td>
<td>$42,210</td>
</tr>
<tr>
<td>Other brokerage-related revenues</td>
<td>$41,517</td>
<td>$41,896</td>
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<tr>
<td>Brokerage interest income</td>
<td>$41,253</td>
<td>$34,320</td>
</tr>
<tr>
<td>Brokerage interest expense</td>
<td>$(3,120)</td>
<td>$(2,513)</td>
</tr>
<tr>
<td><strong>Net brokerage revenues</strong></td>
<td>$262,949</td>
<td>$176,801</td>
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<tr>
<td><strong>Banking revenues:</strong></td>
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<tr>
<td>Gain on sales of originated loans</td>
<td>$27,100</td>
<td>$56,395</td>
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<tr>
<td>Gain on sales of loans held-for-sale and securities, net</td>
<td>$14,062</td>
<td>$15,215</td>
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<tr>
<td>Other banking-related revenues</td>
<td>$19,019</td>
<td>$18,039</td>
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<tr>
<td>Bank interest income</td>
<td>$214,384</td>
<td>$187,386</td>
</tr>
<tr>
<td>Bank interest expense</td>
<td>$(117,606)</td>
<td>$(121,333)</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>$(9,055)</td>
<td>$(10,335)</td>
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<tr>
<td><strong>Net banking revenues</strong></td>
<td>$147,264</td>
<td>$145,369</td>
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<td><strong>Total net revenues</strong></td>
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<td>$322,170</td>
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<td><strong>Expenses excluding interest:</strong></td>
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<td></td>
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<tr>
<td>Compensation and benefits</td>
<td>$99,978</td>
<td>$92,679</td>
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<td>Occupancy and equipment</td>
<td>$20,657</td>
<td>$23,389</td>
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<tr>
<td>Communications</td>
<td>$19,457</td>
<td>$21,341</td>
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<td>Professional services</td>
<td>$14,552</td>
<td>$10,386</td>
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<td>Commissions, clearing and floor brokerage</td>
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<td>Advertising and market development</td>
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<td>Servicing and other banking expenses</td>
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<td>Depreciation and amortization</td>
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<td>Amortization of intangibles</td>
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<td>Restructuring and other exit charges</td>
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<td>Acquisition-related expenses</td>
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<td>$1,307</td>
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<td>Other</td>
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<td>$23,425</td>
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<tr>
<td><strong>Total expenses excluding interest</strong></td>
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<td>$276,638</td>
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<td><strong>Income before other corporate items</strong></td>
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<td><strong>Other income (loss):</strong></td>
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<tr>
<td>Corporate interest income</td>
<td>$1,385</td>
<td>$1,610</td>
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<tr>
<td>Corporate interest expense</td>
<td>$(11,338)</td>
<td>$(11,433)</td>
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<td>Gain (loss) on sale and impairment of investments</td>
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<td>$(623)</td>
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<td>Equity in income (losses) of investments and venture funds</td>
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<td><strong>Total other income (loss)</strong></td>
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<tr>
<td><strong>Net income</strong></td>
<td>$88,475 $</td>
<td>$21,482</td>
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<td><strong>Net income per share:</strong></td>
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<td>Diluted (1)</td>
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<td><strong>Shares used in computation of per share data:</strong></td>
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<tr>
<td>Basic</td>
<td>365,045 $</td>
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<tr>
<td>Diluted (1)</td>
<td>425,155 $</td>
<td>358,441</td>
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</table>
E*TRADE FINANCIAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(in thousands, except per share amounts)
(Unaudited)

Three Months Ended

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<td>Brokerage interest income</td>
<td>41,253</td>
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<td>Brokerage interest expense</td>
<td>(3,120)</td>
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<td>Banking revenues:</td>
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<td>(10,333)</td>
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<td>99,407</td>
<td>92,679</td>
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<td>20,696</td>
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<td>398</td>
<td>6,815</td>
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<td>8,855</td>
<td>2,542</td>
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<tr>
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<td>997</td>
<td>1,307</td>
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<td>21,950</td>
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<td>276,638</td>
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<td>94,831</td>
<td>45,532</td>
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<td>85,326</td>
<td>(623)</td>
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<td>1,350</td>
<td>2,830</td>
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<td>Total other income (loss)</td>
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<td>78,929</td>
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<td>Pre-tax income</td>
<td>138,318</td>
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<td>Income tax expense</td>
<td>49,103</td>
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<td>15,926</td>
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<tr>
<td>Minority interest in subsidiaries</td>
<td>740</td>
<td>28</td>
<td>508</td>
</tr>
<tr>
<td>Net income</td>
<td>$88,475</td>
<td>$107,455</td>
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<tr>
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<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.24</td>
<td>$0.30</td>
<td>$0.06</td>
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<td>$0.27</td>
<td>$0.06</td>
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<tr>
<td>Shares used in computation of per share data:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>365,045</td>
<td>362,944</td>
<td>354,563</td>
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<tr>
<td>Diluted (1)</td>
<td>425,155</td>
<td>421,121</td>
<td>358,441</td>
</tr>
</tbody>
</table>
# E*TRADE FINANCIAL CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

(dollars in thousands) (Unaudited)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>March 31, 2004</th>
<th>December 31, 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and equivalents</td>
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<td>$921,439</td>
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<td>Cash and investments required to be segregated under Federal or other regulations</td>
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<td>1,644,605</td>
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<td>Trading securities</td>
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<td>Available-for-sale mortgage-backed and investment securities</td>
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<td>Other investments</td>
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<td>Loans receivable, net</td>
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<tr>
<td>Goodwill</td>
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<td>402,496</td>
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<tr>
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<td>143,990</td>
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<tr>
<td>Other assets</td>
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<td>497,122</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$26,910,636</td>
<td>$26,049,216</td>
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</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND SHAREHOLDERS’ EQUITY</th>
<th>March 31, 2004</th>
<th>December 31, 2003</th>
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<td>Brokerage payables</td>
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<td>Deposits</td>
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<td>Securities sold under agreements to repurchase</td>
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<td>Other borrowings by Bank subsidiary</td>
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<td>Accounts payable, accrued and other liabilities</td>
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<td>402,496</td>
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<tr>
<td>Convertible subordinated notes</td>
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<td>143,990</td>
</tr>
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<td><strong>Total liabilities</strong></td>
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<td>24,130,922</td>
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<tr>
<td>Shareholders’ equity:</td>
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<tr>
<td>Preferred stock, shares authorized: 1,000,000; issued and outstanding:</td>
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<tr>
<td>none at March 31, 2004 and December 31, 2003</td>
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<tr>
<td>Shares exchangeable into common stock, $0.01 par value, shares authorized:</td>
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<td>10,644,223 at March 31, 2004 and 1,386,125 at December 31, 2003</td>
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<td>14</td>
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<td>Common stock, $0.01 par value, shares authorized: 600,000,000; issued and outstanding: 367,267,118 at March 31, 2004 and 366,636,406 at December 31, 2003</td>
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<td>3,666</td>
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<td>Additional paid-in-capital</td>
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<td>Deferred stock compensation</td>
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<td>Accumulated deficit</td>
<td>(143,990)</td>
<td>(230,465)</td>
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<td>Accumulated other comprehensive loss</td>
<td>(102,072)</td>
<td>(89,977)</td>
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<td><strong>Total shareholders’ equity</strong></td>
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<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>$26,910,636</td>
<td>$26,049,216</td>
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## Segment Reporting

### Three Months Ended March 31, 2004

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<tr>
<th></th>
<th>Brokerage</th>
<th>Banking</th>
<th>Elimination (1)</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td></td>
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<tr>
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<td>41,253</td>
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<td>(3,120)</td>
<td>(117,606)</td>
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<td>(120,726)</td>
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<tr>
<td>Gain on sales of originated loans</td>
<td>27,100</td>
<td></td>
<td></td>
<td>27,100</td>
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<tr>
<td>Gain on sale of loans held-for-sale and securities, net</td>
<td>14,062</td>
<td></td>
<td></td>
<td>14,062</td>
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<tr>
<td>Provision for loan losses</td>
<td>(9,055)</td>
<td></td>
<td></td>
<td>(9,055)</td>
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<td>Other revenues</td>
<td>54,130</td>
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<td>62,176</td>
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<td>147,904</td>
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<td><strong>Expenses excluding interest:</strong></td>
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<td></td>
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<td>Compensation and benefits</td>
<td>59,209</td>
<td>40,769</td>
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<td>99,978</td>
</tr>
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<td>Occupancy and equipment</td>
<td>13,592</td>
<td>7,063</td>
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<td>20,657</td>
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<td>Communications</td>
<td>17,575</td>
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<tr>
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<td>17,489</td>
<td>17,624</td>
<td>(10,973)</td>
<td>24,140</td>
</tr>
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<td>15,337</td>
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<td>15,871</td>
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<td></td>
<td>274</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>14,942</td>
<td>6,915</td>
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<td>21,857</td>
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<tr>
<td>Amortization of intangibles</td>
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<td>3,479</td>
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<td>8,533</td>
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<td>Restructuring and other exit charges</td>
<td>(752)</td>
<td>(243)</td>
<td></td>
<td>(995)</td>
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<td>Acquisition-related expenses</td>
<td>-</td>
<td>62</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>Other</td>
<td>16,460</td>
<td>9,008</td>
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<td>25,468</td>
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<tr>
<td><strong>Total expenses excluding interest</strong></td>
<td>194,613</td>
<td>110,141</td>
<td>(10,973)</td>
<td>293,781</td>
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</table>

### Three Months December 31, 2003

<table>
<thead>
<tr>
<th></th>
<th>Brokerage</th>
<th>Banking</th>
<th>Elimination (1)</th>
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</tr>
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<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td></td>
<td></td>
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<tr>
<td>Commissions</td>
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<td>$97,915</td>
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<td>64,822</td>
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<td>64,822</td>
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<tr>
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<td>38,308</td>
<td>202,996</td>
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<td>241,304</td>
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<td>(3,473)</td>
<td>(119,056)</td>
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<td>(122,529)</td>
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<td>Gain on sales of originated loans</td>
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<td>Gain on sale of loans held-for-sale and securities, net</td>
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<td>28,287</td>
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<td>(12,374)</td>
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<td>(12,374)</td>
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<td>20,350</td>
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<td><strong>Net revenues</strong></td>
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<td><strong>Expenses excluding interest:</strong></td>
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<td>Compensation and benefits</td>
<td>62,802</td>
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<td>Occupancy and equipment</td>
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<td>7,765</td>
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<td>41,197</td>
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<td>Advertising and market development</td>
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<td>11,620</td>
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<td>16,194</td>
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<td>Fair value adjustments of financial derivatives</td>
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<td></td>
<td>(398)</td>
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<td>Depreciation and amortization</td>
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<td>6,395</td>
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<td>8,855</td>
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<td>(1,468)</td>
<td></td>
<td>(997)</td>
</tr>
<tr>
<td>Other</td>
<td>14,968</td>
<td>6,982</td>
<td></td>
<td>21,950</td>
</tr>
<tr>
<td><strong>Total expenses excluding interest</strong></td>
<td>193,305</td>
<td>100,336</td>
<td>(7,726)</td>
<td>287,915</td>
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</tbody>
</table>

### Income before other corporate items

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Income before other corporate items</strong></td>
<td>$54,225</td>
<td>$40,606</td>
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<td>$94,831</td>
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### Three Months Ended September 30, 2003

<table>
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<tr>
<th></th>
<th>Brokerage</th>
<th>Banking</th>
<th>Elimination (i)</th>
<th>Total</th>
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<tbody>
<tr>
<td><strong>Net Revenues</strong> invention (unaudited, in thousands)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions</td>
<td>$92,885</td>
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<td>$92,885</td>
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<td>213,137</td>
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<td>(2,442)</td>
<td>(117,481)</td>
<td>(119,923)</td>
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<tr>
<td>Gain on sales of originated loans</td>
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<td></td>
<td>53,308</td>
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<td>Gain on sale of loans held-for-sale and securities, net</td>
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<td>32,819</td>
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<tr>
<td>Provision for loan losses</td>
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<td></td>
<td></td>
<td>(7,988)</td>
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<td></td>
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<td></td>
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<tr>
<td>Compensation and benefits</td>
<td>64,025</td>
<td>42,256</td>
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<td>106,281</td>
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<td>Occupancy and equipment</td>
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<td>21,617</td>
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<td>19,882</td>
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<td>998</td>
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<td>Depreciation and amortization</td>
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<td>5,953</td>
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<td>21,448</td>
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<tr>
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<td>4,137</td>
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<td>8,582</td>
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<tr>
<td>Restructuring and other exit charges</td>
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<td>47,057</td>
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<td>472</td>
<td>62</td>
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<td>534</td>
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<tr>
<td>Other</td>
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<td><strong>Total expenses excluding interest</strong></td>
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<td>$30,634</td>
<td>-$</td>
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### Three Months Ended June 30, 2003

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<th></th>
<th>Brokerage</th>
<th>Banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong> invention (unaudited, in thousands)</td>
<td></td>
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<tr>
<td>Commissions</td>
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<td>(117,954)</td>
<td>(119,831)</td>
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<td>Gain on sales of originated loans</td>
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<td>62,025</td>
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<td>Gain on sale of loans held-for-sale and securities, net</td>
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<td>20,940</td>
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<tr>
<td>Provision for loan losses</td>
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<td>(7,828)</td>
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<td>64,602</td>
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<td><strong>Net revenues</strong></td>
<td>222,680</td>
<td>158,407</td>
<td>381,087</td>
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<tr>
<td><strong>Expenses excluding interest</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Compensation and benefits</td>
<td>56,555</td>
<td>42,521</td>
<td>99,076</td>
</tr>
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<td>Occupancy and equipment</td>
<td>16,492</td>
<td>5,067</td>
<td>21,559</td>
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<td>1,446</td>
<td>19,529</td>
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<tr>
<td>Professional services</td>
<td>18,659</td>
<td>6,936</td>
<td>25,595</td>
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<tr>
<td>Commissions, clearing and floor brokerage</td>
<td>38,516</td>
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<td>38,554</td>
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<td>Advertising and market development</td>
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<td>Servicing and other banking expenses</td>
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<tr>
<td>Fair value adjustments of financial derivatives</td>
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<td>7,923</td>
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<td>Depreciation and amortization</td>
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<td>Other</td>
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<td>22,467</td>
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<tr>
<td><strong>Total expenses excluding interest</strong></td>
<td>257,814</td>
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<td><strong>Income (loss) before other corporate items</strong></td>
<td>$(35,134)</td>
<td>$34,526</td>
<td>$(608)</td>
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</table>
### E*TRADE FINANCIAL Results for the Quarter Ended March 31, 2004

#### Three Months Ended March 31, 2003

<table>
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<tr>
<th></th>
<th>Brokerage</th>
<th>Banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td>(Unaudited, in thousands)</td>
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</tr>
<tr>
<td>Commissions</td>
<td>$60,888</td>
<td>$60,888</td>
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<td>(123,846)</td>
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<td>Provision for loan losses</td>
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<td>(10,333)</td>
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<td><strong>Net revenues</strong></td>
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#### Expenses excluding interest:

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<th>Total</th>
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<td>Compensation and benefits</td>
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<td>41,110</td>
<td>92,679</td>
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<td>5,550</td>
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<td>Communications</td>
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<td>Professional services</td>
<td>5,007</td>
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<td>10,386</td>
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<td>Commissions, clearing and floor brokerage</td>
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<td>5,046</td>
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<td>16,333</td>
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<td>Depreciation and amortization</td>
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<td>4,938</td>
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<td>Restructuring and other exit charges</td>
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<td>1,689</td>
<td>2,542</td>
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<td>Acquisition-related expenses</td>
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<td>835</td>
<td>1,307</td>
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<tr>
<td>Other</td>
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<td><strong>Total expenses excluding interest</strong></td>
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**Income before other corporate items**

<table>
<thead>
<tr>
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<th>Brokerage</th>
<th>Banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,248</td>
<td>$37,284</td>
<td>$45,532</td>
<td></td>
</tr>
</tbody>
</table>
### Key Performance Metrics (3)

<table>
<thead>
<tr>
<th>Corporate Metrics</th>
<th>Qtr ended 3/31/04</th>
<th>Qtr ended 12/31/03</th>
<th>Qtr ended 3/31/03</th>
<th>Qtr ended 3/31/04 vs. Qtr ended 12/31/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin % (6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td>28%</td>
<td>25%</td>
<td>3%</td>
<td>14% vs. 14%</td>
</tr>
<tr>
<td>Brokerage</td>
<td>29%</td>
<td>22%</td>
<td>7%</td>
<td>5% vs. 24%</td>
</tr>
<tr>
<td>Bank</td>
<td>26%</td>
<td>29%</td>
<td>(3)%</td>
<td>26% vs. 0%</td>
</tr>
<tr>
<td>Employees</td>
<td>3,374</td>
<td>3,455</td>
<td>(2)%</td>
<td>3,605 vs. 6%</td>
</tr>
<tr>
<td>Consultants and other</td>
<td>415</td>
<td>314</td>
<td>12%</td>
<td>223 vs. 86%</td>
</tr>
<tr>
<td>Total headcount</td>
<td>3,789</td>
<td>3,769</td>
<td>1%</td>
<td>3,828 vs. 1%</td>
</tr>
<tr>
<td>Revenue per headcount</td>
<td>$108,433</td>
<td>$101,551</td>
<td>7%</td>
<td>$84,161 vs. 29%</td>
</tr>
<tr>
<td>Revenue per compensation and benefits dollar</td>
<td>$4.11</td>
<td>$3.85</td>
<td>7%</td>
<td>$3.48 vs. 18%</td>
</tr>
<tr>
<td>Book value per share</td>
<td>$5.36</td>
<td>$5.21</td>
<td>3%</td>
<td>$4.35 vs. 23%</td>
</tr>
<tr>
<td>Tangible book value per share</td>
<td>$3.90</td>
<td>$3.73</td>
<td>5%</td>
<td>$2.80 vs. 39%</td>
</tr>
<tr>
<td>Cash &amp; equivalents ($MM)</td>
<td>$846.9</td>
<td>$921.4</td>
<td>(8)%</td>
<td>$975.0 vs. 13%</td>
</tr>
<tr>
<td>Free cash ($MM)</td>
<td>$704.6</td>
<td>$649.6</td>
<td>8%</td>
<td>$402.0 vs. 75%</td>
</tr>
<tr>
<td>Earnings before interest, taxes, depreciation &amp; amortization ($MM)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$88.5</td>
<td>$107.5</td>
<td>(18)%</td>
<td>$21.5 vs. 312%</td>
</tr>
<tr>
<td>Tax expense</td>
<td>$49.1</td>
<td>$66.3</td>
<td>(26)%</td>
<td>$15.9 vs. 208%</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>$30.4</td>
<td>$33.3</td>
<td>(9)%</td>
<td>$31.7 vs. 4%</td>
</tr>
<tr>
<td>Corporate interest expense</td>
<td>$11.3</td>
<td>$11.3</td>
<td>0%</td>
<td>$11.4 vs. 1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$179.3</td>
<td>$218.4</td>
<td>(18)%</td>
<td>$80.5 vs. 123%</td>
</tr>
<tr>
<td>Interest coverage</td>
<td>15.8</td>
<td>19.3</td>
<td>(18)%</td>
<td>7.0 vs. 125%</td>
</tr>
<tr>
<td>Active retail brokerage accounts</td>
<td>$2,880,436</td>
<td>$2,848,625</td>
<td>1%</td>
<td>$3,721,017 vs. 23%</td>
</tr>
<tr>
<td>Active banking accounts</td>
<td>$643,240</td>
<td>$638,345</td>
<td>1%</td>
<td>$577,532 vs. 11%</td>
</tr>
<tr>
<td>Total active accounts end of period</td>
<td>$3,523,676</td>
<td>$3,486,970</td>
<td>1%</td>
<td>$4,298,549 vs. 18%</td>
</tr>
<tr>
<td>Total customer households end of period</td>
<td>$2,697,951</td>
<td>$2,656,025</td>
<td>2%</td>
<td>$3,185,714 vs. 15%</td>
</tr>
<tr>
<td>Gross new accounts</td>
<td>$203,355</td>
<td>$154,298</td>
<td>N.M.</td>
<td>$234,832 vs. N.M.</td>
</tr>
<tr>
<td>Inactive accounts</td>
<td>($92,579)</td>
<td>($105,214)</td>
<td>N.M.</td>
<td>($81,855) vs. N.M.</td>
</tr>
<tr>
<td>Customer closed accounts</td>
<td>($74,070)</td>
<td>($74,660)</td>
<td>N.M.</td>
<td>($56,642) vs. N.M.</td>
</tr>
<tr>
<td>Net new accounts</td>
<td>$36,706</td>
<td>($25,576)</td>
<td>N.M.</td>
<td>$96,335 vs. N.M.</td>
</tr>
<tr>
<td>Net new households</td>
<td>$41,926</td>
<td>($22,384)</td>
<td>N.M.</td>
<td>$53,690 vs. N.M.</td>
</tr>
<tr>
<td>Total client assets in investing accounts ($B)</td>
<td>$75.2</td>
<td>$70.8</td>
<td>6%</td>
<td>$44.8 vs. 68%</td>
</tr>
<tr>
<td>Total deposits in banking accounts ($B)</td>
<td>$12.0</td>
<td>$12.5</td>
<td>4%</td>
<td>$9.0 vs. 31%</td>
</tr>
<tr>
<td>Total assets / deposits in customer accounts ($B)</td>
<td>$87.2</td>
<td>$83.3</td>
<td>5%</td>
<td>$53.8 vs. 62%</td>
</tr>
<tr>
<td>Average assets per household</td>
<td>$32,326</td>
<td>$31,376</td>
<td>3%</td>
<td>$16,893 vs. 91%</td>
</tr>
</tbody>
</table>
E*TRADE FINANCIAL Results for the Quarter Ended March 31, 2004

Page 10

### Brokerage Metrics

<table>
<thead>
<tr>
<th></th>
<th>Qtr ended</th>
<th>Qtr ended</th>
<th>Qtr ended</th>
<th>Qtr ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3/31/04 vs.</td>
<td>12/31/03</td>
<td>12/31/03</td>
<td>3/31/03</td>
</tr>
<tr>
<td><strong>Trading days</strong></td>
<td>62.0</td>
<td>62.5</td>
<td>(1)%</td>
<td>61.0</td>
</tr>
<tr>
<td><strong>Daily Average Revenue Trades (DARTs)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Retail</td>
<td>103,052</td>
<td>91,972</td>
<td>12%</td>
<td>55,209</td>
</tr>
<tr>
<td>- US</td>
<td>88,601</td>
<td>83,081</td>
<td>7%</td>
<td>49,977</td>
</tr>
<tr>
<td>- International</td>
<td>14,451</td>
<td>8,891</td>
<td>63%</td>
<td>5,232</td>
</tr>
<tr>
<td>Professional</td>
<td>5,983</td>
<td>4,815</td>
<td>12%</td>
<td>3,107</td>
</tr>
<tr>
<td>Total DARTs</td>
<td>157,035</td>
<td>140,126</td>
<td>12%</td>
<td>86,716</td>
</tr>
<tr>
<td><strong>Total revenue trades (MM)</strong></td>
<td>9.7</td>
<td>8.8</td>
<td>11%</td>
<td>5.3</td>
</tr>
<tr>
<td><strong>Average commission per revenue trade</strong></td>
<td>$11.53</td>
<td>$11.18</td>
<td>3%</td>
<td>$11.51</td>
</tr>
<tr>
<td><strong>Market Making</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity shares traded (MM)</td>
<td>34,696</td>
<td>26,190</td>
<td>32%</td>
<td>10,823</td>
</tr>
<tr>
<td>Average revenue capture per 1,000 equity shares</td>
<td>$0.768</td>
<td>$0.912</td>
<td>(16)°</td>
<td>$1.374</td>
</tr>
<tr>
<td>% of Bulletin Board equity shares to total equity shares</td>
<td>86.4%</td>
<td>82.9%</td>
<td>4%</td>
<td>73.7%</td>
</tr>
<tr>
<td>End of period margin debt ($B)</td>
<td>$2.14</td>
<td>$1.76</td>
<td>22%</td>
<td>$0.90</td>
</tr>
<tr>
<td>Average margin debt ($B)</td>
<td>$1.98</td>
<td>$1.64</td>
<td>20%</td>
<td>$0.96</td>
</tr>
<tr>
<td><strong>Active retail brokerage accounts</strong></td>
<td>2,880,436</td>
<td>2,848,625</td>
<td>1%</td>
<td>3,721,017</td>
</tr>
<tr>
<td>Gross new brokerage accounts</td>
<td>141,717</td>
<td>112,275</td>
<td>N.M.</td>
<td>117,757</td>
</tr>
<tr>
<td>Inactive accounts</td>
<td>(92,579)</td>
<td>(105,214)</td>
<td>N.M.</td>
<td>(72,625)</td>
</tr>
<tr>
<td>Customer closed accounts</td>
<td>(17,327)</td>
<td>(13,336)</td>
<td>N.M.</td>
<td>(15,031)</td>
</tr>
<tr>
<td><strong>Net new brokerage accounts</strong></td>
<td>31,811</td>
<td>(6,275)</td>
<td>N.M.</td>
<td>30,101</td>
</tr>
<tr>
<td>New client assets ($MM)</td>
<td>$3,371</td>
<td>$3,266</td>
<td>3%</td>
<td>$2,922</td>
</tr>
<tr>
<td>Client asset outflow from closed accounts ($MM)</td>
<td>($570)</td>
<td>($400)</td>
<td>(43)%</td>
<td>($309)</td>
</tr>
<tr>
<td>Net new client assets ($MM)</td>
<td>$2,801</td>
<td>$2,867</td>
<td>(2)%</td>
<td>$2,613</td>
</tr>
<tr>
<td><strong>Total Client Assets ($B)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security holdings</td>
<td>$47.7</td>
<td>$43.9</td>
<td>9%</td>
<td>$27.2</td>
</tr>
<tr>
<td>Cash (including money market funds)</td>
<td>$6.0</td>
<td>$6.2</td>
<td>(3)%</td>
<td>$9.4</td>
</tr>
<tr>
<td>Unexercised options (vested)</td>
<td>$21.5</td>
<td>$20.7</td>
<td>4%</td>
<td>$8.3</td>
</tr>
<tr>
<td>Total client assets in investing accounts</td>
<td>$75.2</td>
<td>$70.8</td>
<td>6%</td>
<td>$44.9</td>
</tr>
<tr>
<td>Total client assets per active account</td>
<td>$26,120</td>
<td>$24,861</td>
<td>5%</td>
<td>$12,067</td>
</tr>
<tr>
<td>Unexercised options (unvested) ($B)</td>
<td>$15.3</td>
<td>$14.9</td>
<td>2%</td>
<td>$4.0</td>
</tr>
</tbody>
</table>
E*TRADE FINANCIAL Results for the Quarter Ended March 31, 2004
Page 11

Gross new banking accounts | 61,638 | 42,023 | N.M. | 117,075 | N.M. |
Inactive accounts | - | - | N.M. | (9,230) | N.M. |
Customer closed accounts | (56,743) | (61,324) | N.M. | (41,611) | N.M. |
Net new banking accounts | 4,895 | (19,301) | N.M. | 66,234 | N.M. |

<table>
<thead>
<tr>
<th>Banking Metrics</th>
<th>Qtr ended 3/31/04 vs. Qtr ended 12/31/03</th>
<th>Qtr ended 3/31/04 vs. Qtr ended 3/31/03</th>
</tr>
</thead>
</table>

Banking Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>3/31/04</th>
<th>12/31/03</th>
<th>% Change</th>
<th>3/31/04</th>
<th>12/31/03</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross new banking accounts</td>
<td>61,638</td>
<td>42,023</td>
<td>N.M.</td>
<td>117,075</td>
<td>N.M.</td>
<td></td>
</tr>
<tr>
<td>Inactive accounts</td>
<td>-</td>
<td>-</td>
<td>N.M.</td>
<td>(9,230)</td>
<td>N.M.</td>
<td></td>
</tr>
<tr>
<td>Customer closed accounts</td>
<td>(56,743)</td>
<td>(61,324)</td>
<td>N.M.</td>
<td>(41,611)</td>
<td>N.M.</td>
<td></td>
</tr>
<tr>
<td>Net new banking accounts</td>
<td>4,895</td>
<td>(19,301)</td>
<td>N.M.</td>
<td>66,234</td>
<td>N.M.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>3/31/04</th>
<th>12/31/03</th>
<th>% Change</th>
<th>3/31/04</th>
<th>12/31/03</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct mortgage originations ($B)</td>
<td>$1.1</td>
<td>$0.9</td>
<td>16%</td>
<td>$2.5</td>
<td>(56)%</td>
<td></td>
</tr>
<tr>
<td>Correspondent mortgage originations ($B)</td>
<td>$0.7</td>
<td>$1.2</td>
<td>(47)%</td>
<td>$1.2</td>
<td>(46)%</td>
<td></td>
</tr>
<tr>
<td>Consumer loan originations, incl HELOCs ($B)</td>
<td>$0.7</td>
<td>$0.7</td>
<td>2%</td>
<td>$0.6</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Acquired consumer loans ($B)</td>
<td>$0.1</td>
<td>$0.7</td>
<td>(85)%</td>
<td>-</td>
<td>N.M.</td>
<td></td>
</tr>
<tr>
<td>Mortgage pipeline (end of period) ($B)</td>
<td>$0.9</td>
<td>$0.3</td>
<td>206%</td>
<td>$1.2</td>
<td>(25)%</td>
<td></td>
</tr>
<tr>
<td>Automated teller machines (ATMs)</td>
<td>15,032</td>
<td>15,057</td>
<td>0%</td>
<td>15,053</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Bank Asset Portfolio Detail ($MM)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Cash &amp; equivalents</th>
<th>Trading securities</th>
<th>Investment securities, available-for-sale</th>
<th>Mortgage securities, available-for-sale</th>
<th>Loans receivable, net including loans held-for-sale:</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$165</td>
<td>$276</td>
<td>(40)%</td>
<td>$96</td>
<td>(59)%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$809</td>
<td>$821</td>
<td>(1)%</td>
<td>$480</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,850</td>
<td>$2,413</td>
<td>18%</td>
<td>$1,973</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$7,000</td>
<td>$7,157</td>
<td>(2)%</td>
<td>$6,417</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$4,580</td>
<td>$4,847</td>
<td>(6)%</td>
<td>$3,152</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$4,130</td>
<td>$4,284</td>
<td>(4)%</td>
<td>$3,710</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1</td>
<td>$1</td>
<td>0%</td>
<td>$2</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$675</td>
<td>$587</td>
<td>15%</td>
<td>$788</td>
<td>(14)%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$20,210</td>
<td>$20,386</td>
<td>(1)%</td>
<td>$16,920</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

Bank Deposit Portfolio Detail ($MM)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Transaction accounts</th>
<th>CDs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$8,767</td>
<td>$3,209</td>
<td>$11,976</td>
</tr>
<tr>
<td></td>
<td>$8,988</td>
<td>$3,527</td>
<td>$12,514</td>
</tr>
<tr>
<td></td>
<td>(2)%</td>
<td>(9)%</td>
<td>(4)%</td>
</tr>
<tr>
<td></td>
<td>$4,597</td>
<td>$4,359</td>
<td>$8,956</td>
</tr>
<tr>
<td></td>
<td>91%</td>
<td>(26)%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Bank interest rate spread (basis points) | 185 | 152 | 22% |

Credit Quality and Reserve Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Net charge-offs as a % of average held-for-investment loans, net (annualized)</th>
<th>Provision as a % of average held-for-investment loans, net (annualized)</th>
<th>Allowance as a % of total ending gross held-for-investment loans</th>
<th>Total non-performing loans, net, as a % of total gross held-for-investment loans</th>
<th>Total loan loss allowance as a % of total non-performing loans, net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.34%</td>
<td>0.44%</td>
<td>(0.10)%</td>
<td>0.65%</td>
<td>(0.31)%</td>
</tr>
<tr>
<td></td>
<td>0.44%</td>
<td>0.65%</td>
<td>(0.21)%</td>
<td>0.76%</td>
<td>(0.32)%</td>
</tr>
<tr>
<td></td>
<td>0.48%</td>
<td>0.46%</td>
<td>0.02%</td>
<td>0.52%</td>
<td>(0.04)%</td>
</tr>
<tr>
<td></td>
<td>0.26%</td>
<td>0.30%</td>
<td>(0.04)%</td>
<td>0.44%</td>
<td>(0.18)%</td>
</tr>
<tr>
<td></td>
<td>186%</td>
<td>154%</td>
<td>32%</td>
<td>119%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Tier 1 Capital Ratio (5) | 6.21% | 5.92% | 0.29% | 5.90% | 0.31% |
Risk Weighted Capital Ratio (5) | 11.69% | 11.30% | 0.39% | 12.20% | (0.51)% |
Activity in Allowance for Loan Losses

<table>
<thead>
<tr>
<th>Three Months Ended March 31, 2004</th>
<th>Mortgage</th>
<th>Consumer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for loan losses, ending 12/31/03</td>
<td>$5,662</td>
<td>$32,185</td>
<td>$37,847</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>2,637</td>
<td>6,418</td>
<td>9,055</td>
</tr>
<tr>
<td>Charge-offs, net</td>
<td>(437)</td>
<td>(6,714)</td>
<td>(7,151)</td>
</tr>
<tr>
<td>Allowance for loan losses, ending 3/31/04</td>
<td>$7,862</td>
<td>$31,889</td>
<td>$39,751</td>
</tr>
</tbody>
</table>

Bank Average Balance Data

<table>
<thead>
<tr>
<th>Three Months Ended March 31, 2004</th>
<th>Interest Average</th>
<th>Annualized Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-earning banking assets:</td>
<td>Average Income/</td>
<td>Yield/Cost</td>
</tr>
<tr>
<td>Loans receivable, net</td>
<td>$8,932,832</td>
<td>$109,969</td>
</tr>
<tr>
<td>Interest-bearing deposits</td>
<td>142,301</td>
<td>1,105</td>
</tr>
<tr>
<td>Mortgage-backed and related available-for-sale securities</td>
<td>7,297,956</td>
<td>72,031</td>
</tr>
<tr>
<td>Available-for-sale investment securities</td>
<td>2,575,419</td>
<td>25,179</td>
</tr>
<tr>
<td>Investment in FHLB stock</td>
<td>79,469</td>
<td>739</td>
</tr>
<tr>
<td>Trading securities</td>
<td>818,649</td>
<td>6,487</td>
</tr>
<tr>
<td>Total interest-earning banking assets (0)</td>
<td>$19,846,486</td>
<td>$215,470</td>
</tr>
<tr>
<td>Non-interest-earning banking assets</td>
<td>447,450</td>
<td>781,678</td>
</tr>
<tr>
<td>Total banking assets</td>
<td>$20,293,936</td>
<td>$16,958,946</td>
</tr>
<tr>
<td>Interest-bearing banking liabilities:</td>
<td>Interest Average</td>
<td>Annualized Average</td>
</tr>
<tr>
<td>Retail deposits</td>
<td>$12,018,832</td>
<td>$48,875</td>
</tr>
<tr>
<td>Brokers certificates of deposit</td>
<td>372,034</td>
<td>2,328</td>
</tr>
<tr>
<td>FHLB advances</td>
<td>920,000</td>
<td>10,399</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>5,679,179</td>
<td>56,004</td>
</tr>
<tr>
<td>Total interest-bearing banking liabilities</td>
<td>$18,990,045</td>
<td>$117,606</td>
</tr>
<tr>
<td>Non-interest bearing banking liabilities</td>
<td>276,570</td>
<td>437,312</td>
</tr>
<tr>
<td>Total banking liabilities</td>
<td>$19,266,615</td>
<td>$16,151,028</td>
</tr>
<tr>
<td>Total banking shareholders’ equity</td>
<td>1,027,321</td>
<td>807,918</td>
</tr>
<tr>
<td>Total banking liabilities and shareholder’s equity</td>
<td>$20,293,936</td>
<td>$16,958,946</td>
</tr>
<tr>
<td>Excess of interest-earning banking assets over interest-bearing banking liabilities/net interest income</td>
<td>856,441</td>
<td>97,864</td>
</tr>
<tr>
<td>Net interest spread</td>
<td>1.89%</td>
<td>1.52%</td>
</tr>
</tbody>
</table>
SUPPLEMENTAL INFORMATION AND ENDNOTES

Explanation of Non-GAAP Measures and Certain Metrics

In order to better assess the Company’s financial operating results, management believes operating margins, free cash, EBITDA and interest coverage are appropriate measures of evaluating the operating and liquidity performance of the Company.

Free Cash and Interest Coverage

Free cash as reported by the Company represents cash held at Parent and non-Bank or Brokerage subsidiaries less discretionary reserves and excess capital at Bank and Brokerage after regulatory capital requirements and the Company’s own regulatory capital guidelines. The Company believes that free cash is a useful measure of the Company’s liquidity as it excludes cash reflected on the balance sheet that may not be freely available to the Company. Interest coverage is defined as EBITDA divided by corporate interest expense.

It is important to note these metrics and other non-GAAP measures may involve judgment by management and should be considered in addition to, not as a substitute for, or superior to, net income, consolidated statements of cash flows, or other measures of financial performance prepared in accordance with GAAP.

(1) For the three months ended March 31, 2004 and December 31, 2003, diluted net income per share is calculated using the ‘if converted’ method, which includes the additional dilutive impact assuming conversion of the Company’s subordinated convertible debt. Under the ‘if converted’ method the per share numerator excludes the interest expense and related amortization of offering costs from the convertible debt, net of tax, of $7.6 million and $7.2 million for the three months ended March 31, 2004 and December 31, 2003, respectively. The denominator includes the shares issuable from the assumed conversion of the convertible debt of 45.4 million. For the three months ended March 31, 2003, the ‘if converted’ method is not used as its effect would be anti-dilutive.

(2) Eliminates intercompany payment made by Bank to Brokerage related to Sweep Deposit Account (SDA) relationships, swept daily from Brokerage to Bank, which began in the third quarter of 2003. Under this relationship, Bank pays Brokerage a negotiated rate that approximates market on the average SDA balance. Bank reflects this payment as advertising and market development expense and Brokerage reflects this payment as other revenues.

(3) Amounts and percentages may not calculate due to rounding.

(4) Consolidated operating margin is defined as income before other corporate items divided by net revenues. Operating margin for Brokerage and Bank is based on segment results.

(5) Q1'04 estimate.

(6) Amounts include a taxable equivalent increase in interest income of $1.1 million for the three months ended March 31, 2004 and $0.5 million for the three months ended March 31, 2003.