

E\*TRADE(R) Reports Net Income From Ongoing Operations of \$0.02  
Per Share In Q400 and Doubles Annual Revenues to \$1.4 Billion

Company Reports Total Net Income Of \$47.7 Million in Q400, or \$0.15 Per Share,  
Compared to a Net Loss of \$28.1 Million, or (\$0.10) Per Share in the Same  
Quarter a Year Ago

Financial Highlights:

- Year over year growth of 104 percent while delivering on commitment to profitability and expansion
- \$475 million in earnings before marketing for fiscal 2000, up 140 percent
- Gross margin of 62 percent for fiscal 2000, from 55 percent in 1999
- 3.3 million customer accounts, approximately double a year ago
- \$66 billion in customer assets, including \$4.6 billion in Bank deposits
- 1.7 million net new accounts in fiscal 2000, with an acquisition cost of \$263 per account
- Net new accounts grew by 55 percent, with related acquisition cost increasing only seven percent in fiscal 2000

MENLO PARK, Calif., Oct. 19 /PRNewswire/ --

E\*TRADE Group, Inc. (Nasdaq: EGRP) today announced strong ongoing results for its fourth quarter and fiscal year-end, achieving ongoing profitability for three consecutive quarters, growing customer accounts to over 3.3 million and recording annual net revenues of \$1.4 billion. Net revenue for the quarter was \$340 million, up 76 percent from \$193 million for the same period a year ago. These strong results were achieved by E\*TRADE even during adverse market conditions, while providing customers with a broad, global value proposition that integrates banking, brokerage and investment products.

For the quarter ended September 30, 2000, E\*TRADE had a net profit from ongoing operations of \$7.2 million, or \$0.02 per share, as compared to a net loss of \$33.4 million, or (\$0.12) per share a year earlier. The reported total net profit for the fourth quarter of fiscal 2000 was \$47.7 million, or \$0.15 per share on a fully diluted basis, as the Company continued its plan to periodically liquidate portions of its strategic investment portfolio. Results from ongoing operations exclude the amortization of goodwill and merger-related expenses, the gain on sale of investments and an unrealized loss on the venture fund.

E\*TRADE also added 337,000 net new brokerage and banking accounts during Q400, bringing its total active accounts to more than 3.3 million, approximately double that of 1.7 million accounts a year ago. Net new additions for the quarter include 77,500 accounts gained from E\*TRADE's agreement with Wit Capital to acquire its brokerage accounts. At the same time, E\*TRADE continued to leverage its strong brand awareness and equity to deliver an efficient cost per net new account of \$211 for the quarter, including those accounts added through the agreement with Wit Capital, vs. \$210 a year ago, and \$291 in Q300. Average transactions per day were 150,000, up 84 percent from 81,000 a year ago.

"E\*TRADE profitably grew its core business units, while continuing to invest in the future growth and strength of the franchise," said Christos M. Cotsakos, chairman of the board and chief executive officer of E\*TRADE Group, Inc. "The strong results from our securities business unit, in combination with our banking, institutional and corporate services business units, display the robust nature and scalability of our business model as we continue to invest in the growth of our international and asset gathering groups to create a fully-integrated, personalized financial solution for our customers worldwide."

Reconciliation of results from ongoing operations to reported results

	Q400	Q499	FY00	FY99
Income (loss) from ongoing operations				
Pre-tax	\$11.3	\$(51.4)	\$(46.8)	\$(127.4)
After-tax	7.2	(33.4)	(31.8)	(82.0)
EPS	\$0.02	\$(0.12)	\$(0.11)	\$(0.30)
Pre-tax amounts				
Gain on sale of investments	144.5	12.3	211.1	54.1
Unrealized loss on Venture Fund	(8.1)	--	(0.7)	--
Non-operating merger related expenses, amortization of goodwill, and other	(13.3)	(4.1)	(59.2)	(10.1)
Income (loss) as reported				
Pre-tax	\$134.4	\$(43.2)	\$104.4	\$(83.4)
After-tax	47.7	(28.1)	19.2	(57.0)
EPS	\$0.15	\$(0.10)	\$0.06	\$(0.21)

Q400 Company Highlights:

By driving results and delivering on its ongoing commitment to grow the Company, E\*TRADE reached significant milestones in Q400 across all of its lines of business, advancing its superior value proposition to customers while achieving profits. During this period, E\*TRADE continued its expansion into a diversified financial services company and further democratized access to personal financial management by creating an innovative, low-cost alternative to "bricks-and-mortar," for the individual investor.

Asset Gathering: Giving Customers More Reasons to Invest with E\*TRADE

- Completed acquisition of eInvesting, allowing consumers and businesses to develop their own security baskets online
- Announced intention to acquire PrivateAccounts.com, enabling customers access to the expertise and experience of professional money managers
- Completed joint venture with Ernst & Young to create eAdvisor, a new entity that provides consumers with financial planning services both online and in person
- Announced addition of Financial Engines technology to eAdvisor offering, providing customers with specific, personalized mutual fund recommendations
- Announced joint venture with State Street Global Advisors to create tax-deferred college savings programs for individual investors
- Added several new corporate clients including Webex, Sierra Healthcare, Kroger, Citrix, Ohio Casualty, Efunds and The McClatchy Company, bringing the total number of corporate clients in E\*TRADE's Business Solutions Group (E\*BSG) to approximately 3,500
- Introduced Club E\*TRADE, establishing a dedicated customer service team for existing high net worth customers
- Expanded E\*BSG offering to include 401K product for corporate clients in fiscal 2001

E\*TRADE Bank: The World's Largest Internet Bank

- Ranked the 19th largest Federally chartered savings bank
- More than doubled assets, deposits and accounts over previous year
- Increased portfolio of assets to \$9 billion through E\*TRADE Capital Markets
- Increased deposits to \$4.6 billion and accounts to nearly 290,000
- Doubled number of net new cross sell accounts from E\*TRADE brokerage over previous quarter, representing nearly 40 percent of all net new accounts entering the Bank
- Completed re-branding for majority of 9,600 ATMs

- Added first deposit taking ATM to "E\*TRADE Zone" in SuperTarget
- Leveraged E\*TRADE Capital Markets fixed-income expertise to significantly enhance existing E\*TRADE Bond Center
- Continued surpassing the national average on savings rates, checking accounts and CDs

Global / Institutional: Expanding Our Reach to 11 Countries Worldwide

- Ranked the number one global online broker by Lafferty Internet Ratings
- Completed acquisition of VERSUS Technologies to gain 100 percent ownership of E\*TRADE Canada and exclusive access to the VERSUS Network which will be used to create an electronic trading platform for our more than 650 institutional customers worldwide
- Extended global network by launching E\*TRADE Norway and furthered cross border trading network by offering US equities through the newly established affiliate
- Strengthened European presence by agreeing to acquire shares of E\*TRADE Germany from AG Berliner Effektenbank AG and NEW YORK BROKER Deutschland AG to gain 100 percent of the subsidiary
- Sold minority position in CPR-E\*TRADE, positioning E\*TRADE for majority ownership in the French market
- Supported Initial Public Offering of E\*TRADE Japan on Nasdaq Japan

Brand: Driving the Customer Experience Through a Superior Value Proposition

- Established new marketing campaign, "It's Your Money" to demonstrate an increased focus on personalizing products and services for consumers
- Furthered high-tech/high-touch strategy with the "E\*TRADE Zone" at SuperTarget in Roswell, Georgia, providing customers with an integrated banking and brokerage solution, as well as a deposit taking E\*TRADE ATM
- Expanded wireless strategy through carrier agreements with Sprint PCS and Nextel Communications, in addition to existing agreements with Verizon Wireless, AT&T Wireless and GTE Wireless, giving E\*TRADE the widest potential wireless reach of any financial services provider
- Launched OptionsEdge, the new E\*TRADE Options Center
- Launched E\*TRADE Chinese, providing full service brokerage services in both Mandarin and Cantonese for Chinese-Americans
- Launched Pre-open Trading offering additional extended hours trading capabilities to investors

Technology: Leveraging Efficiencies to Enhance the Customer Experience

- Launched new customer service platform that will allow E\*TRADE customer service to anticipate the needs of consumers
- Launched an integrated wireless banking platform, enabling E\*TRADE customers to access their balances, transfer funds, and pay bills anytime, anywhere
- Entered strategic agreement with NewRiver Communications to provide electronic delivery of investor communications, yielding approximately \$7 million in estimated annual cost savings

Key Performance Metrics

Key Metric	4Q00	4Q99	4Q00 v 4Q99
Active investment accounts	3,027,362	1,567,393	93%
Active banking accounts	288,073	97,402	196%
Total active accounts end of period	3,315,435	1,664,795	99%
Net new accounts	337,290	340,427	-1%
Cost per net new account	\$211	\$210	0%

Total assets in investing

accounts	\$61.3 billion	\$28.7 billion	114%
Total deposits in banking accounts	\$4.6 billion	\$2.1 billion	120%
Total assets/ deposits in customer accounts	\$65.9 billion	\$30.8 billion	114%
Total inflow into customer accounts	\$6.0 billion	\$4.3 billion	37%
Daily average inflow	\$94.5 million	\$67.8 million	39%
Total bank assets	\$9.0 billion	\$4.0 billion	126%
Total transactions	9.4 million	5.2 million	81%
Daily average transactions	150,000	81,000	84%
Time on site* (minutes)	48.4 **	50.7***	(4%)
Reach*	2.8%**	2.5%***	12%

Key Metric	FY00	FYQ99	FY00 v FY99
Active investment accounts	3,027,362	1,567,393	93%
Active banking accounts	288,073	97,402	196%
Total active accounts end of period	3,315,435	1,664,795	99%
Net new accounts	1,650,640	1,066,942	55%
Cost per net new account	\$263	\$245	7%
Total assets in investing accounts	\$61.3 billion	\$28.7 billion	114%
Total deposits in banking accounts	\$4.6 billion	\$2.1 billion	120%
Total assets/ deposits in customer accounts	\$65.9 billion	\$30.8 billion	114%
Total inflow into customer accounts	\$29.6 billion	\$14.3 billion	107%
Daily average inflow	\$117 million	\$57 million	106%
Total bank assets	\$9.0 billion	\$4.0 billion	126%
Total transactions	43.4 million	17.4 million	149%
Daily average transactions	171,000	69,000	148%
Time on site* (minutes)	58.9 **	47.7***	23%
Reach*	3.3%**	2.4%***	37%

\* Source: Media Metrix, September 2000

\*\* 4Q00 numbers are based on July and August 2000

\*\*\* 4Q99 numbers are based on average of July, August, and September 1999

#### About E\*TRADE

E\*TRADE is a global leader in online personal financial services, offering value-added investing, banking and research features, premium customer service and a redundant, proprietary Stateless Architecture(SM) infrastructure. Lafferty Internet Ratings recently rated E\*TRADE as the number one global online broker (9/00). In addition to the U.S., E\*TRADE presently serves customers in Australia, Canada, Denmark, Japan, Korea, New Zealand, Norway, Sweden, South Africa, and the U.K, through branded web sites. E\*TRADE Securities Inc. (Member NASD/SIPC), and its parent company, E\*TRADE Group, Inc. have offices in Northern California and in other major business centers in the U.S. and worldwide. E\*TRADE is a registered trademark of E\*TRADE Securities, Inc. E\*TRADE Bank is a wholly owned subsidiary of E\*TRADE Group, Inc. Deposits at E\*TRADE Bank are insured up to \$100,000 by the FDIC. Based on FDIC data as of October 1, 2000, E\*TRADE Bank is the nation's largest pure-play Internet bank and is the only pure-play Internet bank to be ranked among the top 19 federally chartered U.S. savings banks based on both assets and deposits.

Important Notice

E\*TRADE, Destination E\*TRADE and Stateless Architecture are registered trademarks or trademarks of E\*TRADE Securities, Inc. All other trademarks are properties of their respective owners. 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, market acceptance of the Destination E\*TRADE web site, 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 the company with the SEC on Form 10-K in October 1999 (including information under the caption "Risk Factors") and quarterly reports on Form 10-Q filed in February 2000.

System response and account access time may vary due to market conditions, trading volume, system performance and other factors.

Past performance is no guarantee of future results. Yield and investment return will fluctuate. An investment in the E\*TRADE Premier Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. Read the prospectus carefully before you invest.

E\*TRADE GROUP, INC. AND SUBSIDIARIES  
Consolidated Statements of Operations  
(in thousands, except per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Year Ended September 30,	
	2000	1999	2000	1999
Revenues:				
Transaction revenues	\$151,976	\$98,919	\$739,078	\$355,830
Interest income	300,706	122,704	960,358	369,074
Global and institutional	37,185	29,735	166,061	124,233
Other	46,730	13,308	107,686	40,546
Gross revenues	536,597	264,666	1,973,183	889,683
Interest expense	(195,100)	(70,298)	(600,862)	(215,452)
Provision for loan losses	(1,236)	(1,348)	(4,003)	(2,783)
Net revenues	340,261	193,020	1,368,318	671,448
Cost of services	136,155	96,723	515,571	302,342
Operating expenses:				
Selling and marketing	91,773	86,997	521,532	325,449
Technology development	28,491	27,331	142,914	79,935
General and administrative	61,292	31,161	209,436	102,826
Amortization of goodwill and other intangibles	8,396	579	22,764	2,915
Merger related expenses	4,908	3,522	36,427	7,174

Total operating expenses	194,860	149,590	933,073	518,299
Total cost of services and operating expenses	331,015	246,313	1,448,644	820,641
Operating income (loss)	9,246	(53,293)	(80,326)	(149,193)
Non-operating income (expense):				
Gain on sale of investments	144,502	12,287	211,149	54,093
Unrealized loss on venture funds	(8,099)	--	(736)	--
Corporate interest - net and other	(11,298)	(2,183)	(25,638)	11,694
Total non-operating income	125,105	10,104	184,775	65,787
Pre-tax income (loss)	134,351	(43,189)	104,449	(83,406)
Income tax expense (benefit)	87,194	(15,670)	85,478	(31,288)
Minority interest in subsidiaries	(499)	526	(181)	2,197
Income (loss) before cumulative effect of accounting change and extraordinary loss	47,656	(28,045)	19,152	(54,315)
Cumulative effect of accounting change, net of tax	--	--	--	(469)
Extraordinary loss on early extinguishment of subordinated debt, net of tax	--	--	--	(1,985)
Net income (loss)	47,656	(28,045)	19,152	(56,769)
Preferred stock dividends	--	42	--	222
Income (loss) applicable to common stock	\$47,656	\$(28,087)	\$19,152	\$(56,991)
Income (loss) per share before cumulative effect of accounting change and extraordinary loss:				
Basic	\$0.15	\$(0.10)	\$0.06	\$(0.20)
Diluted	\$0.15	\$(0.10)	\$0.06	\$(0.20)
Income (loss) per share:				
Basic	\$0.15	\$(0.10)	\$0.06	\$(0.21)
Diluted	\$0.15	\$(0.10)	\$0.06	\$(0.21)
Shares used in computation of income (loss) per share before cumulative effect of accounting change and extraordinary loss,				

and income (loss)				
per share:				
Basic	309,145	282,826	301,926	272,832
Diluted	322,570	282,826	319,336	272,832

E\*TRADE GROUP, INC. AND SUBSIDIARIES  
Consolidated Statements of Operations  
(in thousands, except per share amounts)  
(Unaudited)

	Three Months Ended	
	September 30, 2000	June 30, 2000
Revenues:		
Transaction revenues	\$151,976	\$180,194
Interest income	300,706	258,391
Global and institutional	37,185	40,577
Other	46,730	24,950
Gross revenues	536,597	504,112
Interest expense	(195,100)	(164,841)
Provision for loan losses	(1,236)	(974)
Net revenues	340,261	338,297
Cost of services	136,155	128,582
Operating expenses:		
Selling and marketing	91,773	117,324
Technology development	28,491	33,792
General and administrative	61,292	52,188
Amortization of goodwill and other intangibles	8,396	6,908
Merger related expenses	4,908	1,133
Total operating expenses	194,860	211,345
Total cost of services and operating expenses	331,015	339,927
Operating income (loss)	9,246	(1,630)
Non-operating income (expense):		
Gain on sale of investments	144,502	24,416
Unrealized loss on venture funds	(8,099)	(3,462)
Corporate interest-net and other	(11,298)	(7,796)
Total non-operating income	125,105	13,158
Pre-tax income	134,351	11,528
Income tax expense	87,194	7,896
Minority interest in subsidiaries	(499)	(585)
Net income	\$47,656	\$4,217
Net income per share:		
Basic	\$0.15	\$0.01
Diluted	\$0.15	\$0.01
Shares used in computation of net income per share:		
Basic	309,145	302,870
Diluted	322,570	318,731

E\*TRADE GROUP, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets  
(in thousands)  
(Unaudited)

	September 30, 2000	September 30, 1999
<b>ASSETS</b>		
Cash and equivalents	\$175,443	\$157,705
Cash and investments required to be segregated under Federal or other regulations	125,862	122,412
Brokerage receivables - net	6,671,106	2,982,076
Mortgage-backed securities	4,188,553	1,426,053
Loans receivable - net	4,172,754	2,154,509
Investments	985,218	828,829
Property and equipment - net	334,262	181,675
Goodwill and other intangibles	484,166	18,554
Other assets	308,671	160,361
<b>Total assets</b>	<b>\$17,446,035</b>	<b>\$8,032,174</b>
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
<b>Liabilities:</b>		
Brokerage payables	\$6,121,716	\$2,911,678
Banking deposits	4,721,801	2,162,682
Borrowings by bank subsidiary	3,531,000	1,267,474
Accounts payable, accrued and other liabilities	533,154	207,961
Convertible subordinated notes	650,000	--
<b>Total liabilities</b>	<b>15,557,671</b>	<b>6,549,795</b>
Mandatorily redeemable preferred securities	31,531	30,584
<b>Shareowners' equity:</b>		
Preferred stock, shares authorized: 1,000,000; issued and outstanding: none at September 30, 2000 and 1999	--	--
Shares exchangeable into common stock, \$.01 par value, shares authorized: 10,644,223; issued and outstanding: 5,619,543 at September 30, 2000 and 8,709,280 at September 30, 1999	56	87
Common stock, \$.01 par value, shares authorized: 600,000,000; issued and outstanding: 304,504,764 at September 30, 2000 and 275,145,791 at September 30, 1999	3,045	2,751
Additional paid-in-capital	1,814,581	1,320,338
Unearned ESOP shares	(1,560)	(2,122)
Shareowners' notes receivable	(19,103)	(1,092)
Accumulated deficit	(6,908)	(26,060)
Accumulated other comprehensive income	66,722	157,893
<b>Total shareowners' equity</b>	<b>1,856,833</b>	<b>1,451,795</b>
<b>Total liabilities and shareowners' equity</b>	<b>\$17,446,035</b>	<b>\$8,032,174</b>

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(EGRP)

CO: E\*TRADE Group, Inc.; CPR-E\*TRADE; AG Berliner Effektenbank AG  
ST: California, France, Germany, Georgia  
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