

E*TRADE Reports Break-Even Results From Ongoing Operations
and \$330 Million In Revenues

Company Reports Third Consecutive Quarter of Operating Profitability

MENLO PARK, Calif., April 10 /PRNewswire/ --

E*TRADE Group, Inc. (NYSE: ET) today announced results for its quarter ended March 31, 2001, reporting net income from ongoing operations of \$868,000, or \$0.00 per share, compared to a net loss from ongoing operations of \$672,000, or (\$0.00) per share in the same quarter a year ago. The Company reported net revenue for its quarter ended March 31, 2001 of \$330 million, down 21 percent from \$417 million for the same period a year ago.

Results from ongoing operations exclude the amortization of goodwill and merger-related expenses, the gain (loss) on sale of investments, unrealized losses on the venture fund investments, and the fair value adjustments of financial derivatives related to the impact of the accounting rule FAS 133. Including all of the above mentioned items, E*TRADE reported a total loss before extraordinary loss on early extinguishment of debt for the quarter ended March 31, 2001 of \$7.2 million, or (\$0.02) per share on a fully diluted basis, compared to a net loss of \$25.5 million, or (\$0.09) per share for the same period a year ago.

E*TRADE added 166,112 net new brokerage and banking accounts during the quarter ended March 31, 2001, bringing its total accounts to over 3.7 million, up 41 percent compared to the 2.6 million accounts reported at the end of the same quarter a year ago.

"Despite the current economic slowdown, E*TRADE continued to demonstrate the strength and flexibility of our business model," said Christos M. Cotsakos, chairman of the board and chief executive officer of E*TRADE Group, Inc. "Our focus continues to be straight-forward -- manage the business for long-term growth, continue to meet the needs of our customers and build ongoing shareowner value. We're accomplishing this by leveraging cost efficiencies across the entire organization, increasing penetration of households by deepening customer relationships, offering innovative new products and capitalizing on new revenue streams."

During the first quarter of calendar 2001, E*TRADE made significant advancements in operational efficiency and productivity while making important investments for future growth. The Company focused on deepening its relationships with customer households by redirecting efforts to focus on cross-sell and up-sell opportunities between the brokerage and bank businesses, resulting in over \$500 million in incremental deposits being added to existing bank customer accounts during the quarter. Additionally, E*TRADE more efficiently grew its share of wallet by concentrating on high net worth individuals through Club E*TRADE.

The Company extended its touch points with the grand opening of E*TRADE Center, its flagship financial superstore, in New York City. E*TRADE Center's 30,000 square feet of retail space brings knowledge and education to investors and savers in a high-tech/high-touch experience. E*TRADE also enhanced its relationship with Target Corporation through agreements to add 1,000 ATMs in Target stores nationwide over the next two years and develop 20 new E*TRADE Zones in SuperTarget stores over the next 12 months.

In the product arena, E*TRADE completed the acquisition of LoansDirect, which will allow consumers access to mortgage and home equity loans. The Company continued its personalized and segmented product strategy by introducing MarketTrader and Personal Money Management for active traders and high net worth individuals, respectively. E*TRADE also implemented a North American sales organization intended to establish a direct marketing channel within the mass affluent retail and corporate segments to deliver high value products and services.

On the global front, E*TRADE established E*TRADE Hong Kong, making it the fourth country launched in the Asia-Pacific region -- following Australia, Japan and Korea -- and the eleventh country outside of the U.S. E*TRADE Hong Kong offers equities and warrants trading on the Hong Kong Stock Exchange and

is one of the first financial services companies to offer flat fee pricing on equity trades to individual investors in Hong Kong.

"Looking ahead to the next six to twelve months, E*TRADE plans to continue to invest in our efficient, scalable business model and broad product offering while aggressively looking for cost savings opportunities to ensure long-term earnings growth," continued Cotsakos. "Our seasoned management team will focus on core opportunities within the business, reallocate dollars to improve operational efficiency and continue to deliver products that meet consumer demand. In many ways, the current economic environment has been the ultimate test of our business model. If our business can deliver operating profits during a full market cycle, we expect it will perform to its ultimate potential during stronger market, economic and business conditions."

Financial Results

Reconciliation of results from ongoing operations to reported results

	Q ended 3/31/01	Q ended 3/31/00	Q ended 12/31/00
Income (loss) as reported:			
Pre-tax	(\$20.4)	(\$34.0)	\$3.2
After-tax, before cumulative effect of accounting change and extraordinary loss	(\$7.2)	(\$25.5)	\$1.4
EPS, before cumulative effect of accounting change and extraordinary loss	(\$0.02)	(\$0.09)	\$0.00
Pre-tax amounts, excluded from ongoing operations			
Amortization of goodwill and other intangibles	(\$8.0)	(\$5.3)	(\$7.8)
Merger related expenses	--	(\$24.6)	(0.8)
Gain/(loss) on sale of investments	(\$2.5)	\$10.9	\$3.6
Unrealized loss on venture funds	(\$11.6)	(\$14.6)	(\$6.2)
Fair value adjustments of financial derivatives	\$0.3	--	\$4.7
Income (loss) from ongoing operations			
Pre-tax	\$1.4	(\$0.4)	\$9.7
After-tax and minority interest	\$0.9	(\$0.7)	\$6.0
EPS	\$0.00	(\$0.00)	\$0.02

Key Performance Metrics

	Q ended 3/31/01	Q ended 3/31/00	Q ended 3/31/01 vs. Q ended 3/31/00	Q ended 12/31/000	Q ended 3/31/01 vs. Q ended 12/31/00
Active investment accounts	3,320,356	2,474,001	34%	3,196,392	4%
Active banking accounts	404,765	170,584	137%	362,617	12%
Total active accounts end of period	3,725,121	2,644,585	41%	3,559,009	5%
Net new accounts	166,112	610,681	(73%)	243,574	(32%)

Cost per net new account	\$387	\$258	50%	\$302	28%
Total assets in investing accounts	\$41.1 billion	\$62.7 billion	(34%)	\$46.9 billion	(12%)
Total deposits in banking accounts	\$6.8 billion	\$3.2 billion	112%	\$5.7 billion	20%
Total assets/deposits in customer accounts	\$47.9 billion	\$65.9 billion	(27%)	\$52.6 billion	(9%)
Total inflow into customer accounts	\$5.3 billion	\$10.0 billion	(47%)	\$5.6 billion	(5%)
Daily average inflow	\$85 million	\$159 million	(46%)	\$89 million	(5%)
Total bank assets	\$12.1 billion	\$6.4 billion	88%	\$11.3 billion	7%
Total transactions	8.4 million	14.6 million	(42%)	9.4 million	(11%)
Daily average transactions	136,000	232,000	(42%)	150,000	(9%)

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(R) infrastructure. In addition to the U.S., E*TRADE presently serves customers in Australia, Canada, Denmark, Hong Kong, Korea, Japan, New Zealand, Norway, South Africa, Sweden, 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.

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 November 2000, as amended (including information

under the caption "Risk Factors").

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

E*TRADE Bank and E*TRADE Securities, Inc. are affiliated but separate companies. Deposits at E*TRADE Bank are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). Investment products made available from E*TRADE Securities, Inc. are not insured by the FDIC, are not guaranteed deposits or obligations of E*TRADE Bank and are subject to investment risk, including possible loss of principal amount invested.

E * T R A D E G R O U P , I N C . A N D S U B S I D I A R I E S
C o n s o l i d a t e d S t a t e m e n t s o f O p e r a t i o n s
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2001	2000
Revenues:		
Transaction revenues	\$131,362	\$254,596
Interest income	317,430	243,582
Global and institutional	36,841	49,676
Other	64,492	16,711
Gross revenues	550,125	564,565
Interest expense	(219,101)	(146,609)
Provision for loan losses	(1,443)	(1,256)
Net revenues	329,581	416,700
Cost of services	142,435	135,579
Operating expenses:		
Selling and marketing	93,698	180,605
Technology development	22,281	43,335
General and administrative	60,242	52,551
Amortization of goodwill and other intangibles	7,999	5,297
Merger related expenses	--	24,599
Total operating expenses	184,220	306,387
Total cost of services and operating expenses	326,655	441,966
Operating income (loss)	2,926	(25,266)
Non-operating income (expense):		
Corporate interest income	5,778	3,620
Corporate interest expense	(11,228)	(7,128)
Gain (loss) on sale of investments	(2,531)	10,915
Equity in losses of investments	(3,341)	(736)
Unrealized loss on venture funds	(11,611)	(14,628)
Fair value adjustments of financial derivatives	334	--
Other	(700)	(753)
Total non-operating expense	(23,299)	(8,710)
Pre-tax loss	(20,373)	(33,976)
Income tax benefit	(13,242)	(8,918)
Minority interest in subsidiaries	35	408
Loss before extraordinary		
loss on early extinguishment of debt	(7,166)	(25,466)
Extraordinary loss on early extinguishment of debt, net of tax	(2,037)	--
Net loss	\$(9,203)	\$(25,466)

Loss per share before extraordinary		
Loss on early extinguishment of debt		
Basic	\$ (0.02)	\$ (0.09)
Diluted	\$ (0.02)	\$ (0.09)
Net loss per share:		
Basic	\$ (0.03)	\$ (0.09)
Diluted	\$ (0.03)	\$ (0.09)
Shares used in computation of per share data:		
Basic	317,242	298,026
Diluted	317,242	298,026

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

	Three Months Ended March 31, 2001	December 31, 2000
Revenues:		
Transaction revenues	\$131,362	\$153,405
Interest income	317,430	337,890
Global and institutional	36,841	37,454
Other	64,492	40,283
Gross revenues	550,125	569,032
Interest expense	(219,101)	(233,619)
Provision for loan losses	(1,443)	(1,647)
Net revenues	329,581	333,766
Cost of services	142,435	133,260
Operating expenses:		
Selling and marketing	93,698	97,940
Technology development	22,281	29,161
General and administrative	60,242	57,901
Amortization of goodwill		
and other intangibles	7,999	7,811
Merger related expenses	--	784
Total operating expenses	184,220	193,597
Total cost of services		
and operating expenses	326,655	326,857
Operating income	2,926	6,909
Non-operating income (expense):		
Corporate interest income	5,778	7,061
Corporate interest expense	(11,228)	(11,211)
Gain (loss) on sale of investments	(2,531)	3,582
Equity in losses of investments	(3,341)	(61)
Unrealized loss on venture funds	(11,611)	(6,158)
Fair value adjustments		
of financial derivatives	334	4,668
Other	(700)	(1,561)
Total non-operating expense	(23,299)	(3,680)
Pre-tax income (loss)	(20,373)	3,229
Income tax expense (benefit)	(13,242)	1,905
Minority interest in subsidiaries	35	(112)
Income (loss) before cumulative effect		
of accounting change and extraordinary loss	(7,166)	1,436
Cumulative effect of		

accounting change, net of tax	--	(83)
Extraordinary loss on early extinguishment of debt, net of tax	(2,037)	--
Net income (loss)	\$(9,203)	\$1,353
Income (loss) per share before cumulative effect of accounting change and extraordinary loss:		
Basic	\$(0.02)	\$0.00
Diluted	\$(0.02)	\$0.00
Net income (loss) per share:		
Basic	\$(0.03)	\$0.00
Diluted	\$(0.03)	\$0.00
Shares used in computation of per share data:		
Basic	317,242	311,413
Diluted	317,242	321,430

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

	March 31, 2001	December 31, 2000
ASSETS		
Cash and equivalents	\$158,978	\$212,430
Cash and investments required to be segregated under Federal or other regulations	131,484	122,327
Brokerage receivables - net	4,562,003	4,639,078
Mortgage-backed securities	3,970,223	5,058,919
Loans receivable - net	6,345,377	5,039,602
Investments	1,722,330	1,350,797
Property and equipment - net	425,587	368,355
Goodwill and other intangibles	456,813	441,984
Other assets	642,740	507,618
Total assets	\$18,415,535	\$17,741,110
LIABILITIES AND SHAREOWNERS' EQUITY		
Liabilities:		
Brokerage payables	\$4,273,285	\$4,226,124
Banking deposits	6,862,630	5,750,209
Borrowings by bank subsidiary	4,033,426	4,629,353
Accounts payable, accrued and other liabilities	842,339	708,629
Convertible subordinated notes	650,000	650,000
Total liabilities	16,661,680	15,964,315
Mandatorily redeemable preferred securities	30,763	30,747
Shareowners' equity:		
Preferred stock, shares authorized: 1,000,000; issued and outstanding: none at March 31, 2001 and December 31, 2000	--	--
Shares exchangeable into common stock, \$.01 par value, shares authorized: 10,644,223; issued and outstanding:		

3,293,840 at March 31, 2001 and 4,101,504 at December 31, 2000	33	41
Common stock, \$.01 par value, shares authorized: 600,000,000; issued and outstanding:		
318,908,996 at March 31, 2001 and 308,220,126 at December 31, 2000	3,189	3,082
Additional paid-in-capital	1,907,837	1,827,444
Unearned ESOP shares	(1,286)	(1,422)
Shareowners' notes receivable	(19,640)	(19,640)
Deferred compensation	(13,088)	--
Accumulated deficit	(14,758)	(5,555)
Accumulated other comprehensive loss	(139,195)	(57,902)
Total shareowners' equity	1,723,092	1,746,048
Total liabilities and shareowners' equity	\$18,415,535	\$17,741,110

CONTACT: media, Heather Fondo, 415-932-6172, hfondo@etrade.com, or
investors, Erica Gessert, 650-331-5893, or egessert@etrade.com, both of
E*TRADE Group, Inc.

SOURCE E*TRADE Group, Inc.

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/CONTACT: media, Heather Fondo, 415-932-6172, hfondo@etrade.com, or
investors, Erica Gessert, 650-331-5893, or egessert@etrade.com, both of
E*TRADE Group, Inc. /

/Company News On-Call: <http://www.prnewswire.com/comp/136683.html> or fax,
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