

E*TRADE Achieves Break-Even Results From Ongoing Operations and Record Net Revenues of \$407 Million

Second Quarter 2000 Highlights:

- Net new active accounts of 603,000, up 151 percent over a year ago
- Total page views of 1.3 billion, up 182 percent from 472 million in the same quarter a year ago
- \$65 billion in total assets and deposits held in customer accounts, up 191 percent from Q299
- Launch of E*TRADE Bank, providing customers with first Internet-based fully integrated banking and brokerage portal
- Announced Acquisition of Card Capture Services, offering access to over 8,500 ATMs nationwide and developing E*TRADE Financial Services Kiosks
- E*TRADE International network expands to nine countries, largest of any web-based competitor

MENLO PARK, Calif., April 12 /PRNewswire/ --

E*TRADE Group, Inc. (Nasdaq: EGRP) today announced that it continued to drive operational excellence in the second quarter of fiscal 2000, achieving break-even results from its ongoing operations and establishing new milestones in revenue, accounts, assets and transactions. The results demonstrate the strength of the Company's all-electronic business model and set the stage for continuing growth as one of the world's leading blue chip e-commerce companies and brands.

For the second quarter ended March 31, 2000, net revenue grew to \$407 million, up 152 percent from \$162 million for the same period a year ago, and up 52 percent from \$268 million in the first quarter of fiscal 2000. E*TRADE had a net profit from ongoing operations of \$1.3 million, or \$0.00 per share, as compared to a net loss of \$13.3 million, or \$0.05 per share a year earlier, and a net loss of \$34.9 million or \$0.12 per share in the previous

quarter on a comparable basis. The total net loss as reported for the second quarter of fiscal 2000 was \$23.2 million, or \$0.08 per share.

In the second quarter 2000, E*TRADE's scalable technology infrastructure and powerful e-commerce brand franchise helped the Company attract 603,000 net new accounts, bringing its total active accounts to 2.6 million, compared to 967,000 a year ago. At the same time, E*TRADE continued to leverage its strong brand to stay top-of-mind and maintain one of the lowest acquisition costs per net new account in the industry of \$256, down 13 percent from the previous quarter. Average transactions per day increased to 229,000, up 226 percent from 70,000 a year ago, and up 73 percent from 133,000 in the first fiscal quarter of 2000. Reflecting E*TRADE's growing position as a blue chip e-commerce company, total page views in the quarter were 1.3 billion, up 182 percent from 472 million in the same quarter a year ago and up 49 percent from 891 million in the first quarter of fiscal 2000.

"Achieving record results and break-even this quarter demonstrates how we are driving the fundamentals to deliver bottom-line value, and clearly illustrates how we are building a profitable growth franchise for the future," said Christos M. Cotsakos, chairman of the board and chief executive officer of E*TRADE Group, Inc. "We are creating profitable new revenue streams and leveraging innovative new technologies, information and media to develop exclusive products and services that further empower customers and help

E*TRADE expand its share-of-wallet and share-of-mind. From time to time, we will continue to strategically invest to ensure our market leadership."

"The strong foundation that E*TRADE has built over the last 18 months is a springboard that will propel our future marketing, product and technology initiatives as we expand our leadership and success worldwide, and continue to deliver value for shareowners, customers and our Associates," Cotsakos added.

The Company expanded its product offering in the second quarter 2000 to include E*TRADE Account Express(SM), the ability to open and fund new accounts in minutes, the availability of online account statements and trade

confirmations, and further enhancements to the Knowledge Center, the Company's industry-leading investor education service. In the banking area, the Company launched E*TRADE Bank, one of the first all-electronic banking and brokerage portals that provides customers with integrated functionality, and announced the acquisition of Card Capture Services, offering access to over 8,500 ATMs nationwide.

E*TRADE also took major steps in advancing its Digital Financial Media strategy, including the launch of an all new E*TRADE Community site, the introduction of E*TRADE The Magazine for customers, and a strategic alliance with and investment in Everypath to enable wireless information access anytime, anywhere, from any device. In asset aggregation, the Company launched two new proprietary mutual funds and brought in new clients such as The GAP and 3COM to the Business Solutions Group. In the Company's expanding corporate services, E*TRADE participated in 64 offerings through its partnership with E*OFFERING, in which it is an investor. E*TRADE also continued to aggressively expand its broad international base, launching E*TRADE branded services in Korea and Denmark. Finally, for the sixth time out of the previous eight quarters, E*TRADE was named the number one online brokerage in Gomez Advisors' Internet Scorecard, recognizing the Company's web site for its superior customer tools, ease of use, fast execution and ongoing innovation.

Financial Results

The Company recognized charges outside ongoing operations for expenses incurred in the current quarter for merger related activity and amortization of goodwill, totaling \$21.8 million after tax, or \$0.07 per share. In addition, the Company continued its plan to periodically liquidate portions of its strategic investment portfolio and realized an after-tax gain in the current quarter of \$7.8 million or \$0.03 per share. The Company also recorded \$10.5 million or \$0.04 per share, after tax, in unrealized losses on its participation in venture funds. Including these charges, the total net loss as reported for the second quarter of fiscal 2000 was \$23.2 million, or \$0.08 per share, which compares to net income of \$ 8.5 million or \$0.03 per share for the same quarter a year ago and a net loss of \$4.8 million or \$0.02 per share for the previous quarter (see table below).

During the quarter, E*TRADE completed its acquisition of Telebank Financial Corporation. The transaction is being accounted for as a pooling of interests. As a result, all prior period results of E*TRADE have been restated to reflect the combined entity.

Reconciliation of results from ongoing operations to reported results (net after-tax amounts)

	Q200		Q299		Q100	
	in millions	per share	in millions	per share	in millions	per share
Net after-tax income (loss) from ongoing operations	\$1.3	\$0.00	\$(13.3)	\$(0.05)	\$(34.9)	\$(0.12)
Gain on sale of investments	7.8	0.03	21.8	0.08	20.7	0.07
Unrealized gain on venture funds	(10.5)	(0.04)	0	0	16.8	0.06
Non-operating merger related expenses, amortization of goodwill, and other	(21.8)	(0.07)	0	0	(7.4)	(0.03)
Net after tax gain (loss) applicable to common stock	\$(23.2)	\$(0.08)	\$8.5	\$0.03	\$(4.8)	\$(0.02)

Key Performance Metrics

The Company continued to maximize the efficiency of its marketing activities and strong brand momentum, as evidenced by the acquisition of 603,000 net new accounts during the quarter, with one of the lowest acquisition costs per account in the industry at \$256. This compares to the acquisition of 240,000 net new accounts and an acquisition cost per net new account of \$256 in the same period a year earlier and the acquisition of 363,000 net new accounts and an acquisition cost per net new account of

\$294 in the previous quarter. Net new investment accounts are 563,000, up 142 percent from 233,000 in the same quarter last year and up 71 percent from 330,000 in the first quarter of fiscal 2000. Net new banking accounts were 40,000, bringing total bank accounts to 170,600, which is up 194 percent over the same quarter a year ago, and up 31 percent over the first quarter of fiscal 2000.

Total transactions in the quarter were 14.4 million, up 237 percent from 4.3 million in the same quarter a year earlier, and up 70 percent from 8.5 million in the first quarter of 2000. The Company executed a daily average of 229,000 transactions during the quarter, compared to 70,000 in the same quarter a year ago and 133,000 in the previous quarter. (See table below for more detailed performance metrics.)

"E*TRADE's key performance metrics clearly show how we are monetizing our investments in marketing and technology," continued Cotsakos. "We are capitalizing on the strong relationships and alliances that we have built with customers and partners worldwide to scale the business and fuel profitable growth."

E*TRADE's Asset Aggregation Gathers Momentum

E*TRADE attracted \$10.0 billion in assets and deposits, up 172 percent over \$3.7 billion in the quarter a year ago and 66 percent over \$6.0 billion last quarter, bringing total assets and deposits held in customer accounts to \$65.2 billion, up 194 percent versus \$22.4 billion in the same quarter last year and up 39 percent over \$46.8 billion in the first quarter of fiscal 2000. Assets held in investing accounts were \$62.0 billion, up 192 percent from \$21.1 billion at March 31, 1999 and up 40 percent from \$44.2 billion at December 31, 1999. Deposits held in banking accounts were \$3.2 billion for the quarter, up 146 percent from \$1.3 billion from the same quarter last year and up 23 percent from \$2.6 billion in the first quarter fiscal 2000.

Mutual fund assets under management at E*TRADE grew 55 percent in the current quarter and the Company launched two new proprietary mutual funds, the E*TRADE Global Titans Fund and the Premier Money Market Fund. During the quarter, E*TRADE's Business Solutions Group also played an integral part in expanding the Company's revenue streams, bringing in new clients such as The GAP and 3COM. Sixty percent of E*TRADE's investment banking clients purchased Business Solutions Group products and services. As E*TRADE's stand alone business-to-business unit, the Business Solutions Group provides a growing array of products to over 3,000 corporate clients, and also provides E*TRADE with important cross-selling opportunities.

E*TRADE Bank and Card Capture Services

During the quarter, E*TRADE Bank opened its virtual doors, less than three months after the Company closed its merger with Telebank. Reducing the need for multiple financial relationships, customers now have access to a fully integrated capability -- the superior value of online banking through an FDIC-insured cash management account, and the full range of E*TRADE's online investing products, services and educational capabilities. E*TRADE customers will be able to complete a full range of transactions online, on one web site -- including paying bills, trading equities and purchasing mutual funds, CDs, and fixed-income securities. The launch of E*TRADE Bank further diversifies and strengthens the Company's revenue base and builds on E*TRADE's growing asset management businesses. It also provides the Company with the ability to cross-sell banking and brokerage services to its expanding customer base.

Also during the quarter, E*TRADE announced the acquisition of Card Capture Services, a network of over 8,500 ATM machines across the United States and in three countries. Through this strategic acquisition and the recent launch of the integrated E*TRADE Bank, E*TRADE will develop a nationwide network of financial services kiosks to deliver not only deposits and withdrawals, but

also much of the educational content and investing tools currently available through its website. By providing a convenient electronic delivery channel that offers both "high touch" and "high tech" benefits, E*TRADE Bank is poised to penetrate an increasingly diversified customer base, including the mainstream banking market. Card Capture Services is an essential, fundamental building block in E*TRADE's strategic goal of building assets and making its products and services even more indispensable to customers.

As of March 31, 2000, total assets at E*TRADE's banking operations increased to \$6.5 billion and deposits surpassed \$3.2 billion, up 150 percent from \$2.6 billion in assets and 146 percent from \$1.3 billion in deposits from the same period a year ago. This compares to \$5.0 billion in assets and \$2.6 billion in deposits in the previous quarter. The strong deposit growth of E*TRADE's banking operations demonstrates its ability to provide customers with superior value through an electronic business model. Importantly, the Company continues to attract a diverse base of loyal and profitable customers.

International Expansion

During the second quarter, E*TRADE continued to aggressively expand its broad international base, launching E*TRADE branded services in Korea and Denmark. E*TRADE's international network is the largest of any web-based competitor. E*TRADE UK, a subsidiary of E*TRADE Group, more than doubled its total number of accounts in the second quarter. E*TRADE Korea, which was unveiled in February, has already registered strong results, adding nearly 15,000 accounts in its first four weeks. Denmark, which was launched on March 27th, has shown equal momentum, with accounts totaling 5,500. With these additional markets, E*TRADE's branded sites now service nine countries including Australia, Canada, Denmark, France, Japan, Korea, New Zealand, Sweden, and the UK.

E*TRADE's existing international businesses continued to grow, with

E*TRADE Japan experiencing a 60 percent increase in account growth from the first fiscal quarter. E*TRADE Australia's trading volumes were up 113 percent from the previous quarter. E*TRADE Australia now accounts for 30 percent of online trades executed on the Australian Stock Exchange. While these metrics are not consolidated in the results of E*TRADE Group, they demonstrate the global strength of the E*TRADE brand.

Global and institutional revenues increased by 23 percent during the second quarter reaching \$41 million. The growth of institutional revenues was especially strong, fueled by the continuing strong results of TIR Holdings. With its global presence and experience, and based on its worldwide account base of more than 600 institutional clients, E*TRADE/TIR is playing a key role in building E*TRADE's global cross-border trading network, which is expected to launch later this fiscal year. This fully electronic network, the world's first, is currently in beta test. The new service will effectively allow investors to tap the US equities markets and transact in their home currency. Execution, clearing and settlement of the trades will occur simultaneously with the processing of the foreign exchange transactions. Ultimately, E*TRADE's exclusive global cross-border trading network will link the top international equities markets worldwide, allowing individual investors to uncover and execute investment opportunities wherever they exist.

Key Metrics - Second Quarter 2000 Results

Key Metric	2000	2099	2000 v 2099	1000	2000 v 2099
Active investment accounts	2,443,416	909,054	169%	1,880,365	30%
Active banking					

accounts	170,584	57,946	194%	130,635	31%
Total active accounts end of period	2,614,000	967,000	170%	2,011,000	30%
Net new accounts	603,000	240,000	151%	363,000	66%
Cost per net new account	\$256	\$256	0%	\$294	-13%
Total assets in investing accounts	\$62.0 billion	\$21.1 billion	194%	\$44.2 billion	40%
Total deposits in banking accounts	\$3.2 billion	\$1.3 billion	146%	\$2.6 billion	23%
Total assets/deposits in customer accounts	\$65.2 billion	\$22.4 billion	191%	\$46.8 billion	39%
Total inflow into customer accounts	\$10.0 billion	\$3.7 billion	172%	\$6.0 billion	66%
Daily average inflow	\$159.1 million	\$60.5 million	163%	\$94.4 million	69%
Total bank assets	\$6.5 billion	\$2.6 billion	150%	\$5.0 billion	30%
Total transactions	14.4 million	4.3 million	237%	8.5 million	70%
Daily average transactions	229,000	70,000	226%	133,000	73%
Total page views	1.3 billion	472 million	182%	891 million	49%
Time on site* (minutes)	59.2 **	38.3***	55%	60.4****	-2%
Reach*	3.9%**	2.5%***	56%	3.1%	26%

* Source: Media Metrix, February 2000.

** 2000 numbers are based on February 2000 results.

*** 2000 numbers are based on January and February 1999 results.

**** 1000 number is based on November 1999 results

About E*TRADE

E*TRADE, a global leader in online personal financial services, is the world's most-visited online investing site according to Media Metrix (2/00), offering value-added investing and research features, premium customer service and a redundant, proprietary Stateless Architecture(SM) infrastructure. In addition to the US, E*TRADE presently serves customers through branded web sites in Denmark, Korea, Japan, the U.K., Sweden, France, Australia, New Zealand, and Canada. E*TRADE has been recognized as a leader in online financial services by Gomez Advisors, Lafferty Information and Research Group, PC Magazine and Smart Computing magazine. 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 US and worldwide. E*TRADE is a registered trademark of E*TRADE Securities, 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 October 1999 (including information under the caption "Risk Factors") and quarterly reports on Form 10-Q filed in February 2000. System and access response time may vary due to market, system and other conditions.

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2000	1999	2000	1999
Revenues:				
Transaction revenues	\$254,596	\$90,524	\$406,908	\$150,844
Interest income	242,675	80,527	399,872	141,567
Global and institutional	41,384	29,308	75,083	57,414
Other	16,640	10,389	35,923	18,639
Gross revenues	555,295	210,748	917,786	368,464
Interest expense	(146,609)	(48,483)	(240,921)	(86,502)
Provision for loan losses	(1,256)	(490)	(1,793)	(770)
Net revenues	407,430	161,775	675,072	281,192
Cost of services	130,474	66,493	241,981	116,730
Operating expenses:				
Selling and marketing	177,484	78,174	307,164	135,883
Technology development	42,127	15,256	78,507	29,822
General and administrative	50,225	24,714	92,303	45,080
Amortization of goodwill and other intangibles	5,159	609	7,184	1,369
Merger related expenses	24,599	--	30,386	--
Total operating expenses	299,594	118,753	515,544	212,154
Total cost of services and operating expenses	430,068	185,246	757,525	328,884
Operating loss	(22,638)	(23,471)	(82,453)	(47,692)
Non-operating income (expense):				

Gain on sale of investments	10,915	33,367	42,231	33,367
Unrealized gain (loss) on venture funds	(14,628)	--	10,825	--
Other	(5,353)	4,754	(7,300)	10,133
Total non-operating income (expense)	(9,066)	38,121	45,756	43,500
Pre-tax income (loss)	(31,704)	14,650	(36,697)	(4,192)
Income tax expense (benefit)	(8,923)	5,052	(9,620)	(3,429)
Minority interest in subsidiary	408	561	903	1,132
Income (loss) before cumulative effect of accounting change	(23,189)	9,037	(27,980)	(1,895)
Cumulative effect of accounting change, net of tax	--	(469)	--	(469)
Net income (loss)	(23,189)	8,568	(27,980)	(2,364)
Preferred stock dividends	--	60	--	120
Income (loss) applicable to common stock	\$(23,189)	\$8,508	\$(27,980)	\$(2,484)
Income (loss) per share:				
Basic	\$(0.08)	\$0.03	\$(0.11)	\$(0.01)
Diluted	\$(0.08)	\$0.03	\$(0.11)	\$(0.01)
Shares used in computation of income (loss) per share:				
Basic	285,004	261,104	266,001	233,563
Diluted	285,004	282,580	266,001	233,563

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

	Three Months Ended	
	March 31, 2000	December 31, 1999
Revenues:		
Transaction revenues	\$254,596	\$152,312
Interest income	242,675	157,197
Global and institutional	41,384	33,699
Other	16,640	19,283
Gross revenues	555,295	362,491
Interest expense	(146,609)	(94,312)
Provision for loan losses	(1,256)	(537)
Net revenues	407,430	267,642
Cost of services	130,474	111,507
Operating expenses:		
Selling and marketing	177,484	129,680
Technology development	42,127	36,380
General and administrative	50,225	42,078
Amortization of goodwill and other intangibles	5,159	2,025

Merger related expenses	24,599	5,787
Total operating expenses	299,594	215,950
Total cost of services and operating expenses	430,068	327,457
Operating loss	(22,638)	(59,815)
Non-operating income (expense):		
Gain on sale of investments	10,915	31,316
Unrealized gain (loss) on venture funds	(14,628)	25,453
Other	(5,353)	(1,947)
Total non-operating income (expense)	(9,066)	54,822
Pre-tax loss	(31,704)	(4,993)
Income tax benefit	(8,923)	(697)
Minority interest in subsidiary	408	495
Net loss	\$(23,189)	\$(4,791)
Loss per share:		
Basic and Diluted	\$(0.08)	\$(0.02)
Shares used in computation of loss per share:		
Basic and Diluted	285,004	282,505

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

	March 31, 2000	September 30, 1999
ASSETS		
Cash and equivalents	\$371,136	\$124,801
Cash and investments required to be segregated under Federal or other agencies	267,155	104,500
Brokerage receivables - net	7,016,255	2,912,581
Mortgage-backed securities	2,693,519	1,426,053
Loans receivable - net	3,049,840	2,154,509
Investments	1,353,148	830,329
Property and equipment - net	225,094	178,854
Goodwill and other intangibles	382,299	17,211
Other assets	351,440	159,386
Total assets	\$15,709,886	\$7,908,224
LIABILITIES AND SHAREOWNERS' EQUITY		
Liabilities:		
Brokerage payables	\$6,676,359	\$2,824,212
Banking deposits	3,360,872	2,162,682

Borrowings by bank subsidiary	2,573,599	1,267,474
Accounts payable, accrued and other liabilities	536,357	203,971
Subordinated notes	650,000	--
Total liabilities	13,817,187	6,458,339
Mandatorily redeemable preferred securities	30,615	30,584
Shareowners' equity:		
Common stock, \$.01 par value; shares authorized, 600,000,000; issued and outstanding: March 2000, 289,705,776		
September 1999, 275,145,791	2,897	2,751
Additional paid-in-capital	1,629,729	1,269,167
Unearned ESOP shares	(1,834)	(2,122)
Accumulated deficit	(36,344)	(8,364)
Accumulated other comprehensive income	267,636	157,869
Total shareowners' equity	1,862,084	1,419,301
Total liabilities and shareowners' equity	\$15,709,886	\$7,908,224

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SOURCE E*TRADE Group, Inc.

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