

E*TRADE Surpasses \$1 Billion in Revenues for First Nine Months
of Fiscal 2000, Achieves Break-Even Results From Ongoing Operations

Reports Net Income of \$5.7 Million, or \$0.02 a Share, Compared to Loss
Of \$0.09 a Share a Year Ago

Third Quarter 2000 Highlights:

Grows Revenues to \$330 Million, Up 77 percent From a Year Ago
Customer Assets Rise 121 Percent From a Year Ago to \$60.7 Billion
Average Daily Inflows Rise 74 Percent From a Year Ago to \$121 Million
Expands Gross Margins to 62 Percent From 56 Percent a Year Ago
Reaches Nearly 3 Million Accounts, Adding 330,000 Net New Accounts

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

E*TRADE Group, Inc. (Nasdaq: EGRP) today announced that it exceeded \$1 billion in revenues in the first nine months of its fiscal year 2000 and reached nearly 3 million accounts, as the Company achieved break-even results from ongoing operations for the second consecutive quarter. Despite declines in the marketplace, E*TRADE continued to leverage the efficiency and scalability of its electronic business model to more than double customer assets from a year ago and increase asset inflows by 74 percent to \$7.6 billion. E*TRADE continues to accelerate its global initiatives to grow strong new revenue sources from diversified banking, B2B, fee-based asset gathering and global and institutional services.

For the third quarter ended June 30, 2000, net revenue was \$330.3 million, up 77 percent from \$186.4 million for the same period a year ago. This is the second strongest revenue quarter in E*TRADE's operating history, and compares to revenues of \$407.4 million in the second quarter of fiscal 2000. E*TRADE had a net profit from ongoing operations of \$0.5 million, or \$0.00 per share, as compared to a net loss of \$21.4 million, or \$0.08 per share a year earlier. The reported total net profit for the third quarter of fiscal 2000 was \$5.7 million, or \$0.02 per share, 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 330,000 net new brokerage and banking accounts during Q3 2000, bringing its total active accounts to nearly 3 million, reflecting growth of 125 percent from a base of 1.3 million accounts a year ago. At the same time, E*TRADE continued to leverage its strong brand to stay top-of-mind while maintaining an efficient cost per net new account of \$286. Average transactions per day were 169,000, up 109 percent from 80,600 a year ago.

"Even with the market experiencing extreme volatility in the recent quarter, E*TRADE's blue-chip brand, scale and agility continued to decouple us from the competition and drive our revenue growth and profitability," said Christos M. Cotsakos, chairman of the board and chief executive officer of E*TRADE Group, Inc. "We grew revenues by 77 percent from a year ago, increased our gross margin to 62 percent and achieved break-even on continuing operations for the second consecutive quarter. And, further demonstrating our mission to dramatically expand the value our customers bring to E*TRADE, we grew customer assets by 121 percent from a year ago."

Cotsakos added, "Today, E*TRADE is extremely well positioned relative to both the online competition and the traditional legacy players, because we have already made the strategic investments to drive our growth and profitability. We have built a blue chip e-commerce brand that is known around the world; we have established a proprietary technology infrastructure that few can replicate; and we have diversified our revenue stream through banking, fee-generating asset gathering initiatives, global expansion and a rapidly growing institutional business. Bottom line, our results clearly demonstrate that E*TRADE has the revenue-per-customer, consistent growth and gross margins to be a blue-chip e-commerce company and the leading online financial services provider for the 21st century."

Acknowledging E*TRADE's continuing efforts to distance itself from the

competition, Standard and Poor's (S&P) this quarter assigned a "BB" long-term counter-party credit rating for E*TRADE Group, Inc., a "B+" rating to E*TRADE's \$650 million 6 percent convertible subordinated notes due 2007, and a "BB+/B" rating for E*TRADE Bank's Certificates of Deposit and Counterparty Credit Ratings. In its analysis, S&P recognized E*TRADE for the dominance of its brand, its financial strength and the quality of its blue-chip balance sheet.

Financial Results

Reconciliation of results from ongoing operations to reported results

	Q300	Q399	Q200
Income (loss) from ongoing operations			
Pre-tax	\$(0.1)	\$(37.7)	\$1.8
After-tax	0.5	(21.4)	1.3
EPS	\$0.00	\$(0.08)	\$0.00
Pre-tax amounts			
Gain on sale of investments	24.4	8.4	10.9
Unrealized loss on Venture Fund	(3.5)	--	(14.6)
Non-operating merger related expenses, amortization of goodwill, and other	(7.8)	(4.2)	(29.8)
Income (loss) as reported			
Pre-tax	\$13.0	\$(33.5)	\$(31.7)
After-tax	5.7	(21.8)	(23.2)
EPS	\$0.02	\$(0.08)	\$(0.08)

Global Diversification

During the third quarter, the Company officially launched E*TRADE Bank, just three months after closing the acquisition of Telebank, creating one of the first all-electronic banking and brokerage portals that provides customers with integrated functionality. Strengthening its position as the leading and largest pure-play Internet bank, E*TRADE Bank added 52,000 net new accounts during Q3 2000, and \$800 million in deposits. Total deposits held in customer accounts were \$3.9 billion, up 141 percent from \$1.6 billion a year ago, and up 23 percent from the fiscal second quarter. Income from E*TRADE Bank represented 53 percent of total interest income, and 29 percent of gross revenues.

"We're off to an extremely strong start after having launched E*TRADE Bank just six weeks ago, and we are only just beginning to realize the tremendous opportunities to expand this business," Cotsakos said. "As the largest Internet-based bank, E*TRADE Bank is a cornerstone of our revenue diversification and global growth strategy. With the bank now fully integrated into our online investing operations, we are creating a powerful, personalized online hub that we believe will drive a new revolution in financial services worldwide."

The Company continued to make significant progress in enhancing the E*TRADE end-to-end customer value proposition by expanding its electronic/physical distribution network during the quarter. E*TRADE closed its acquisition of Card Capture Services, Inc. (CCS) in Q3 2000, significantly expanding E*TRADE's "high touch/high tech" value proposition through CCS's 9,000-plus ATM network that spans 48 states and three countries. Further leveraging these ATMs, the Company recently announced a strategic pilot agreement with Target to build E*TRADE Zones in Super Target Stores. The first of these fully electronic branded environments is scheduled to be launched at the Target SuperStore in Roswell, Georgia by the end of this fiscal year. These electronic/physical initiatives enable the Company to lower costs relative to traditional brick and mortar operations, and pass along the savings to customers in the form of high value products and services.

E*TRADE also launched an aggressive effort to expand the Company's electronic/physical presence in major corporations. During Q3, E*TRADE announced that it will soon begin installing E*TRADE Bank ATMs at Oracle's

major facilities to provide a range of banking and financial services to the company's more than 50,000 employees worldwide. Based on the 3,500 corporate customers served by E*TRADE's Business Solutions Group, the Company estimates that as many as 1 million employees of those companies are potential customers for E*TRADE's new corporate banking services.

Demonstrating the Company's continued momentum in expanding asset-based revenue sources during Q3 2000, E*TRADE reached an agreement with Ernst & Young LLP to form a joint venture that will offer investors personalized advisory services, both electronic and person-to-person. This advisory capability is key to expanding E*TRADE's share-of-wallet with its customers. E*TRADE has also signed a letter of intent to acquire Electronic Investing Corporation ("eInvesting"), a provider of leading edge, dollar-denominated personalized securities portfolios. The potential acquisition is expected to provide customers with greater choice and value by enabling them to create personalized portfolios of securities via the Internet. In addition to individual investors, E*TRADE plans to offer the personalized portfolios to independent financial advisors and corporations, who will provide the product to their employees.

In addition, E*TRADE signed a letter of intent with State Street Global Advisors, the investment arm of State Street Bank, to enter the higher education savings market with a 529 tax deferred program. This agreement is expected to combine State Street's reputation as an institutional asset manager with E*TRADE's cutting edge technology and broad online retail distribution network.

E*TRADE continues to expand its mutual fund business, with mutual fund inflows increasing mutual fund assets by over 245 percent from a year ago. E*TRADE currently has nine proprietary funds, including the E*TRADE Premier Money Market Fund*, which recently hit the \$100 million mark and has averaged a 288 percent monthly growth rate since its launch on April 7, 2000.

During the quarter, E*TRADE signed a definitive agreement to form a strategic alliance with Wit SoundView, a subsidiary of Wit Capital Group, to expand participation and access to IPOs**, and also gain access to Wit SoundView's 100,000 brokerage accounts. Through this exclusive alliance, E*TRADE will be able to expand the products and services it offers its customers, including Wit SoundView's world-class research. The agreement is expected to close by the end of this calendar year.

On the technology front, the Company advanced its Digital Financial Media strategy through its E*TRADE Everywhere wireless initiatives, establishing new relationships with leading wireless providers, such as AT&T, Verizon and Sprint, to enable wireless trading anytime, anywhere and from any device. E*TRADE now has the potential to reach over 41 million customers, giving it the broadest wireless reach of any financial services provider. E*TRADE also furthered its technology leadership by opening the Regional Operating Center (ROC), a 100,000 square foot, state-of-the-art facility in suburban Atlanta, Georgia. The \$80 million ROC significantly enhances E*TRADE's fully redundant, scalable technology infrastructure, which is the backbone of the Company's global growth strategy.

E*TRADE continued to aggressively expand its global business growth by launching the first phase of its global cross-border trading network, allowing investors in Sweden to purchase U.S. securities online in their own currency. The Company expects that this exclusive new technology will expand trading volumes and revenue per transaction, given the strong consumer interest to invest in foreign stocks, particularly U.S. equities in overseas markets. E*TRADE also signed a definitive agreement to acquire 100 percent of VERSUS Technologies in Canada, providing the Company with an advanced institutional trading platform, and the ability to consolidate revenues from E*TRADE Canada's 45,000 customer accounts. E*TRADE plans to leverage this sophisticated order routing technology to build a state-of-the-art electronic brokerage offering for its growing base of more than 650 institutional clients worldwide. Including its international joint ventures, licensees, and majority-owned subsidiaries, the E*TRADE brand now touches over 400,000 non-U.S. retail accounts. Overall, global and institutional revenues increased by 26 percent during the third quarter over the year-ago period, reaching \$33.9 million.

Key Performance Metrics

Key Metric	3Q00	3Q99	3Q00 v 3Q99
Active investment accounts	2,722,159	1,241,085	119%
Active banking accounts	222,582	69,332	221%
Total active accounts end of period	2,944,741	1,310,417	125%
Net new accounts	330,545	343,700	-4%
Cost per net new account	\$286	\$246	17%
Total assets in investing accounts	\$56.7 billion	\$25.8 billion	120%
Total deposits in banking accounts	\$3.9 billion	\$1.6 billion	141%
Total assets/ deposits in customer accounts	\$60.7 billion	\$27.4 billion	121%
Total inflow into customer accounts	\$7.6 billion	\$4.4 billion	74%
Daily average inflow	\$121 million	\$69 million	74%
Total bank assets	\$7.4 billion	\$3.2 billion	138%
Total transactions	10.6 million	5.1 million	109%
Daily average transactions	169,000	80,600	109%
Total page views	975 million	621 million	57%
Time on site* (minutes)	54 **	34.2***	59%
Reach*	3.9%**	2.5%***	56%

* Source: Media Metrix, May 2000

** 3Q00 numbers are based on May 2000

*** 3Q99 numbers are based on May 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. In addition to the U.S., 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 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.

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, system performance and other conditions.

* 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.

** IPOs are not suitable for all investors.

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

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2000	1999	2000	1999
Revenues:				
Transaction revenues	\$180,194	\$106,067	\$587,102	\$256,911
Interest income	257,193	104,129	657,065	245,696
Global and institutional	33,906	26,937	108,989	84,351
Other	24,863	8,606	60,786	27,245
Gross revenues	496,156	245,739	1,413,942	614,203
Interest expense	(164,841)	(58,652)	(405,762)	(145,154)
Provision for loan losses	(974)	(665)	(2,767)	(1,435)
Net revenues	330,341	186,422	1,005,413	467,614
Cost of services	124,489	82,237	366,470	198,967
Operating expenses:				
Selling and marketing	115,081	99,784	422,245	235,667
Technology development	32,526	20,659	111,033	50,481
General and administrative	50,179	24,574	142,482	69,654
Amortization of goodwill and other intangibles	6,716	565	13,900	1,934
Merger related expenses	1,133	3,652	31,519	3,652
Total operating expenses	205,635	149,234	721,179	361,388
Total cost of services and operating expenses	330,124	231,471	1,087,649	560,355
Operating income (loss)	217	(45,049)	(82,236)	(92,741)
Non-operating income (expense):				
Gain on sale of investments	24,416	8,439	66,647	41,806
Unrealized gain (loss) on venture funds	(3,462)	--	7,363	--
Corporate interest-net and other	(8,178)	3,158	(15,478)	13,291

Total non-operating income	12,776	11,597	58,532	55,097
Pre-tax income (loss)	12,993	(33,452)	(23,704)	(37,644)
Income tax expense (benefit)	7,888	(12,230)	(1,732)	(15,659)
Minority interest in subsidiaries	(585)	539	318	1,671
Income (loss) before cumulative effect of accounting change and extraordinary loss	5,690	(21,761)	(22,290)	(23,656)
Cumulative effect of accounting change, net of tax	--	--	--	(469)
Extraordinary loss on early extinguishment of subordinated debt, net of tax	--	(1,985)	--	(1,985)
Net income (loss)	5,690	(23,746)	(22,290)	(26,110)
Preferred stock dividends	--	60	--	180
Income (loss) applicable to common stock	\$5,690	\$(23,806)	\$(22,290)	\$(26,290)
Income (loss) per share before cumulative effect of accounting change and extraordinary loss:				
Basic	\$0.02	\$(0.08)	\$(0.08)	\$(0.09)
Diluted	\$0.02	\$(0.08)	\$(0.08)	\$(0.09)
Income (loss) per share:				
Basic	\$0.02	\$(0.09)	\$(0.08)	\$(0.10)
Diluted	\$0.02	\$(0.09)	\$(0.08)	\$(0.10)
Shares used in computation of income (loss) per share before cumulative effect of accounting change and extraordinary loss, and income (loss) per share:				
Basic	294,015	271,276	275,337	265,434
Diluted	309,346	271,276	275,337	265,434

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

	Three Months Ended June 30, 2000	March 31, 2000
Revenues:		
Transaction revenues	\$180,194	\$ 254,596
Interest income	257,193	242,675
Global and institutional	33,906	41,384
Other	24,863	16,640
Gross revenues	496,156	555,295
Interest expense	(164,841)	(146,609)
Provision for loan losses	(974)	(1,256)
Net revenues	330,341	407,430
Cost of services	124,489	130,474

Operating expenses:		
Selling and marketing	115,081	177,484
Technology development	32,526	42,127
General and	50,179	50,225
Amortization of goodwill and other		
intangibles	6,716	5,159
Merger related expenses	1,133	24,599
Total operating expenses	205,635	299,594
Total cost of services and operating		
expenses	330,124	430,068
Operating income (loss)	217	(22,638)
Non-operating income (expense):		
Gain on sale of investments	24,416	10,915
Unrealized loss on venture funds	(3,462)	(14,628)
Corporate interest-net and other	(8,178)	(5,353)
Total non-operating income (expense)	12,776	(9,066)
Pre-tax income (loss)	12,993	(31,704)
Income tax expense (benefit)	7,888	(8,923)
Minority interest in subsidiaries	(585)	408
Net income (loss)	\$ 5,690	\$(23,189)
Income (loss) per share:		
Basic	\$0.02	\$(0.08)
Diluted	\$0.02	\$(0.08)
Shares used in computation of income		
(loss) per share:		
Basic	294,015	285,004
Diluted	309,346	285,004

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

	June 30, 2000	September 30, 1999
ASSETS		
Cash and equivalents	\$178,894	\$124,801
Cash and investments		
required to be segregated		
under Federal or other regulations	86,414	104,500
Brokerage receivables - net	5,657,869	2,912,581
Mortgage-backed securities	3,345,760	1,426,053
Loans receivable - net	3,535,825	2,154,509
Investments	966,646	830,329
Property and equipment - net	263,692	178,854
Goodwill and other intangibles	471,895	17,211
Other assets	385,602	159,386
Total assets	\$14,892,597	\$7,908,224
LIABILITIES AND SHAREOWNERS' EQUITY		
Liabilities:		
Brokerage payables	\$5,044,173	\$2,824,212
Banking deposits	3,987,954	2,162,682
Borrowings by bank subsidiary	2,858,000	1,267,474
Bank loan payable	33,328	--
Accounts payable, accrued and other		
liabilities	428,925	203,971

Convertible subordinated notes	650,000	--
Total liabilities	13,002,380	6,458,339
Mandatorily redeemable preferred securities	30,631	30,584
Shareowners' equity:		
Common stock, \$.01 par value;		
shares authorized, 600,000,000;		
issued and outstanding:		
June 2000, 298,283,829		
September 1999, 275,145,791	2,983	2,751
Additional paid-in-capital	1,746,753	1,269,167
Unearned ESOP shares	(1,697)	(2,122)
Shareowners' notes receivable	(18,743)	--
Accumulated deficit	(30,654)	(8,364)
Accumulated other comprehensive income	160,944	157,869
Total shareowners' equity	1,859,586	1,419,301
Total liabilities and shareowners' equity	\$14,892,597	\$7,908,224

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(EGRP)

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