

E\*TRADE SOLIDIFIES INDUSTRY LEADERSHIP BY ADDING OVER 1,000,000  
Net New Active Accounts In 12 Months

Revenue Grows 85 Percent in Fiscal Year 1999, to \$621.4 million; Customer  
Assets Increase 154 Percent to \$28 Billion

Other Highlights of Quarter/Year

- E\*TRADE Brand Continues to Drive Momentum, Growth
- New Products/Services Strengthen Revenue Diversification Strategy
- E\*TRADE International Represents 18 Percent of Yearly Revenues; TIR Closing Spearheads Global Expansion
- 24x7x366 Customer Service Enhances Anytime, Anywhere, Any Device Experience

MENLO PARK, Calif., Oct. 13 /PRNewswire/ -- E\*TRADE Group, Inc. (Nasdaq: EGRP), further solidifying its brand momentum and its individual empowerment strategy, today reported strong revenue and account growth for the fourth quarter and fiscal year ended September 30, 1999. Including the results for its recently acquired entity, TIR Holdings, fourth quarter revenues grew to \$173.2 million, up 84 percent from \$94.2 million for the same period a year ago. Reflecting the introduction of an aggressive pricing strategy offering trades as low as \$4.95, these fourth quarter revenues compare to \$177.0 million in the third quarter of fiscal 1999. Fiscal year 1999 revenues grew to \$621.4 million, up 85 percent from \$335.8 million a year ago. E\*TRADE also surpassed its own account growth forecasts, by generating 310,000 net new accounts during the fourth quarter, bringing the total net new accounts added in the year to 1,007,000. Total active accounts at the end of the fiscal year were 1,551,000.

"When you reinvent a global industry by putting power and choice back into the hands of individuals, the world takes notice and great things happen," said Christos M. Cotsakos, chairman and chief executive officer of E\*TRADE Group, Inc. "The fact is that we began this fiscal year with a clear vision and strategy, and we delivered on every level. Our goal was to make E\*TRADE the preferred financial destination site for individual investors, and we blew away our ambitious objectives by adding over one million new accounts, six months ahead of schedule.

"At the same time, we've continued to build a global brand that resonates with consumers because it has soul and passion, and credibility," said Cotsakos. "In the last few months alone we've significantly enhanced the E\*TRADE customer experience by launching the second release of our award-winning web site. We've also added powerful new investor education and search tools, 24x7x366 live customer service, the E\*TRADE Bond Center, online IPOs, trades as low as \$4.95, online extended hours trading and a growing selection of proprietary mutual fund offerings. The E\*TRADE brand is on fire, and we're just getting started in building the world's leading electronic personal financial services company."

Key Performance Metrics and Financial Results

Reflecting E\*TRADE's strong performance across all key areas, the Company added 310,000 net new active accounts in the fourth quarter, bringing the total active accounts at the end of the fiscal year to 1,551,000. Demonstrating the efficiency of its marketing activities and strong brand momentum, the Company significantly lowered the acquisition cost per account in the fourth quarter to \$198 compared with \$424 a year ago, and \$238 in the third quarter of fiscal year 1999. Total transactions in the quarter were 5.1 million, up 163 percent from 2.0 million in the same quarter a year earlier, and in line with the 5.1 million in the third quarter of 1999. The Company executed a daily average of 80,350 transactions during the quarter, a 163 percent increase from a year ago. Assets held in customer accounts as of September 30, 1999 were \$28 billion, up 154 percent over last year. (See table below for more detailed performance metrics.)

In line with the Company's strategy to invest in technology and service infrastructure, and build brand and customer mind-share to drive future

growth, the Company incurred a fourth quarter net loss of \$24.4 million, or \$0.10 per share, before acquisition related expenses. The Company recognized a charge for acquisition related expenses incurred in the current quarter, equal to \$0.01 per share. Including this charge, the net loss as reported for the fourth quarter was \$26.7 million, or \$0.11 per share. This compares to a reported net loss of \$15.2 million, or \$0.08 per share for the same period a year earlier. In the third quarter of 1999, the Company incurred a net loss of \$0.09 before acquisition related expenses and reported a net loss of \$0.10 after recognizing a charge for such acquisition related expenses. The reported fiscal year 1999 net loss was \$54.4 million, or \$0.23 per share, as compared to net income of \$1.9 million or \$0.01 per share in fiscal year 1998.

The Company continued its plan to periodically liquidate portions of its strategic investment portfolio, and realized a pre-tax gain in the current quarter of \$12.3 million, which was partially offset by recorded net losses on equity investments totaling \$6.9 million. These items, and the gain on foreign exchange, totaled a pre-tax gain of \$5.9 million in the fourth quarter of 1999, compared with \$2.9 million in the third quarter of 1999, and are reflected in non-operating income (expense).

"Last quarter, we said the next 12 to 18 months would be the defining period for our industry. Even with the recent market slowness, our growth metrics were strong and we continued to gain market share," said Cotsakos. "But even with these strong results, the best story is still the one that is yet to be written. We are just beginning to scratch the surface with our growing mutual fund business, asset management activities, investment banking and corporate services program through our Business Solutions Group.

"On the international front, the E\*TRADE brand has now been launched in six countries outside of the US, and we expect to substantially increase that presence in the year ahead. And with our Digital Financial Media initiative, E\*TRADE intends to broaden and deepen its relationship with consumers through a world-class financial services network and proprietary content that will be distributed through all kinds of media and devices," Cotsakos added.

#### E\*TRADE Brand Drives Business Growth

During the past fiscal year, E\*TRADE's consistent strategy has been to leverage its powerful brand to increase new customer accounts and assets held in customer accounts. By offering a unique and compelling brand experience, E\*TRADE has achieved some of the industry's highest levels of customer affinity. For example, NFO Market Research places E\*TRADE's top-of-mind brand awareness at more than four times that of Charles Schwab and Schwab online, and more than eleven times that of Ameritrade. According to a study conducted this year by Opinion Research Corp., E\*TRADE was ranked as one of the top four most recognized e-commerce brands. In terms of brand reach, Media Metrix ranked E\*TRADE number one against other online investment sites every month this year by a wide margin.

To further strengthen the E\*TRADE brand experience, the Company continues to significantly enhance its next generation Customer Relationship Management (CRM) program. Through this expanded CRM initiative, E\*TRADE is planning to integrate all available data and market research to form a single view of the customer. The Company will further leverage CRM to help improve customer relationships and refine targeted service offerings. CRM will also help further reduce acquisition costs per account.

#### Innovative New Products and Services

Providing the broadest range of high value-added products and services in the industry has continued to be a core strategic focus for E\*TRADE. The Company's newly enhanced Power E\*TRADE program, announced during the quarter, offers attractive incentives for active investors to aggregate their accounts, assets and activities at E\*TRADE. Some of the newly added features to Power E\*TRADE include commissions as low as \$4.95, streaming Nasdaq Level II real time quotes, enhanced navigation, a new Trading Desk, and preferred access to IPOs.

By employing market segmentation techniques, Power E\*TRADE is supporting the Company's efforts to gain a greater share of wallet in all customer segments, and forge stronger bonds by anticipating customer needs. Furthering

this strategy, E\*TRADE has also led the industry in providing individual investors access to IPOs. The Company has made more than 85 IPOs available to its customers during the past 12 months, with forty percent offered in the last quarter. E\*TRADE is now working with its electronic investment bank partner E\*OFFERING to expand these online investing opportunities.

The Company also recently upgraded its Stocks & Options Center on the E\*TRADE web site. Some of the new features include Buy/Sell/Hold recommendations and Top Stock Picks from professional research analysts at Standard & Poors, hottest stocks from MarketGuide, and articles and breaking news from CBS MarketWatch, Business Week Online, and CNBC.

E\*TRADE's definitive agreement announced in June to merge with the nation's largest Internet bank, Telebanc, is a key component of the Company's asset aggregation strategy. Telebanc recently announced that it has crossed the threshold of \$2 billion in customer deposits, and total customer accounts have reached nearly 100,000. As a result of Telebanc's growth, its deposit base is currently four times larger than all other pure-play Internet banks combined. E\*TRADE continues to believe that the Telebanc merger will close later this year.

Mutual funds are an increasingly important part of E\*TRADE's customer value proposition. In the past quarter, the Company launched three new proprietary funds, with four more currently in registration. Just this week, E\*TRADE announced the registration of two additional funds, one of which, the E\*TRADE Premier Money Fund, will be managed in-house by E\*TRADE Asset Management. (The registration statement for these two new funds is not yet effective.)

In the fourth quarter, the Company received strong validation of its customer-focused strategy when Gomez Advisors again ranked E\*TRADE the number one online brokerage in its quarterly Internet Broker Scorecard. This was the second consecutive time that E\*TRADE was so recognized by Gomez, and the fourth time in the past five quarters.

#### E\*TRADE Brand Going Global

The Company made significant strides toward its goal of enabling anytime, anywhere, from any device access worldwide through the launch of two new E\*TRADE branded web sites during the past quarter: E\*TRADE UK and E\*TRADE Japan. Both of these markets represent strong growth opportunities for E\*TRADE, with high Internet penetration and strong customer demographics. The recent launch of E\*TRADE Japan coincided with Japan's historic deregulation of brokerage commissions on October 1, 1999.

Also driving the Company's international growth, E\*TRADE recently closed its acquisition of TIR Holdings Ltd. (TIR), which is now transitioning to E\*TRADE International. The newly integrated TIR/E\*TRADE International is a leader in global execution and settlement services. With the TIR acquisition completed, 18 percent of E\*TRADE's yearly revenues were derived from E\*TRADE International.

#### Digital Financial Media

E\*TRADE continued to accelerate its Digital Financial Media strategy during the past quarter by further integrating ClearStation's leading-edge financial media into its web site. Power E\*TRADE customers can now access compelling investment analysis and opinion from the Power E\*TRADE site with a direct link to ClearStation's A-list. The Company recently took another important step in this direction with its acquisition of Confluent Inc., and its Abrio calendar engine. E\*TRADE will use the Abrio engine to create an online product called the Personal Financial Information Manager. Through this offering, scheduled to debut early in the year 2000, customers will be notified of key financial events, such as earnings announcements, stock splits and dividend declarations, via an automatic feed to their calendar, based on their current portfolios. These notifications will be delivered through a variety of channels, including email and alerts on wireless devices such as personal digital assistants.

#### Key Metrics- Fourth Quarter 1999 Results

Key Metric	FY99	FY98	FY99 v FY98
Total active accounts	1,551,000	544,000	185%
Total transactions	17.3 million	7.0 million	148%
Average transactions/day	68,484	27,620	148%
Total assets in customer accounts	\$28 billion	\$11 billion	154%
Customer money market fund balance	\$4.7 billion	\$1.8 billion	163%
Average daily deposits	\$51.4 million	\$19.9 million	223%
Total deposits/quarter	\$12.9 billion	n/a	n/a

#### Key Metrics- Fourth Quarter 1999 Results

Key Metric	4Q99	4Q98	4Q99 v 4Q98
Total active accounts	1,551,000	544,000	185%
Total transactions	5.1 million	2.0 million	163%
Average transactions/day	80,350	30,494	163%
Total assets in customer accounts	\$28 billion	\$11 billion	154%
Customer money market fund balance	\$4.7 billion	\$1.8 billion	163%
Average daily deposits	\$58.1 million	\$21.9 million	165%
Total deposits/quarter	\$3.7 billion	\$1.5 billion	147%

#### TIR Holdings Ltd. Acquisition

During the quarter, the Company closed its acquisition of TIR Holdings Ltd. The transaction is being accounted for as a pooling of interests. As a result, prior period results of E\*TRADE, including those presented above and in the accompanying tables, have been restated to reflect the combined entity. TIR's revenues are largely comprised of commissions from institutional trade execution. Excluding TIR, E\*TRADE's revenues for the fourth quarter were \$146.3 million, up 113 percent from \$68.7 in the fourth quarter of fiscal 1998, with fiscal year 1999 revenues at \$513.2 million, up 109 percent from \$245.3 million for fiscal year 1998. The fourth quarter net loss excluding TIR and acquisition related expenses, was \$24.7 million or \$0.10 per share. Including acquisition related costs, the fourth quarter net loss excluding TIR was \$27.1 million or \$0.11 per share. Fiscal year 1999 results, excluding TIR, and on a reported basis, were a net loss of \$59.2 million or \$0.25 per share.

#### About E\*TRADE

E\*TRADE, a global leader in online personal financial services, and the world's most-visited online investing site, offers value-added investing and research features, premium customer service and a redundant, proprietary Stateless Architecture web site infrastructure. E\*TRADE plans to expand its global presence by launching branded web sites in the top 20 financial markets worldwide, and has taken a key step toward becoming the first online global trading network with its recently completed acquisition of TIR Holdings. In addition to the US, E\*TRADE presently has branded web sites in Japan, the UK, Sweden, France, Australia, New Zealand and Canada.

E\*TRADE has continued to extend its customers' financial services experience through the acquisition of ClearStation, a community-based financial analysis site and Confluent Inc., and by its pending merger with Telebank, the nation's leading branchless bank. E\*TRADE is also expanding its value proposition through strategic investments in E\*OFFERING, a full-service online investment bank, and Archipelago, a leading Electronic Communications Network (ECN).

E\*TRADE has been ranked the number one online brokerage by Gomez Advisors for four out of the last five quarters, 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 U.S. and worldwide.

**Important Notice**

E\*TRADE is a registered trademark of the Company. 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, 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 (including information under the caption "Risk Factors") and quarterly reports on Form 10-Q. The Company has not independently verified market size information contained in this release and provided by Gomez Advisors.

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 September 30, 1999		Fiscal Year Ended September 30, 1998	
Revenues:				
Transaction revenues	\$98,919	\$43,216	\$355,830	\$162,097
Global and institutional	26,608	27,503	110,959	95,829
Interest - net of interest expense (A)	37,061	17,427	122,308	56,701
Other	10,590	6,011	32,305	21,129
Net revenues	173,178	94,157	621,402	335,756
Cost of services	90,178	42,116	283,869	138,942
Operating expenses:				
Selling and marketing	77,443	49,597	301,658	117,283
Technology development	26,397	12,620	76,878	33,699
General and administrative	26,055	15,952	85,095	42,919
Merger related expenses	2,652	--	6,304	--
Total operating expenses	132,547	78,169	469,935	193,901
Total cost of services and operating expenses	222,725	120,285	753,804	332,843
Operating income (loss)	(49,547)	(26,128)	(132,402)	2,913
Non-operating income (expense):				
Gain on sale of investment	12,287	--	49,957	--
Loss on equity investments	(6,918)	--	(9,103)	--
Gain (loss) on foreign exchange	565	91	12	(762)
Total non-operating income (expense)	5,934	91	40,866	(762)
Pre-tax income (loss)	(43,613)	(26,037)	(91,536)	2,151
Income tax expense (benefit)	(16,894)	(10,885)	(37,098)	224

Net income (loss)	(26,719)	(15,152)	(54,438)	1,927
Preferred stock dividends	42	60	222	240
Income (loss) applicable to common stock	\$(26,761)	\$(15,212)	\$(54,660)	\$1,687
Net income (loss) per share:				
Basic	\$(0.11)	\$(0.08)	\$(0.23)	\$0.01
Diluted	\$(0.11)	\$(0.08)	\$(0.23)	\$0.01
Shares used in computation of net income (loss) per share:				
Basic	238,918	196,421	235,926	173,906
Diluted	238,918	196,421	235,926	185,479

(A) Interest is presented net of interest expense. Interest expense for the three months ended September 30, 1999 and 1998 was \$23,199 and \$12,554, respectively. Interest expense for the fiscal years ended September 30, 1999 and 1998 was \$72,789 and \$40,029, respectively.

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

	Three Months Ended September 30, 1999	June 30, 1999
Revenues:		
Transaction revenues	\$98,919	\$106,067
Global and institutional	26,608	26,937
Interest - net of interest expense (A)	37,061	34,834
Other	10,590	9,174
Net revenues	173,178	177,012
Cost of services	90,178	79,739
Operating expenses:		
Selling and marketing	77,443	94,796
Technology development	26,397	20,659
General and administrative	26,055	19,302
Merger related expenses	2,652	3,652
Total operating expenses	132,547	138,409
Total cost of services and operating expenses	222,725	218,148
Operating loss	(49,547)	(41,136)
Non-operating income (expense):		
Gain on sale of investment	12,287	4,303
Loss on equity investments	(6,918)	(851)
Gain (loss) on foreign exchange	565	(526)
Total non-operating income	5,934	2,926
Pre-tax loss	(43,613)	(38,210)
Income tax benefit	(16,894)	(14,758)
Net loss	(26,719)	(23,452)
Preferred stock dividends	42	60
Loss applicable to common stock	\$(26,761)	\$(23,512)
Net loss per share:		

Basic	\$(0.11)	\$(0.10)
Diluted	\$(0.11)	\$(0.10)
Shares used in computation of net loss per share:		
Basic	238,918	237,643
Diluted	238,918	237,643

(A) Interest is presented net of interest expense. Interest expense for the three months ended September 30, 1999 and June 30, 1999 was \$23,199 and \$24,007, respectively.

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 B a l a n c e S h e e t s  
(in thousands)

	September 30, 1999 (Unaudited)	September 30, 1998
ASSETS		
Current assets:		
Cash and equivalents	\$85,734	\$47,776
Restricted cash	4,223	--
Cash and investments required to be segregated under Federal or other regulations	103,500	5,000
Investment securities	190,149	502,872
Brokerage receivables - net	2,920,693	1,365,247
Other assets	33,875	24,287
Total current assets	3,338,174	1,945,182
Property and equipment - net	155,785	50,555
Investments	423,289	58,938
Related party receivables	--	3,719
Other assets	9,732	7,892
Total assets	\$3,926,980	\$2,066,286
LIABILITIES AND SHAREOWNERS' EQUITY		
Liabilities:		
Brokerage payables	\$2,824,212	\$1,244,513
Accounts payable, accrued liabilities and other	189,101	84,363
Total liabilities	3,013,313	1,328,876
Mandatorily redeemable preferred securities	--	3,000
Shareowners' equity:		
Common stock, \$.01 par value; shares authorized, 600,000,000; issued and outstanding:		
September 1999, 239,822,663;		
September 1998, 231,270,400	2,398	2,313
Additional paid-in-capital	(20,874)	33,564
Retained earnings (deficit)	763,958	685,775
Accumulated other comprehensive income	168,185	12,758
Total shareowner's equity	913,667	734,410
Total liabilities and shareowners' equity	\$3,926,980	\$2,066,286

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CO: E\*TRADE Group, Inc.  
ST: California  
IN: MLM FIN  
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