

E\*TRADE REPORTS SECOND QUARTER REVENUE GROWTH OF 126 PERCENT;  
Adds 233,000 Active Accounts, Up 77 Percent From Previous Quarter

Total Active Accounts at 909,000 with Customer Assets Exceeding \$21 Billion

PALO ALTO, Calif., April 20 /PRNewswire/ -- E\*TRADE Group Inc. (Nasdaq: EGRP) today reported revenues of \$126.7 million for its second fiscal quarter ended March 31, 1999, an increase of 126 percent from \$56.1 million in the same period a year earlier and up 44 percent from \$88.1 million in the first quarter of fiscal 1999.

As anticipated, the company incurred a second quarter operating loss as it continued to execute an aggressive brand-building and account acquisition strategy that included major marketing expenditures and investments in technology and customer service.

The pro forma net loss from ongoing operations was \$14.3 million, or \$0.12 per share, during the second quarter of fiscal 1999, as compared to net income of \$4.5 million, or \$0.05 per share, for the same period a year earlier, and a net loss of \$13.2 million, or \$0.12 per share, for the first quarter of fiscal 1999. During the second quarter, the company realized a net after-tax gain of \$20.0 million, or \$0.16 per diluted share, related to the sale of a portion of its investment in Knight/Trimark Securities. Including this transaction, total net income as reported for the second quarter was \$5.8 million, or \$0.05 per share. The company anticipates incurring additional operating losses into the future as it continues with its brand-building and account acquisition strategy.

The company achieved its 27th consecutive quarter of revenue growth and added 233,000 new active accounts, an increase of 77 percent over the previous quarter. This represents more new accounts than the company added in all of 1998, excluding acquisitions, and more than the total of the new accounts added from 1992, when E\*TRADE Securities Inc., was founded, through the end of fiscal year 1997. The number of total active accounts at the quarter's end was up 126 percent from a year earlier to approximately 909,000. This strong performance comes in only the second full quarter after the launch of Destination E\*TRADE, the company's new Internet financial services hub.

The company demonstrated its ability to add new accounts more efficiently in the second quarter by bringing the cost per account down 17 percent to just over \$250 per account from more than \$300 per account last quarter.

Transactions were 4.3 million for the quarter, up 168 percent from the same quarter in fiscal 1998. Assets held in customer accounts were \$21.1 billion at the end of the quarter, an increase of 109 percent over the same period last year. E\*TRADE also expanded its overall Internet reach, establishing itself as one of the most visited online investing services site on the World Wide Web. Total page views for the quarter were up 94 percent from the previous quarter to 510 million.

"We made tremendous progress during the second quarter," said Christos M. Cotsakos, chairman and chief executive officer of E\*TRADE Group Inc. "E\*TRADE further established its brand, business model and the Destination E\*TRADE web site as powerful factors in shaping financial services, electronic commerce and the Internet. The strong growth of our customer base and the exceptional traffic and investment activity on our site are positive indications of the fundamental success we're having in our marketplace."

#### Site Activity and Support

Customer accounts and E\*TRADE web site activity increased sharply during the second quarter. The new site provides investors with a richer mix of content, including investment and trading services, tools, information and analysis. By allowing investors to join the site as members before becoming customers, Destination E\*TRADE is designed to educate and inform self-directed investors, while also attracting new customers to E\*TRADE.

In the second quarter of fiscal 1999, E\*TRADE hosted 16.0 million visits, up 72 percent from the first quarter of fiscal 1999. Total page views equaled 510 million, up 94 percent from the first quarter of fiscal 1999. E\*TRADE had the greatest Internet reach of any online investment services site, according

to Media Metrix(TM), which measures the Internet reach of major web sites. Destination E\*TRADE attracted more unique visitors than Charles Schwab and Ameritrade combined, according to figures released by Media Metrix for the month of February.

"The launch of Destination E\*TRADE last September marked an important next step in our e-commerce and digital media strategies," said Cotsakos. "With Destination E\*TRADE, we've created an exciting content-rich experience to attract visitors to our site.

"At the same time, we took strong positive action during the quarter to build our technology infrastructure and in our efforts to ensure that our customers have access to high-quality service and support," continued Cotsakos. "The opening of our new state-of-the-art Alpharetta technology and customer service center, near Atlanta, already has begun to improve the service and support experience of our customers."

#### Operating Metrics

Transactions reached 4.3 million for the quarter, up 168 percent from 1.6 million during the same period a year earlier and up 55 percent, in a period with three fewer trading days, from 2.8 million in the first quarter of fiscal 1999. Average transactions per day in the second quarter were 70,000, up 63 percent from last quarter. The dollar value of customer transactions per week averaged more than \$4.0 billion during the quarter, up 67 percent from \$2.4 billion in the first quarter of fiscal 1999, totaling \$50 billion for the quarter.

E\*TRADE accounted for 2.26 percent of the combined equities markets during the quarter, up from 1.55 percent during the previous quarter and 1.30 percent for the second quarter of fiscal 1998. The company's share of the Nasdaq market during this quarter averaged 3.55 percent, compared with 2.29 percent in the previous quarter and 1.92 percent in the second quarter of fiscal 1998. E\*TRADE's total volume of shares traded increased 52 percent versus the previous quarter, while the total volume of shares traded on the combined equities markets only increased five percent for the same period. E\*TRADE also garnered 2.60 percent of options contracts traded during the quarter, up from 2.23 percent for the first quarter of fiscal 1999 and 1.71 percent for the second quarter of fiscal 1998.

E\*TRADE attracted a record \$56 million average daily deposits, up 93 percent from \$29 million in the previous quarter of fiscal 1999. Customers deposited more than \$3.4 billion in the second quarter, up 89 percent over \$1.8 billion in the first quarter. Customer assets were \$21.1 billion at the end of the quarter, up 39 percent from three months earlier, and up 109 percent from the end of the second quarter of fiscal 1998. This 39 percent increase compares with a 10 percent increase in the overall weighted equities index for the quarter. The customer money market fund balance increased to \$3.2 billion at the end of the quarter compared with \$2.6 billion in the previous quarter and \$1.5 billion in the second quarter of fiscal 1998.

#### Another Milestone Quarter

E\*TRADE continued its pace of innovation, service enhancement and strategic business diversification during the second fiscal quarter.

Significant developments during the second fiscal quarter included:

- Opening of E\*TRADE's new state-of-the-art Alpharetta technology and customer support center near Atlanta, Ga. E\*TRADE's latest technology and customer service center, Alpharetta, provides increased system redundancy, a significant increase in processing power, and expanded customer service capabilities.
- Receiving the Editors' Choice award as "best online brokerage" from the editors of PC Magazine, who also called the Destination E\*TRADE web site the "most sophisticated place to invest online."
- Entering the asset management business with the formation of E\*TRADE Asset Management, a registered investment advisor and subsidiary of E\*TRADE Group. Through E\*TRADE Asset Management, the company introduced the E\*TRADE S&P 500 Index Fund, the first mutual fund designed exclusively for the online investor. The fund already has more than \$12 million in assets, and will begin trading under its new

- symbol, ETSPX, later this week.
- Completing its initial investment in E\*OFFERING, a new, full-service online investment bank designed to increase investors' access to a variety of Initial Public Offerings (IPOs). In addition, during the quarter, E\*TRADE participated in 14 public offerings through its IPO Center on the Destination E\*TRADE web site.
  - Expanding its technology and business leadership in electronic financial services with the purchase of a 25 percent stake in Archipelago, an Electronic Communication Network (ECN) for Nasdaq stocks.
  - Agreeing to acquire ClearStation, a San Francisco-based online financial community that provides investment ideas, professional analysis, opinions, education, tools and discussion group interaction.
  - Retaining San Francisco-based advertising agency Goodby, Silverstein & Partners, and developing the company's new "It's Time for E\*TRADE" advertising campaign, launched earlier this month.
  - Continuing global expansion with the launch of CPR-E\*TRADE in France, the company's third international affiliate and first in Europe.
  - Signing of numerous marketing and promotional agreements to enhance the value-added content of the Destination E\*TRADE web site. Among others joining the list of strategic alliances were CNBC, TheStreet.com and United Airlines.

#### About E\*TRADE

A leading branded provider of online investing services, E\*TRADE has established a popular destination web site for self-directed investors. The company offers independent investors the convenience and control of automated stock, options and mutual funds order placement at low commission rates. In addition, E\*TRADE has a suite of value-added products and services that can be personalized, including portfolio tracking, real-time stock quotes, Smart Alerts, market commentary and analysis, news, investor community areas and other information services.

E\*TRADE was the first securities and financial services company to be awarded the CPA WebTrust seal of assurance by the American Institute of Certified Public Accountants (AICPA). In the fourth quarter of 1998, the E\*TRADE web site was named the No. 1 online investing site in a international survey of the industry's top 20 Internet brokerage firms by Lafferty Information and Research Group, a global provider of high-value and business information research.

Investors can access E\*TRADE at [www.etrade.com](http://www.etrade.com) on the Internet and through many other electronic channels and online services, including AOL (Keyword: E\*TRADE) and via the TELE\*MASTER interactive telephone system. E\*TRADE Securities Inc. (Member NASD/SIPC), and its parent company, E\*TRADE Group Inc., are headquartered in Palo Alto, Calif.

#### 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, market acceptance of the new E\*TRADE destination 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 or interruptions, 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.

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	1999	1998	1999	1998
Revenues:				
Transaction revenues	\$90,524	\$37,778	\$150,844	\$75,462
Interest - net of interest expense (A)	28,460	12,617	50,104	24,653
International	876	1,593	2,016	1,620
Other	6,793	4,142	11,762	8,402
Net revenues	126,653	56,130	214,726	110,137
Cost of services	56,467	25,254	97,638	48,824
Operating expenses:				
Selling and marketing	59,952	11,723	100,881	20,916
Technology development	15,127	7,065	29,449	13,368
General and administrative	18,061	4,619	32,374	10,602
Total operating expenses	93,140	23,407	162,704	44,886
Total cost of services and operating expenses	149,607	48,661	260,342	93,710
Operating income (loss)	(22,954)	7,469	(45,616)	16,427
Non operating income (expense)				
Gain on sale of investment	33,367	--	33,367	--
Loss on equity investments	(1,231)	--	(1,334)	--
Total non operating income	32,136	--	32,033	--
Pre-tax income (loss)	9,182	7,469	(13,583)	16,427
Income tax expense (benefit)	3,409	2,961	(6,163)	6,793
Net income (loss)	\$5,773	\$4,508	\$(7,420)	\$9,634
Net income (loss) per share:				
Basic	\$0.05	\$0.06	\$(0.06)	\$0.12
Diluted	\$0.05	\$0.05	\$(0.06)	\$0.11
Shares used in computation of net income (loss) per share:				
Basic	115,052	80,718	114,270	80,397
Diluted	123,426	85,949	114,270	86,080

(A) Interest is presented net of interest expense. Interest expense for the three months ended March 31, 1999 and 1998 was \$16,035 and \$8,578, respectively. Interest expense for the six months ended March 31, 1999 and 1998 was \$25,938 and \$17,290, respectively.

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

	Three Months Ended 3/31/99	12/31/98
Revenues:		
Transaction revenues	\$90,524	\$60,320
Interest - net	28,460	21,644
International	876	1,140
Other	6,793	4,969
Net revenues	126,653	88,073
Cost of services	56,467	41,171
Operating expenses:		
Selling and marketing	59,952	40,929
Technology development	15,127	14,322
General and administrative	18,061	14,313
Total operating expenses	93,140	69,564
Total cost of services and operating expenses	149,607	110,735
Operating income (loss)	(22,954)	(22,662)
Non operating income (expense)		
Gain on sale of investment	33,367	--
Loss on equity investments	(1,231)	(103)
Total non operating income	32,136	(103)
Pre-tax income (loss)	9,182	(22,765)
Income tax expense (benefit)	3,409	(9,572)
Net income (loss)	\$5,773	\$(13,193)
Net income (loss) per share:		
Basic	\$0.05	\$(0.12)
Diluted	\$0.05	\$(0.12)
Shares used in computation of net income (loss) per share:		
Basic	115,052	113,433
Diluted	123,426	113,433

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

	March 31, 1999 (Unaudited)	September 30, 1998
ASSETS		
Current assets:		
Cash and equivalents	\$49,658	\$21,834
Cash and investments required to be segregated under Federal or other regulations	5,000	5,000
Investment securities	409,192	502,534
Brokerage receivables - net	2,276,014	1,310,235
Other assets	18,873	11,635
Total current assets	2,758,737	1,851,238
Property and equipment - net	65,328	48,128
Investments	482,043	58,342
Related party receivables	--	3,719

Other assets	6,193	7,491
Total assets	\$3,312,301	\$1,968,918

LIABILITIES AND SHAREOWNERS' EQUITY  
Liabilities:

Brokerage payables	\$2,133,456	\$1,184,917
Accounts payable, accrued liabilities and other	208,488	73,765
Total liabilities	2,341,944	1,258,682

Shareowners' equity:

Common stock, \$.01 par value; shares authorized, 300,000,000; issued and outstanding: March 1999, 115,956,901; September 1998, 113,206,582	1,160	1,132
Additional paid in capital	727,032	681,058
Retained earnings	7,890	15,310
Accumulated other comprehensive income	234,275	12,736
Total shareowners' equity	970,357	710,236
Total liabilities and shareowners' equity	\$3,312,301	\$1,968,918

Contact: Media: Dave Murray, 650-328-5555, Ext. 114, dmurray@neal emay.com, or Susan Walker, 650-328-5555, Ext. 119, swalker@neal emay.com, both of Neale-May & Partners for E\*TRADE Group, Inc.; or E\*TRADE Analyst Contact: Len Purkis, Chief Financial Officer of E\*TRADE Group, Inc., 650-842-8776, lpurkis@etrade.com.

SOURCE E\*TRADE Group Inc.

-0- 04/20/99

/CONTACT: Media: Dave Murray, 650-328-5555, Ext. 114, dmurray@neal emay.com, or Susan Walker, 650-328-5555, Ext. 119, swalker@neal emay.com, both of Neale-May & Partners for E\*TRADE Group, Inc.; or E\*TRADE Analyst Contact: Len Purkis, Chief Financial Officer of E\*TRADE Group, Inc., 650-842-8776, lpurkis@etrade.com/

/Company News On-Call: <http://www.prnewswire.com/comp/136683.html> or fax, 800-758-5804, ext. 136683/

/Web site: <http://www.etrade.com/>  
(EGRP)

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

-0- Apr/20/1999 8:25  
EOS (PRN) Apr/20/99 08:25 86  
-0- (PRN) Apr/20/1999 8:40