

E*TRADE Reports First Quarter Revenue Growth of 63%, moved earlier today, we are advised by a representative of the company that the following table entitled "E*TRADE GROUP, INC. AND SUBSIDIARIES Condensed Consolidated Balance Sheets" should have appeared after the table entitled "E*TRADE GROUP, INC. AND SUBSIDIARIES Consolidated Statements of Operations":

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

	December 31, 1998 (Unaudited)	September 30, 1998
ASSETS		
Current assets:		
Cash and equivalents	\$31,179	\$21,834
Cash and investments required to be segregated under Federal or other regulations	21,500	5,000
Investment securities	486,653	502,534
Brokerage receivables - net	1,513,689	1,310,235
Other assets	20,327	11,635
Total current assets	2,073,348	1,851,238
Property and equipment - net	45,734	48,128
Other assets	121,922	69,552
Total assets	\$2,241,004	\$1,968,918
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Brokerage payables	\$1,425,031	\$1,184,917
Accounts payable, accrued liabilities and other	90,600	73,765
Total liabilities	1,515,631	1,258,682
Shareholders' equity	725,373	710,236
Total liabilities and shareholders' equity	\$2,241,004	\$1,968,918

Complete, corrected release follows:

E*TRADE Reports First Quarter Revenue Growth of 63%;
Adds 132,000 New Active Accounts, Up 55% From Fourth Quarter

\$31 Billion in Assets Traded During Record Quarter

PALO ALTO, Calif., Jan. 11 /PRNewswire/ -- E*TRADE Group, Inc. (Nasdaq: EGRP) today reported revenues of \$88.1 million for its first fiscal quarter ended December 31, 1998, up 63 percent from \$54.0 million in the first quarter a year earlier and up 28 percent from \$68.7 million in the fourth quarter of fiscal 1998. The Company achieved its 26th consecutive quarter of revenue growth and added 132,000 new active accounts, an increase of 55 percent over new accounts in the previous quarter. At the end of the quarter, total active accounts were 676,000, an increase of 109 percent from a year earlier. Transactions were 2.8 million for the quarter, up 75 percent from the same quarter in fiscal 1998. Customer assets under management were \$15.2 billion at the end of the quarter, an increase of 94 percent over the same period last year.

In addition, E*TRADE attracted 390,000 new members to its site, bringing to over 500,000 the number of visitors to become members since E*TRADE launched its new public destination Web site in September. Overall visits to Destination E*TRADE increased significantly in the Web site's first full

quarter as a public financial services destination on the Internet, with page views increasing 38 percent versus last quarter to 263 million.

As anticipated, the Company reported a first quarter net loss as it continued to execute an aggressive account and membership acquisition strategy that includes major marketing expenditures and investments in technology to support potential future growth. The net loss of \$13.2 million, or \$0.23 per share, for the first quarter of fiscal 1999 compares with net income of \$5.1 million, or \$0.12 per share, for the same period a year earlier, and a net loss of \$15.9 million, or \$0.33 per share, for the fourth quarter of fiscal 1998.

"This was the first full quarter since E*TRADE launched its public destination site and initiated its new marketing campaign. This exceptionally strong start reaffirms our goal to become the leader in the arena of all-electronic personal financial services," said Christos M. Cotsakos, Chief Executive Officer and Chairman-Elect of E*TRADE Group, Inc. "The rapid growth in members, page views and unique customers on Destination E*TRADE demonstrates the success of our techno-marketing strategy in drawing people to our site. The Company also made substantial gains in customer accounts and transactional volume. In fact, E*TRADE broke through the fourth quarter fiscal 1998 single day record trading level 12 times during the first quarter of fiscal 1999. At the same time, our new site and underlying, patent-pending Stateless Architecture(SM) performed extremely well. We successfully handled record numbers of visitors, members, customers and transactions on our site through this robust, fault-tolerant architecture."

Customer Account Growth and Site Activity

The Company added 132,000 new active customer accounts during the quarter to reach 676,000 at the end of December. New active accounts increased 55 percent from the previous quarter's 85,000, while total accounts were more than double the number of a year earlier and up 24 percent from September 30, 1998. In addition, E*TRADE attracted 390,000 new members to its site, bringing to more than 500,000 the number of visitors to become members since E*TRADE launched its new public destination Web site in September. Visitors sign up as members to take advantage of the rich array of valuable tools and information without first opening an account.

"E*TRADE's strategy of creating a public destination financial services hub on the Internet is core to our marketing efforts," said Cotsakos. "E*TRADE's advertising and promotions are directed at building one of the strongest brands on the Internet by attracting new visitors who can experience the benefits of using our site first hand. Our target is the more than 10 million investors who currently use the Internet to research their investment decisions, but who still trade off-line." According to MediaMetrics, Destination E*TRADE's reach during the quarter, i.e. the number of people who accessed the site, was greater than the combined reach of Charles Schwab and Ameritrade.

The success of E*TRADE's launch as a public destination site in September was reflected in the increased level of Internet activity on the site. In the first quarter of fiscal 1999, E*TRADE hosted 9.3 million visits, up 20 percent from the fourth quarter of fiscal 1998. Total page views equaled 263 million, up 38 percent from the fourth quarter of fiscal 1998.

Another Milestone Quarter

E*TRADE continued to bring new functionality, tools and content to the Destination E*TRADE site throughout the quarter. In addition, the company received widespread acclaim in recognition of the new site. Significant awards, service and business developments included:

- * E*TRADE was ranked the number one online brokerage service for the second consecutive quarter by Gomez Advisors, a leading independent authority devoted to online financial services.
- * The E*TRADE site was named the number one online investing site in the world by Lafferty Information and Research Group, a global provider of high-value and business information research.
- * The Company launched Power E*TRADE, a new suite of proprietary services and investment tools, including streaming Level II quotes, a \$3,000

- value provided at no charge to E*TRADE's active traders.
- * The E*TRADE site became the first financial services Web site to win the CPA WebTrust Seal of Assurance for security and privacy in e-commerce, following an independent evaluation by Deloitte & Touche LLP.
- * An agreement was announced to establish a new online investing service in France with CPR, a premier French investment bank and one of the leading providers of online investing services for French investors.
- * E*TRADE launched a comprehensive new online bond trading capability, offering customers the ability to access tools and research data and make trades across a wide breadth of fixed income securities.
- * E*TRADE signed an agreement with Barclays Global Fund Advisors (BGFA), a subsidiary of Barclays Global Investors, enabling E*TRADE to offer its own selection of index, enhanced index and fund-of-funds products. The first product will be an S&P 500 fund. More than 4,200 funds are now offered through the Mutual Fund Center, including more than 800 no load, no transaction fee funds.
- * E*TRADE and 3Com announced that E*TRADE quote services would be available via the Palm VII organizer and its next generation wireless communication platform.
- * E*TRADE launched a new online shopping center with 6 new retail partners to provide the foundation for diversified revenue growth.

Following the end of the quarter, on January 7, 1999, E*TRADE and Goldman Sachs announced that they had each acquired a 25 percent stake in Archipelago, operator of an established Electronic Communication Network (ECN) for Nasdaq stocks. Archipelago's trading system will provide E*TRADE with yet another opportunity to serve customers who derive value from the speed, efficiency and anonymity associated with ECN-based trading, further leveraging the Stateless Architecture launched with the Destination E*TRADE Web site. Archipelago is another way to help ensure that E*TRADE customers receive the highest quality trade execution.

"Our goal is to clearly separate and differentiate ourselves from the pack in the online investing market by bringing more value, choice and reliability to our customers. I believe we continue to make real progress toward that goal," Cotsakos said. "As one of the largest all-electronic financial services companies in the world, E*TRADE intends to leverage its technology to further level the playing field between individuals and institutional traders by delivering tools, content and functionality previously unavailable."

Operating Metrics

E*TRADE attracted a record \$29 million average daily deposits, up 32 percent from \$22 million in the previous quarter of fiscal 1998. Customer assets under management were \$15.2 billion at the end of the quarter, up 36 percent from three months earlier, and up 94 percent from the end of the first quarter of fiscal 1998. This 36 percent increase compares with a 23 percent increase in the overall weighted equities index for the quarter. The customer money market fund balance increased to \$2.6 billion at the end of the quarter, compared with \$1.8 billion in the previous quarter and \$1.1 billion in the first quarter of fiscal 1998.

Transactions reached 2.8 million for the quarter, up 75 percent from 1.6 million during the same period a year earlier and up 41 percent from the fourth quarter of fiscal 1998. The dollar value of customer transactions per week averaged more than \$2.4 billion during the quarter, up 41 percent from \$1.7 billion in the fourth quarter of fiscal 1998. While growth in transactions reflected the overall high level of trading volume in U.S. financial markets, the increase in new customer accounts, and the success of new initiatives, such as Power E*TRADE, in attracting active traders to E*TRADE, gave E*TRADE an increasing share of the overall market.

E*TRADE accounted for 1.55 percent of the combined equities markets during the quarter, up from 1.24 percent during the previous quarter and 1.15 percent for the first quarter of fiscal 1998. In fact, the Company's share of the Nasdaq market during this quarter averaged 2.29 percent, compared with 1.92 percent in the previous quarter and 1.67 percent in the first quarter of fiscal 1998. E*TRADE's total volume of shares traded increased 34 percent

versus the previous quarter, while the total volume of shares traded on the combined equities markets only increased 8 percent for the same period.

E*TRADE also garnered 2.23 percent of options contracts traded during the quarter, up from 1.90 percent for the fourth quarter of fiscal 1998 and 1.55 percent for the first quarter of fiscal 1998.

ShareData and OptionLink Acquisitions

As previously disclosed, on July 30, 1998, E*TRADE completed its acquisition of ShareData, Inc. The transaction, in which E*TRADE issued 1.3 million shares of its common stock in exchange for all outstanding common stock of ShareData, is being accounted for as a pooling of interest. In addition, during the fourth quarter of fiscal 1998 the Company reallocated a substantial part of the purchase price of OptionLink, which was acquired during the first quarter of fiscal 1998, to capitalized software, to be amortized over two years in accordance with the Company's existing policy. The amount so capitalized had previously been written off as in-process research and development. As a result, prior period results of E*TRADE, including those presented above and in the accompanying tables, have been restated to reflect the above pooling of interest and reallocation.

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, Java-based charting and quote applications, real-time stock quotes, Smart Alerts, market commentary and analysis, news, investor community areas and other information services. E*TRADE was ranked the number one overall online brokerage service in two consecutive quarterly reviews conducted by Gomez Advisors, a leading independent authority devoted to online financial services (Q3/Q4 1998).

In October, the E*TRADE Web site also was named the number one online investing site in an 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.

Customers can access E*TRADE at www.etrade.com on the Internet and through many other electronic channels and online services, including AOL (Keyword: E*TRADE). 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, 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

	December 31, 1998	September 30, 1998	December 31, 1997
Revenues:			
Transaction revenues	\$60,320	\$43,216	\$37,684
Interest - net	21,644	17,230	12,036
International	1,140	2,366	27
Other	4,969	5,850	4,260
Net revenues	88,073	68,662	54,007
Cost of services	41,171	33,237	23,570
Operating expenses:			
Selling and marketing	40,929	37,171	9,193
Technology development	14,322	12,501	6,303
General and administrative	14,416	12,914	5,983
Total operating expenses	69,667	62,586	21,479
Total cost of services and operating expenses	110,838	95,823	45,049
Pre-tax income (loss)	(22,765)	(27,161)	8,958
Income tax expense (benefit)	(9,572)	(11,245)	3,832
Net income (loss)	\$(13,193)	\$(15,916)	\$5,126
Basic net income (loss) per share	\$(0.23)	\$(0.33)	\$0.13
Diluted net income (loss) per share	\$(0.23)	\$(0.33)	\$0.12
Shares used in computation of basic net income (loss) per share	56,716	47,984	38,719
Shares used in computation of diluted net income (loss) per share	56,716	47,984	41,766

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SOURCE E*TRADE Group, Inc.

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

CO: E*TRADE Group, Inc.

ST: California

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