

E*TRADE SETS INDUSTRY RECORD FOR ACCOUNT GROWTH ADDING 332,000
Accounts; Customer Assets at \$26 Billion, Up 130 Percent

E*TRADE Reports Third Quarter Revenue Increase of 128 Percent;
Tops Five Million Transactions, Up 177 Percent

MENLO PARK, Calif., July 19 /PRNewswire/ -- E*TRADE Group Inc. (Nasdaq: EGRP) today reported record revenues of \$151.7 million for the fiscal third quarter, an increase of 128 percent from \$66.5 million in the same period one year earlier and up 20 percent from \$126.8 million in the second quarter of fiscal 1999. E*TRADE added 332,000 net active accounts, setting a new industry record for quarterly account growth. The Company reported significant progress across all of its strategic priorities, including customer acquisition and brand building, global infrastructure development, product innovation and diversification and the delivery of digital financial media.

As anticipated, the Company incurred a net loss in the fiscal third quarter as it continued to execute against its strategy to invest in technology and service infrastructure, as well as customer acquisition marketing. The pro forma net loss from ongoing operations was \$21.2 million, or \$0.09 per share, as compared to net income of \$5.1 million or \$0.03 per diluted share for the same period one year earlier.

During the third quarter, the Company recognized a non-operating charge for expenses incurred in the current quarter equal to \$0.01 per share, primarily related to its definitive merger agreement with Telebanc Financial Corporation. Including this charge, the total net loss as reported for the third quarter was \$24.2 million, or \$0.10 per share. The Company anticipates incurring additional operating losses into the future as it continues an aggressive marketing campaign to become the Global Leader and Recognized Authority in Electronic Personal Financial Services.

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 \$4.3 million, which compares to a pre tax gain in the second quarter of \$33.4 million. Such gains are reported in non-operating income as gains on sales of investments.

E*TRADE made solid progress across all key quarterly performance metrics. The Company added 332,000 net active accounts, almost six times more than were added in the same period last year and 43 percent more than were added during the second quarter of this fiscal year. Total active accounts were 1,241,000 as of June 30, 1999. Total transactions were 5.1 million for the quarter, up 177 percent from the same quarter one year earlier and 19 percent above the 4.3 million in the second quarter of fiscal 1999. The Company executed 80,600 daily average transactions during the quarter, a 15 percent increase over the daily average transactions during the previous quarter. Assets held in customer accounts were \$26 billion, an increase of 130 percent over the same period of last year and up 22 percent from the second fiscal quarter of this year. In addition, E*TRADE further established itself as the most visited investing site on the Internet. Total page views in the fiscal third quarter rose 344 percent to 621 million from 140 million in the period one year earlier. (See table below for more detail on key performance metrics.)

"E*TRADE achieved another exceptional quarter, particularly compared with the slower performance of the overall online investing category. Our quarter-to-quarter growth rate of total transactions was 19 percent, largely fueled by rapid growth in new customer accounts," said Christos M. Cotsakos, chairman and chief executive officer of E*TRADE Group Inc. "Virtually every meaningful performance metric for E*TRADE -- from account growth to Internet reach -- demonstrated progress in our goal of establishing E*TRADE as the Global Leader and Recognized Authority in Electronic Personal Financial Services.

"Even more importantly, E*TRADE made tremendous headway against its long-term priorities," continued Cotsakos. "We announced agreements for two strategically important acquisitions, Telebanc Financial Corporation and TIR Holdings, completed our acquisition of ClearStation and continued a rapid pace of innovation in all areas of our business. These moves support our strategy to deliver a superior value proposition and customer experience by executing

in four critical areas: building our brand franchise, diversifying our range of products and services, developing our infrastructure and building our digital financial media capabilities. Success in these four areas is expected to elevate E*TRADE above heritage and online brokers, and new entrants alike, grow and diversify our revenue base, build our customer assets under management and most importantly, continue to enhance the customer experience."

Progress Against Strategic Roadmap

E*TRADE achieved major milestones in each quadrant of its business strategy. Key milestones included:

Building the Customer Brand Franchise -- With a total of 1,241,000 active customer accounts as of June 30, 1999, E*TRADE is the industry's largest all-electronic investment services provider. In addition to adding 332,000 net new active accounts, E*TRADE extended its lead in top-of-mind consumer awareness. According to a survey conducted in May by NFO Market Research, E*TRADE ranked number one in top-of-mind recognition among all electronic trading companies, with three times the awareness level of its closest competitor, Charles Schwab. This awareness should help E*TRADE attract the 7 million additional consumers estimated by industry analysts to come into the category over the next two to three years.

E*TRADE also has made significant improvements to the customer service experience, a major component of brand satisfaction, by implementing a wide array of on-site electronic service innovations, adding more than 300 new Service Quality associates during the past 90 days, and increasing the number of associates with series 7 & 63 licenses.

Diversification of Products and Services -- This quarter demonstrates E*TRADE's commitment to deliver one of the industry's most comprehensive and integrated portfolios of high-value products and services to help its customers better achieve their financial goals. Delivering on its product strategy is expected to increase E*TRADE's appeal to financial consumers while diversifying the Company's revenue base.

E*TRADE's planned strategic merger with Telebank, the world's leading Internet bank, is expected to significantly differentiate the Company's product line and revolutionize personal financial services. The combination of E*TRADE and Telebank will make available to millions of consumers a powerful, integrated online financial management experience that will eliminate the need for multiple relationships.

For the first time, consumers will have access to an Internet-based, FDIC-insured cash management account, enabling them to complete a full range of transactions online (such as paying bills, purchasing mutual funds, CDs and fixed income securities and trading equities). The merger is expected to enable the Company to further build its asset management business, which includes offering E*TRADE proprietary mutual funds, and to result in consumers aggregating more of their assets with E*TRADE.

The Telebank merger continues to progress as planned and is expected to be completed by this fall. E*TRADE filed its initial regulatory application and preliminary proxy materials with the Office of Thrift Supervision and the Securities and Exchange Commission in June. Furthermore, E*TRADE's shareowners approved an increase in authorized common stock to help facilitate the transaction.

To further support the goal of the ultimate one-stop financial services destination, E*TRADE also launched a fully integrated Bond Center on its web site. The Bond Center provides easy access to commentary, market data, research and analytical tools, including a sophisticated screening capability. This easy-to-use, proprietary tool enables investors to quickly search through a wide range of executable fixed income securities, including U.S. Treasury, corporate, municipal, government agency and zero coupon bonds, based on price, yield, maturity, issuer, credit rating and other criteria.

E*TRADE continues to provide one of the industry's broadest and deepest online product and service lines, including a rich personalized customer experience involving investing in stocks, bonds, mutual funds, IPOs and options. In recognition of the superior customer experience E*TRADE provides,

E*TRADE continued to win accolades from leading third party analysts as "the number one place to invest online" based in part on its range of products and services. E*TRADE's site was ranked number one by Gomez Advisors and number one worldwide by Lafferty Information and Research Group in their latest rankings.

Developing a global infrastructure -- E*TRADE's goal is to build a global technology and service infrastructure capable of supporting investors around the world with "anytime, anywhere, anyway" access to information, tools and international markets. During the quarter, E*TRADE moved aggressively toward this goal across a number of fronts, including further build-out of its new technology and service center in Alpharetta, Ga., and expansion of the Company's customer service operations. Both will enable the delivery of around-the-clock telephone-based customer service later this year, complementing the Company's current web-based customer service.

On July 13, the Company took another significant step toward building its global infrastructure, announcing a definitive agreement to acquire TIR Holdings, a leading international broker offering global multi-currency execution and settlement services and a world leader in the provision of independent research to institutional investors. With more than 600 institutional clients, offices in major financial markets and seats on eight leading exchanges, TIR is expected to accelerate E*TRADE's goal of building the first global cross-border trading network for online investors. E*TRADE intends to overlay its technology architecture on the TIR network to bring retail, corporate and institutional investors a new web-based, electronic platform for international trading.

In addition, E*TRADE continued to work with its international business partners to successfully launch new E*TRADE-branded online investing sites in major markets outside of the United States. E*TRADE and its international affiliates now have launched E*TRADE-branded sites in Canada, Australia (which also serves New Zealand), Sweden and France, with plans for new site launches in Japan and the United Kingdom in the coming months. E*TRADE plans to launch branded web sites in the top 20 financial markets worldwide.

Development of Digital Financial Media -- A fourth strategic focus of E*TRADE is aggregation, development and distribution of Digital Financial Media (DFM) that can be personalized to help self-directed investors more effectively manage their investments and finances. E*TRADE's goal is to enhance its brand, attract new customers, diversify its revenue base and support the growth of the online investing marketplace through a focused digital content strategy. The acquisition of ClearStation, completed in the third quarter, was a significant step forward in E*TRADE's DFM strategy. ClearStation is a leading-edge financial media web site that integrates technical and fundamental analysis with community discussion to offer investors compelling investment analysis and opinion. The site, which recently was nominated for a 1999 Webby award for creative and innovative web design, surpassed the 100,000 registered member mark in just its ninth month. E*TRADE is working with ClearStation to develop its technology infrastructure and personnel to support rapid expansion and diversification of the site.

"E*TRADE continues to hit on all cylinders," concluded Cotsakos. "Our roadmap is clear and we continue to execute successfully. We are building a global franchise capable of forging a unique relationship with the new self-directed online investor. E*TRADE will continue to move aggressively against each quadrant of our strategy in the coming months in order to further establish our company as the Global Leader and Recognized Authority in Electronic Personal Financial Services."

Key Metrics - Third Quarter 1999 Results

Key Metric	Q3 1999	Q3 1998	3Q99 v 3Q98	Q2 1999	3Q99 v 2Q99
Total active accounts	1,241,000	459,000	170%	909,000	37%

Total transactions	5.1 million	1.8 million	177%	4.3 million	19%
Average transactions/day	80,600	29,200	177%	70,000	15%
Total assets in customer accounts	\$26 billion	\$11 billion	130%	\$21 billion	22%
Customer money market fund balance	\$3.8 billion	\$1.6 billion	138%	\$3.2 billion	19%
Average daily deposits	\$63.0 million	\$19.5 million	223%	\$56.0 million	13%
Total deposits/quarter	\$4.0 billion	\$1.2 billion	231%	\$3.4 billion	17%
Total page views*	621 million	140 million	344%	510 million	22%
Average Daily Page Views*	6.8 million	1.5 million	348%	5.6 million	20%

* Q3 1999 Page Views reflect the recent acquisition of ClearStation.

About E*TRADE

E*TRADE, a global leader in online personal financial services, has emerged as the world's most-visited online investing site. The content-rich Destination E*TRADE web site offers value-added investing and research features, premium customer service and a fully redundant, proprietary Stateless Architecture(SM) infrastructure. E*TRADE intends to expand its global positioning by launching branded web sites in the top 20 financial markets worldwide.

In recognition of its innovation and industry leadership, E*TRADE was ranked the best online brokerage by Gomez Advisors (Summer 1999) and Lafferty Information and Research Group (4Q98, 1Q99). E*TRADE also was the first securities and financial services company to be awarded the WebTrust seal of assurance by the American Institute of Certified Public Accountants (AICPA).

E*TRADE is committed to providing the most comprehensive global financial services experience on the Internet, as demonstrated by its acquisition of ClearStation, a community-based financial analysis site, as well as strategic investments in E*OFFERING, a full-service online investment bank, and Archipelago, a leading Electronic Communications Network (ECN). E*TRADE is positioned to become the first pure-play e-commerce company in the financial services sector -- combining online banking and brokerage services -- through a definitive merger agreement with Telebank, the nation's leading branchless bank. It is anticipated that the Telebank merger will close this fall. E*TRADE also has entered into an agreement to acquire TIR Holdings, Ltd., an international financial services company offering multi-currency securities execution and settlement services. The acquisition, anticipated to be completed in Summer 1999, is expected to help E*TRADE build the first global cross-border trading network for online investors.

E*TRADE Securities Inc. (Member NASD/SIPC), and its parent company, E*TRADE Group Inc., are headquartered in Menlo Park, 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 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 June 30,		Nine Months Ended June 30,	
	1999	1998	1999	1998
Revenues:				
Transaction revenues	\$106,067	\$43,419	\$256,911	\$118,881
Interest - net of interest expense (A)	34,561	14,137	84,577	38,790
International	1,925	3,045	3,941	4,665
Other	9,189	5,883	21,402	14,285
Net revenues	151,742	66,484	366,831	176,621
Cost of services	72,373	29,786	170,235	78,615
Operating expenses:				
Selling and marketing	82,369	13,308	183,406	34,224
Technology development	20,659	7,297	50,481	21,079
General and administrative	15,388	7,453	47,851	18,096
Merger related expenses	3,652	--	3,652	--
Total operating expenses	122,068	28,058	285,390	73,399
Total cost of services and operating expenses	194,441	57,844	455,625	152,014
Operating income (loss)	(42,699)	8,640	(88,794)	24,607
Non-operating income (expense):				
Gain on sale of investment	4,303	--	37,670	--
Loss on equity investments	(851)	--	(2,185)	--
Total non-operating income	3,452	--	35,485	--
Pre-tax income (loss)	(39,247)	8,640	(53,309)	24,607
Income tax expense (benefit)	(15,031)	3,499	(21,194)	10,292
Net income (loss)	\$(24,216)	\$5,141	\$(32,115)	\$14,315
Net income (loss) per share:				
Basic	\$(0.10)	\$0.03	\$(0.14)	\$0.09
Diluted	\$(0.10)	\$0.03	\$(0.14)	\$0.08
Shares used in computation of net income (loss) per share:				
Basic	232,583	164,729	230,595	161,441
Diluted	232,583	173,232	230,595	172,808

(A) Interest is presented net of interest expense. Interest expense for the three months ended June 30, 1999 and 1998 was \$23,957 and \$9,942, respectively. Interest expense for the nine months ended June 30, 1999 and 1998 was \$49,985 and \$27,232, respectively.

(Unaudited)

	Three Months Ended	
	6/30/99	3/31/99
Revenues:		
Transaction revenues	\$106,067	\$90,524
Interest - net of interest expense (A)	34,561	28,440
International	1,925	876
Other	9,189	7,008
Net revenues	151,742	126,848
Cost of services	72,373	56,573
Operating expenses:		
Selling and marketing	82,369	60,006
Technology development	20,659	15,256
General and administrative	15,388	18,093
Merger related expenses	3,652	--
Total operating expenses	122,068	93,355
Total cost of services and operating expenses	194,441	149,928
Operating income (loss)	(42,699)	(23,080)
Non-operating income (expense):		
Gain on sale of investment	4,303	33,367
Loss on equity investments	(851)	(1,231)
Total non-operating income	3,452	32,136
Pre-tax income (loss)	(39,247)	9,056
Income tax expense (benefit)	(15,031)	3,409
Net income (loss)	\$(24,216)	\$5,647
Net income (loss) per share:		
Basic	\$(0.10)	\$0.02
Diluted	\$(0.10)	\$0.02
Shares used in computation of net income (loss) per share:		
Basic	232,583	230,949
Diluted	232,583	247,697

(A) Interest is presented net of interest expense. Interest expense for the three months ended June 30, 1999 and March 31, 1999 was \$23,957 and \$16,035, respectively.

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

	June 30, 1999 (unaudited)	September 30, 1998
ASSETS		
Current assets:		
Cash and equivalents	\$29,495	\$21,890
Cash and investments required to be segregated under Federal or other regulations	5,005	5,000
Investment securities	280,047	502,534
Brokerage receivables - net	2,830,439	1,310,235
Other assets	28,154	11,710
Total current assets	3,173,140	1,851,369
Property and equipment - net	97,585	48,524
Investments	556,142	58,342
Related party receivables	--	3,719

Other assets	5,803	7,491
Total assets	\$3,832,670	\$1,969,445

LIABILITIES AND SHAREOWNERS' EQUITY

Liabilities:		
Brokerage payables	\$2,587,729	\$1,184,917
Accounts payable, accrued liabilities and other	255,735	74,992
Total liabilities	2,843,464	1,259,909
Shareowners' equity:		
Common stock, \$.01 par value; shares authorized, 600,000,000; issued and outstanding:		
June 1999, 233,806,525;		
September 1998, 227,077,074	2,338	2,271
Additional paid-in-capital	737,693	680,319
Retained earnings (deficit)	(17,905)	14,210
Accumulated other comprehensive income	267,080	12,736
Total shareowners' equity	989,206	709,536
Total liabilities and shareowners' equity	\$3,832,670	\$1,969,445

For further information contact: Media: Dave Murray, 650-328-5555, Ext. 114, dmurray@nealemay.com, or Greg Xenakis, 650-328-5555, Ext. 142, gxenaki@nealemay.com, both of Neale-May & Partners for E*TRADE Group Inc.; or Investor Contacts: Len Purkis, Chief Financial Officer, 650-331-6076, lpurkis@etrade.com, or Susan Wolfrom, Director, Investor Relations, 650-331-5303, swolfrom@etrade.com, both of E*TRADE Group Inc.

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/CONTACT: Media Contacts: Dave Murray, 650-328-5555, Ext. 114, dmurray@nealemay.com, or Greg Xenakis, 650-328-5555, Ext. 142, gxenaki@nealemay.com, both of Neale-May & Partners for E*TRADE Group Inc.; or Investor Contacts: Len Purkis, Chief Financial Officer, 650-331-6076, lpurkis@etrade.com, or Susan Wolfrom, Director, Investor Relations, 650-331-5303, swolfrom@etrade.com, both of E*TRADE Group Inc. /

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ST: California

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