

TORONTO DOMINION BANK

Form DEFA14A

June 23, 2005

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**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**THE TORONTO-DOMINION BANK**

(Name of Registrant as Specified In Its Charter)

AMERITRADE HOLDING CORPORATION

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:  
Common Stock
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Filed by The Toronto-Dominion Bank  
Pursuant to Rule 14a-12 under the  
Securities Exchange Act of 1934  
Subject Company: Ameritrade Holding Corporation  
Commission File No.: 000-49992

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**Forward-Looking Statements**

The statement, analyses, and other information contained herein relating to the proposed merger and anticipated synergies of TD Ameritrade, including cost savings and revenue opportunities, and the timing of the synergy realization; the expected accretive nature of the transaction and the timing of the accretion; the expected financial and operational performance of TD Ameritrade, including increased net income and pre-tax margin; industry rankings and competitive position; realization of Ameritrade's strategy; the service offerings of TD Ameritrade; the expected benefits to stockholders and customers; credit and interest rate risk; execution of integration plans; management and organizational structure; the dividend to be paid to Ameritrade stockholders; timing of the closing; future consolidation and growth; and other statements that are not historical facts, are all forward-looking statements. These statements reflect only our current expectations and are not guarantees of future performance or results. Various factors could cause actual results to differ materially from those anticipated by the forward-

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looking statements. These factors include the possibility that the necessary stockholder and regulatory approvals are not obtained; that the transaction does not close when expected or at all, or that the companies may be required to modify aspects of the transaction to achieve regulatory approval; that financing will not be available to fund the dividend or, if available, will be at a higher interest rate than expected; prior to the closing of the proposed transaction, the businesses of the companies suffer due to uncertainty; that TD Ameritrade is unable to transition customers, successfully execute its integration strategies, or achieve planned synergies, or that the occurrence of these events takes longer than expected; that management is unable to accurately forecast the anticipated financial results of TD Ameritrade or the timing of when those results will be realized; that TD Ameritrade is unable to compete successfully in this highly competitive and rapidly changing marketplace; that the parties are unable to retain employees that are key to the operations of the combined business; and that TD Ameritrade is unable to identify and realize future consolidation and growth opportunities. These and other risks that could cause actual results to differ materially from those described in the forward-looking statements are detailed from time to time in the documents filed by Ameritrade with the Securities and Exchange Commission ( SEC ), including Ameritrade s most recent Form 10-K and 10-Q.

## **Additional Information and Where to Find It**

In connection with the proposed transaction, Ameritrade will be filing a proxy statement and relevant documents concerning the transaction with the SEC. SECURITY HOLDERS OF AMERITRADE ARE URGED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders can obtain free copies of the proxy statement and other documents when they become available by contacting Investor Relations at [www.amtd.com](http://www.amtd.com), or by mail at Ameritrade Investor Relations, 4211 S. 102 Street, Omaha, NE 68124, or by Telephone: 800-237-8692. In addition, documents filed with the SEC by Ameritrade are available free of charge at the SEC s web site at [www.sec.gov](http://www.sec.gov).

Ameritrade Holding Corporation ( Ameritrade ), The Toronto-Dominion Bank ( TD ), and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Ameritrade in connection with the proposed transaction. Information regarding the special interests of these directors and executive officers in the proposed transaction will be included in the proxy statement of Ameritrade described above. Information regarding Ameritrade s directors and executive officers is also available in its proxy statement for its 2005 Annual Meeting of Stockholders, which was filed with the SEC on January 24, 2005. This document is available free of charge at the SEC s web site at [www.sec.gov](http://www.sec.gov) and from Investor Relations at Ameritrade as described above. Information regarding TD s directors and executive officers is available in its Annual Report on Form 40-F for the year ended October 31, 2004, which was filed with the SEC on December 13, 2004, and in its notice of annual meeting and proxy circular for its 2005 annual meeting, which was filed with the SEC on February 17, 2005. These documents are available free of charge at the SEC s web site at [www.sec.gov](http://www.sec.gov) and by directing a request to The Toronto-Dominion Bank, c/o TD Bank Financial Group, 66 Wellington Street West, Toronto, ON M5K 1A2, Attention: Investor Relations (416) 308-9030.

The tender offer for outstanding shares of Ameritrade common stock described in the press release has not commenced. At the time the tender offer is commenced, TD and J. Joe Ricketts, if he participates in the tender offer, will file a tender offer statement on Schedule TO with the SEC, and Ameritrade will file a solicitation/recommendation statement on Schedule 14D-9. The tender offer statement (including an offer to

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purchase, a related letter of transmittal and other offer documents) and the solicitation/recommendation statement will contain important information that Ameritrade's security holders should read carefully before any decision is made with respect to the tender offer. Those materials will be made available to Ameritrade's security holders at no expense to them. In addition, all of those materials (and all other offer documents filed with the SEC in connection with the tender offer) will be available at no charge on the SEC's web site at [www.sec.gov](http://www.sec.gov).

This filing consists of the following materials:

- (1) Joint press release announcing the transaction
- (2) Final transcript of investor call

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**AMERITRADE TO ACQUIRE TD WATERHOUSE U.S.A.**

*Expects Annualized Gross Synergies of \$578 Million*

*Six Dollars Per Share Dividend for Ameritrade Shareholders*

*Catapults Ameritrade Into Long-term Investor Segment, Providing  
A More Diversified Revenue Mix*

*Joe Moglia to Remain as CEO of TD Ameritrade*

**Omaha, Neb., and Toronto, Canada June 22, 2005** Ameritrade Holding Corporation (NASDAQ:AMTD) and TD Bank Financial Group (NYSE:TD) today announced that they have entered into a definitive agreement for Ameritrade to acquire TD's U.S. brokerage business, TD Waterhouse U.S.A. The transaction combines highly complementary franchises to create the largest online retail broker as measured by the average number of retail equity trades per day, with the scale, breadth and financial strength to be a leading player in the increasingly competitive and consolidating investor services industry. The combined company will operate under the name TD Ameritrade.

**Financial and Operational Highlights**

Ameritrade expects the acquisition to be accretive within twelve months and expects to realize approximately \$578 million of annualized gross synergies<sup>1</sup>, including cost savings and increased revenue opportunities, within six quarters after the closing.

Management of Ameritrade and TD believe that had the two companies operated as a single entity for the twelve months ended March 2005 with the full benefit of the expected synergies, it would have achieved the following:

Average client trades per day of approximately 239,000, the highest in the industry<sup>2</sup>;

Pre-tax margin of approximately 52 percent, the highest pre-tax margin of its publicly traded peers<sup>3</sup>;

Annual revenue of more than \$1.8 billion;

Annual net income of \$557 million, or \$0.92 per diluted share, representing 39 percent accretion over Ameritrade on a stand-alone basis for that same time period;

Third largest provider of services to Registered Investment Advisors with more than \$42 billion in assets under custody<sup>4</sup>;

Third largest account base in the industry with approximately 5,931,000 total accounts; 3,248,000 qualified accounts<sup>5</sup>;

Client assets of approximately \$219 billion; and

Client margin balances of approximately \$7.3 billion.

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### **Terms of the Deal**

The principal terms of the transaction include the following:

In exchange for the U.S. brokerage business of TD Waterhouse U.S.A., TD Bank Financial Group will receive approximately 32 percent ownership in TD Ameritrade;

Ameritrade shareholders will receive a special cash dividend of \$6.00 per share, subject to closing. The dividend will be funded with additional Ameritrade borrowings, excess cash and from capital contributed to TD Waterhouse U.S.A. by TD Bank Financial Group prior to closing;

TD Bank Financial Group will acquire Ameritrade's Canadian brokerage operations for \$60 million (U.S.) in cash; and

Joe Moglia will become chief executive officer of TD Ameritrade.

In connection with the transaction, Ameritrade, TD Bank Financial Group and members of the Ricketts family entered into a shareholder agreement generally relating to corporate governance and stock ownership matters. Principal terms include:

A twelve member classified board, including three designees of the Ricketts family, five designees of TD Bank Financial Group, the chief executive officer of TD Ameritrade and three independent directors. The number of directors that the Ricketts family and TD Bank Financial Group may designate will be reduced if their stock ownership falls below specified levels.

Immediately following closing, TD Bank Financial Group will commence a tender offer for an additional 7.9 percent of outstanding shares at a price of \$16 per share ex-dividend. J. Joe Ricketts may also participate in a tender offer.

TD Bank Financial Group has agreed, with certain exceptions, to limit their ownership to a maximum of 39.9 percent for three years from the closing and to a maximum of 45 percent from years four through ten. J. Joe Ricketts has agreed to limit the family ownership to 29 percent for ten years from closing.

The initial board of directors will include J. Joe Ricketts, Ameritrade founder and chairman of the combined company, vice-chairman Ed Clark, the CEO of TD Bank Financial Group, TD Ameritrade CEO Joe Moglia, J. Peter Ricketts, president and chief operating officer of TD Ameritrade and Thomas S. Ricketts. The remaining TD representatives and three independent members will be selected prior to closing.

The strategic transaction combines Ameritrade's scalability and operating leverage with TD Waterhouse U.S.A.'s diversified products and offerings providing a broad range of financial services from active traders to those seeking advice. With full realization of synergies, management expects to increase pre-tax margin even with the added scale of a branch network, as well as grow net income with minimal additional exposure to credit or interest rate risk.

The acquisition of TD Waterhouse U.S.A. is the right deal for Ameritrade, said Joe Moglia, chief executive officer of Ameritrade. This opportunity accelerates our long-term investor strategy with

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access to branches and advice, while maintaining an industry leading pre-tax margin. We expect that it will create significant value for shareholders by generating substantial cost synergies and deliver a more diverse revenue mix by shifting to an asset-gathering model. This exciting combination builds upon Ameritrade's strong track record as a leading industry consolidator and creates an even more robust platform for future consolidation and growth.

This transaction is a strategic and natural one for TD Bank Financial Group, as it provides immediate value to shareholders, reaffirms our commitment to the on-line brokerage business and extends our opportunities for further growth in the U.S., said Ed Clark, president and chief executive officer of TD Bank Financial Group. By having our strong TD Waterhouse U.S.A. franchise become part of Ameritrade, TD has gained a significant stake in a powerful industry leader; a stake that gives us the opportunity to actively contribute to the strategic direction as TD Ameritrade grows and strengthens the TD brand in the U.S. Consistent with our history of aligning with well-run companies, Ameritrade has a strong management team whose expertise will benefit clients and shareholders alike, added Clark.

J. Joe Ricketts and certain other stockholders of Ameritrade, who collectively own approximately 34 percent of Ameritrade's common stock, have agreed to vote in favor of the transaction.

The transaction is subject to approval by Ameritrade stockholders, regulatory approvals in both Canada and the U.S. and customary closing conditions. The companies expect the transaction to close in approximately six months.

Citigroup is serving as financial advisor and Wilson Sonsini Goodrich & Rosati is serving as legal advisor to Ameritrade. Goldman Sachs and TD Securities are serving as financial advisors and Simpson Thacher & Bartlett LLP is serving as legal advisors to TD Bank Financial Group.

### **Conference Call/Webcast**

Ameritrade will host a conference call for shareholders and analysts this afternoon, June 22, 2005, at 2:30 p.m. ET to discuss the announcement. The call is expected to last approximately one hour and will feature a presentation by Ameritrade CEO Joe Moglia, Ameritrade chief financial officer Randy MacDonald and brief remarks by TD Bank Financial Group president and CEO Ed Clark. Immediately following the Ameritrade call, TD Bank Financial Group will host a call for its shareholders and analysts (using the same telephone number and webcast coordinates) featuring a presentation by Ed Clark and TD's chief financial officer Dan Marinangeli. Participants of the Ameritrade call are welcome to remain on the line for the second call.

A live webcast of the conference call will be available online at Ameritrade Holding Corporation's Web site, [www.amtd.com](http://www.amtd.com) as well as TD Bank Financial Group's Web site, [www.td.com/investor/index.jsp](http://www.td.com/investor/index.jsp). Participants may also listen to the conference call, by dialing 1-888-818-8365 within the U.S., or 1-706-679-8476 for international.

### **About Ameritrade Holding Corporation**

For 30 years, Ameritrade Holding Corporation has provided investment services to self-directed individuals through its brokerage subsidiaries. Ameritrade develops and provides innovative

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products and services tailored to meet the varying investing and portfolio management needs of individual investors and institutional distribution partners. A brokerage industry leader, Ameritrade, Inc.,<sup>6</sup> a subsidiary of Ameritrade Holding Corporation, recently received a four-star rating in the *Barron's* 2005 Review of Online Brokers for its Apex active trader program. For more information, please visit [www.amtd.com](http://www.amtd.com).

### **About TD Waterhouse**

TD Waterhouse Group, Inc., provides investors and financial advisors with a broad range of brokerage, mutual fund, banking, and other consumer financial products. Worldwide, TD Waterhouse currently has 3.2 million active customer accounts. TD Waterhouse is a wholly-owned subsidiary of The Toronto-Dominion Bank (NYSE/TSE:TD) and part of TD Bank Financial Group. For more information please visit [www.tdwaterhouse.com](http://www.tdwaterhouse.com).

### **About TD Bank Financial Group**

Marking 150 years of service to Canadians in 2005, The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Financial Group. TD Bank Financial Group serves more than 14 million customers in four key businesses operating in a number of locations in key financial centres around the globe: Canadian Personal and Commercial Banking including TD Canada Trust; Wealth Management including the global operations of TD Waterhouse; Wholesale Banking, including TD Securities; and U.S. Personal and Commercial Banking through TD Banknorth. TD Bank Financial Group also ranks among the world's leading on-line financial services firms, with more than 4.5 million on-line customers. TD Bank Financial Group had CDN\$359 billion in assets, as of April 30, 2005. The Toronto-Dominion Bank trades on the Toronto and New York Stock Exchanges under the symbol TD. TD Waterhouse Discount Brokerage, TD Waterhouse Financial Planning, and TD Waterhouse Private Investment Advice are divisions of TD Waterhouse Canada Inc., a subsidiary of The Toronto-Dominion Bank. To learn more please visit [www.td.com](http://www.td.com).

### **Safe Harbor**

This document contains forward-looking statements that involve risks and uncertainties. For example, statements related to expected synergies of TD Ameritrade, including cost savings and revenue opportunities, and the timing of the synergy realization; the expected accretive nature of the transaction and the timing of the accretion; the expected financial and operational performance of TD Ameritrade, including increased net income and pre-tax margin; industry rankings and competitive position; realization of Ameritrade's strategy; the service offerings of TD Ameritrade; the expected benefits to stockholders and customers; credit and interest rate risk; execution of integration plans; management and organizational structure; the dividend to be paid to Ameritrade stockholders; timing of the closing; future consolidation and growth; and other statements that are not historical facts, are all forward-looking statements. These statements reflect only our current expectations and are not guarantees of future performance or results. Various factors could cause actual results to differ materially from those anticipated by the forward-looking statements. These factors include the possibility that the necessary stockholder and regulatory approvals are not obtained; that the transaction does not close when expected or at all, or that the companies may be required to modify aspects of the transaction to achieve regulatory approval; that financing will not be available to fund the dividend or, if available, will be at a higher interest rate than expected; prior to the closing of the proposed transaction, the businesses of the companies suffer due to uncertainty;

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that TD Ameritrade is unable to transition customers, successfully execute its integration strategies, or achieve planned synergies, or that the occurrence of these events takes longer than expected; that management is unable to accurately forecast the anticipated financial results of TD Ameritrade or the timing of when those results will be realized; that TD Ameritrade is unable to compete successfully in this highly competitive and rapidly changing marketplace; that the parties are unable to retain employees that are key to the operations of the combined business; and that TD Ameritrade is unable to identify and realize future consolidation and growth opportunities. These and other risks that could cause actual results to differ materially from those described in the forward-looking statements are detailed from time to time in the documents filed by Ameritrade with the Securities and Exchange Commission, including Ameritrade's most recent form 10-K and 10-Q.

<sup>1</sup> Last twelve months ended March 2005. Synergies expected to be realized over the 18 month period after closing (Yr1: 40%, Yr2: 90%, Yr3: 100%).

<sup>2</sup> *For the quarter ended March, 2005.* Source: Ameritrade, Waterhouse, E\*Trade, and Schwab reports publicly filed by each entity for the quarter ended 03/05. The numbers for E\*Trade are retail daily average revenue trades, which excludes professional trades. The numbers for Schwab are daily average revenue trades, which includes all client trades that generate commission revenue or revenue from principal mark-ups (i.e., fixed income), including trades of equities, options, fixed income securities, and mutual funds that generate transaction fees, and excluding Mutual Fund OneSource trades and other asset-based trades. The numbers for AMTD and TD Waterhouse U.S.A. are average daily trades, which include all client trades of equities, options, mutual funds and debt instruments.

<sup>3</sup> Source: Pre-tax margin in Ameritrade, Waterhouse, E\*Trade, and Schwab reports publicly filed by each entity for the last twelve months ended 03/05.

<sup>4</sup> Cerulli Associates May, 2005, RIA Service Agent Survey

<sup>5</sup> Source: Total account values listed in Ameritrade, Waterhouse, E\*Trade, and Schwab reports publicly filed by each entity for the quarter ended 03/05. *Total Accounts* for Ameritrade include all open client accounts (funded and unfunded), except clearing accounts. *Total accounts* for TD Waterhouse U.S.A. include all funded client accounts. *Qualified Accounts* include all open client accounts with a total liquidation value greater than or equal to \$2,000, except clearing accounts. See Glossary of Terms on the Company's web site at [www.amtd.com](http://www.amtd.com) for additional information.

<sup>6</sup> Ameritrade, Inc., member NASD/SIPC

### **Additional Information and Where to Find It**

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Ameritrade Holding Corporation, The Toronto-Dominion Bank, and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Ameritrade in connection with the proposed transaction. Information regarding the special interests of these directors and executive officers in the proposed transaction will be included in the proxy statement of Ameritrade described above. Information regarding Ameritrade's directors and executive officers is also available in its proxy statement for its 2005 Annual Meeting of Stockholders, which was filed with the SEC on January 24, 2005. This document is available free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov) and from Investor Relations at Ameritrade as described above. Information regarding

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The Toronto-Dominion Bank's directors and executive officers is available in its Annual Report on Form 40-F for the year ended October 31, 2004, which was filed with the SEC on December 13, 2004, and in its notice of annual meeting and proxy circular

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for its 2005 annual meeting, which was filed with the SEC on February 17, 2005. These documents are available free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov) and by directing a request to The Toronto-Dominion Bank, c/o TD Bank Financial Group, 66 Wellington Street West, Toronto, ON M5K 1A2, Attention: Investor Relations (416) 308-9030.

The tender offer for outstanding shares of Ameritrade common stock described in this announcement has not commenced. At the time the tender offer is commenced, The Toronto-Dominion Bank and J. Joe Ricketts, if he participates in the tender offer, will file a tender offer statement on Schedule TO with the SEC, and Ameritrade will file a solicitation/recommendation statement on Schedule 14D-9. The tender offer statement (including an offer to purchase, a related letter of transmittal and other offer documents) and the solicitation/recommendation statement will contain important information that Ameritrade's security holders should read carefully before any decision is made with respect to the tender offer. Those materials will be made available to Ameritrade's security holders at no expense to them. In addition, all of those materials (and all other offer documents filed with the SEC in connection with the tender offer) will be available at no charge on the SEC's web site at [www.sec.gov](http://www.sec.gov).

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**FINAL TRANSCRIPT AMTD Ameritrade Holding Corp. Merger & Acquisition Announcement of TD Waterhouse U.S.A. Event Date/Time: Jun. 22, 2005 / 2:30PM ET** streetevents@thomson.com 617.603.7900 www.streetevents.com © 2005 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

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**CONFERENCE CALL PARTICIPANTS**

**Donna Kush**

**Joe Moglia**

**Randy MacDonald**

**Ed Clark**

**Rich Repetto**

**Mike Vinciguerra**

**Bill Panona**

**David Trone**

**Matt Snelling**

**Jim Maga**

**Richard Herr**

**Howard Chen**

**Randy McDonald**

**Scott Patrick**

**David Chamberlain**

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**Tom Yankow**

**S.T. Telefrigatta**

**Ian de Verteuil**

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**Felice Gelman**

**Dan Marinangeli**

**Richard Lee**

**Rob Wessel**

**Michael Schecter**

**Mario Mendonca**

**Mark Maschino**

**Quentin Broad**

**Darko Mihelic**

**Michael Goldberg**

**Steve Cawley**

**P R E S E N T A T I O N**

**Operator**

Good afternoon, ladies and gentlemen. My name is Paul, and I will be your conference facilitator today. At this time I would like

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to welcome everyone to Ameritrade Holding Company's corporate announcement. (OPERATOR INSTRUCTIONS). I would now like to turn the conference over to Ms. Donna Kush. Please go ahead, ma'am.

**Donna Kush**

Thank you, Paul, and good afternoon, everyone, and thank you for joining us. I would like to ensure that all listeners are aware that there will be two calls this afternoon. The first call will be hosted by Ameritrade and is expected to last approximately one hour and will include a question-and-answer session. Once we have answered your questions and completed our closing remarks, the operator will inform you that the first call is completed.

After a five-minute break, we will begin the second call hosted by TD Bank Financial Group for its shareholders and analysts. Participants of the Ameritrade call are welcome to remain on the line for the second call.

By now you should have received the copy of our for press release that was faxed or e-mailed to you. If you have not, please call our Investor Relations Department and we will fax or e-mail one to you immediately. Otherwise, you can view a copy of our release and slides, listen to the call and submit any questions to us via our website at [amtd.com](http://amtd.com).

Also, if you want to contact us directly after the conference call, please call Investor Relations at 800-237-8692, or for media inquiries, contact Corporate Communications at 800-400-1336.

Before we begin, I would like to note that this call contains forward-looking statements that are made pursuant to the Safe Harbor provisions of the Federal Securities laws. For this purpose, any statements made that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes, anticipates, plans, expects, and similar expressions are intended to identify forward-looking statements. There are a number of the important factors that could cause the Company's actual results to differ materially from those indicated by such forward-looking statements, including factors set forth in our most recent 10-K and 10-Q filings with the SEC and in the press release that we issued this morning. We specifically disclaim any obligation to update our forward-looking statements even if our estimates change.

Please note that this call is intended for investors and analysts and may not be reproduced in the media in whole or in part without the prior consent of Ameritrade.

At this time I will turn the call over to Ameritrade's CEO Joe Moglia will be followed by Ameritrade's CFO Randy MacDonald, and then Ed Clark, the President and CEO of TD Bank Financial Group. Joe?

**Joe Moglia**

Thank you, Donna, and welcome everybody to our call. You know at the first analyst meeting that I hosted when I got to Ameritrade in the fall of 2001, I talked about that ultimately Ameritrade would move toward a client segmentation strategy that addressed the needs of the long-term investor. Well, today we are actually realizing that dream.

The new TD Ameritrade we believe is absolutely the best combination for our clients and our shareholders. First, let's take a look at it strategically.

It only enhances the position that we already have in the active trader space, and it immediately puts us into the segment where the long-term investor exists, and it makes us a player in the advisor market.

Besides that, we will develop a strategic and business relationship with TD Bank which has a 150-year-old tradition. We will be able to get most of the benefits from the bank, but yet have minimal costs and minimal risks that are associated with the banking business. From a financial perspective, we believe we are going to deliver superior returns. We are expecting growth synergies

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of \$578 million, and if you assume full synergy realization and combine that with the last 12 months as of March, 2005, there will be 39% EPS accretion, the combined adjusted revenue will be about 1.8 billion, combined adjusted net income around 557 million, but I think even more than that, as we shift our revenue mix to more of an asset-based driven approach, we think over time that will command a higher multiple in the marketplace.

Now when you look at our execution risk, I think most of you know that 75% of most mergers wind up failing. The single most significant reason why that happens is because companies fail on the integration. In the last three years, we have done seven integrations. We are seven and 0 in the execution of those integrations, and we absolutely plan on continuing that undefeated streak.

Now if you look at the right hand side of the slide, you know I think intuitively intuitively when you add branches, you add investment centers, you add a long-term investor business, add the RIA business, you would automatically assume your margins would go down. In this case, our margins will ultimately go up.

Now the next slide, frankly, it is simple, and I love this slide, and that is probably the reason why I love it. I cannot articulate better than the picture that actually exists in this diagram.

TD Ameritrade can now provide whatever the individual investor needs. Anything from a do-it-yourself online experience to branches and advisors for people who want help in managing their own money. Where we are strong, we are now going to be stronger. So in the active trader space, all we are doing is adding significant scale. That should go right through our pretax line.

Where we wanted to participate we are now going to be real players. You know we talked about Amerinvest now for a while, and we love that as a product. But Amerinvest combined with the long-term investor business that already exists takes us significantly ahead of where we could have been without that.

When you look at our RIA business, it is a nice little business. But combined with TD Waterhouse, we become the number three player in the advisor business in this country.

Now let me take you through the next bubble chart. If you look at the graph, if you look at the two axis, they basically consist of the pretax margin and pretax income. The actual size of the bubble represents the PE of that individual company.

Now we believe by maintaining our margins and even growing our margins and delivering sustainable profitable growth, plus getting into the asset gathering business, plus gaining most of the benefits of a bank with minimal cost and risk associated with that, we will ultimately expand our multiple. That is the point of this bubble chart.

Now the next slide basically gives you a summary of the transaction terms. What we are looking at is a 68/32% deal. There will be a \$6 a share dividend to be paid to Ameritrade shareholders. \$5 of that will be funded by borrowings and excess cash or excess liquidity that already exists at Ameritrade, and \$1 a share will be funded through excess capital at TD Waterhouse USA. That is a \$2.4 billion dividend that is getting paid to our shareholders. Ameritrade Canada will be sold to TD Bank for \$60 million. TD Bank will tender an additional 7.9% of their shares immediately after closing at \$16 a share ex-dividend. TD Bank will be limited to ownership of no more than 39.9% of the outstanding shares for the next three years for the three years after closing and no more than 45% of the outstanding shares in years four through 10 unless they tender for 100% of all the outstanding shares and receive approval by the unaffiliated directors and shareholders. Joe Ricketts may also participate in a tender offer to take their ownership up to 29%.

The makeup of the board will consist of 12 members. There will be five TD Bank representatives, including Ed Clark, the CEO of TD Bank who will be Vice Chairman of TD Ameritrade. There will be three Ricketts family representatives, including Chairman Joe Ricketts and Peter Ricketts will now be promoted to President of TD Ameritrade. There will be three independent representatives selected prior to the close, and I as CEO will also be on the board. We would expect normal approvals from the regulators as well as Ameritrade shareholders.

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With regards to the timing, we would expect that closing should take place comfortably within six months, and we would expect with regards to the synergies that all of those will be realized six quarters after the close.

Now the next slide just highlights what some of the combined metrics would look like as of the end of the March quarter. We will be doing about 240,000 trades per day. We would have around a little over \$7 billion in prior margin balances. A little over \$34 billion in client cash balances. That is about 16% of client assets. We will be doubling I m sorry we will be almost doubling the number of qualified accounts we have to a little over 3.2 million, and our overall account base will be a little over 5.9 million. Client assets at Ameritrade will now be about \$220 billion, and clearly we are significantly extending our RIA relationships, and we now have a full-scale branch network.

To help you walk through the numbers, let me turn it over to Randy MacDonald, our CFO.

**Randy MacDonald**

Let s turn to the next slide, and it is titled Combined Results with Full Synergy Realization, page eight. And what you have here are the historical financials for the last 12 months ended March 2005 for Ameritrade adjusted, which is to remove Canada because it is being sold to TD Canada for 60 million and then TD Waterhouse USA. That means the new company is TD Ameritrade, and that is before we count any synergies. That entity would have 1.6 billion in revenues and also have one of the best pretax margins in the industry of 33%.

Now for purposes of this analysis, full synergies are that we are going to assume all revenue opportunities and expense synergies are realized on day one. So growth synergies are revenue opportunities from bank suites of 200 million, operating expense savings of 328 million, plus advertising savings of another 50 million. So these growth synergies total 578 million.

Now I will go through the details of each of these on the next couple of slides. We also included four adjustments to the growth synergies of 578 million. The first is attrition, which is assumed to be equal to an extra 5% of the retail revenues of TD Waterhouse USA for just the first year, and that would be 27 million.

The next is the intangible asset, which is assumed to amortize over a 20-year period. The assets assumed to be the same percentage of the deal price as was recorded in the Datek deal, about 32% or \$42 million, and that is net of the assets acquired.

We will also be inheriting a fully built out branch network of physical locations. Therefore, we have assumed no cost to build this out. So that gets us to net synergies of 509 million. And finally, we are assuming a borrowing of \$2 billion, so we would incur interest expense of 120 million. That is when the pretax margins move to 52%.

So assuming full realization of synergies, TD Ameritrade would have 1.8 billion in revenues, produced 557 million in net income, \$0.92 in EPS, and be 39% accretive to EPS of Ameritrade adjusted for the last 12 months.

Now let me go back and explain the borrowing. We planned to pay out a dividend of 2.4 billion, and TD is contributing 400 million. So to be conservative, we re just assuming the rest is 2 billion in borrowings. So this is not including the liquid assets that we have today of 283 million, nor does it include the 60 million that we planned to get on the proceeds of the sale from Canada.

So now let's go to the next slide, which is titled Revenue Opportunities, page nine. And we have three philosophies on our revenue opportunities. The first is that we plan to accelerate the Ameritrade Bank strategy by renting the capital and the expertise of a 150-year-old bank. Now our strategy for obtaining these revenue opportunities involves much lower risk than being in the banking business, and all the yields that you see on this slide are consistent with the bank's service level agreement with TD's Bank.

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Next, the philosophy of the portfolio we are running is an investment portfolio, and it is not a lending portfolio. So we will have minimal credit risk.

Third, we are extending out the portfolio in duration to two years. That is to match the estimated duration of our core deposits. So this means there is no gap in the lives of the assets and the liabilities. So that means we save the cost of hedging such GAAP risks and minimizing interest rate risks.

Now there are four major asset types that make up the revenue opportunities. The first one is 13 billion in money market funds. Now currently we earn a concession fee of approximately 80 basis points on these balances. So there is opportunity to move approximately 15% of the balances or about 2 billion from the money market fund to an FDIC product. That would earn a net spread of 285 basis points, so that is a pickup of 205 basis points. This nets in revenue opportunities of 41 million annually.

Next is 9 billion in MMDA. TD has been successful at moving over 2.5 billion from the money market fund to the FDIC insured deposits over the last couple of years. The existing FDIC product is currently yielding 2.81% and paying the customers 96 basis points. So by extending 85% of the portfolio to two years to match the estimated life of deposits, the new yields is 3.81%. We assume the same cost for client payments, so that means we are earning an extra 100 basis points on approximately 7.8 billion, and so this will yield an extra 78 million.

Third, we have 6.2 billion in free credits. We will extend the maturity of 85% of that portfolio, approximately 5.3 billion, also to two years to match the deposit life, and yield pickup there is 144 basis points and that is for an extra 76 million.

And lastly, we have 7.3 billion in margin debt. The over 7 billion in margin lending done by the combined companies creates a securities lending box that approximates 10 billion of lendable securities. The combined Company will be able to leverage its strong stock loan business to pick up about 50 extra basis points on about 1 billion of securities, and that is a revenue opportunity of about 5 million.

Now unlike our expense synergies which are onetime, these are growing and continuing opportunities and can be positively impacted by rising interest rates. And just as important to note, these opportunities are based on only approximately 40% or 15 billion of the 36 billion in investment earning assets.

So let's go to the next slide, slide 10, which is titled "Expense Synergies" slide. Now with our acquisitions of NDB and Datek, plus five other acquisitions, we have a management team with a proven track record for successful integrations. Part of our due diligence process is to develop the hypotheses by which our management team would execute the integration. The team has spent many hard hours in due diligence, and they feel good about this opportunity. We plan to realize the equivalent of 59% of TD Waterhouse USA's last 12 months in expenses.

So beginning on the left side of the slide are the Ameritrade expenses for the last 12 months ended March of 433 million. Next to that are TD Waterhouse USA's last 12 months expenses of 643 million. So the combined Company would have an expense load of just under 1.1 billion. The synergy column is the full amount of expense synergies we expect to realize once we get to an ongoing expense load of 698 million.

Now our plans include picking the best people, products, system and processes. As with all of our integrations, we will have four main objectives. We have worked really hard to acquire our clients, and we want to retain all of them, so client retention is our number one goal.

Second is to realize all the synergies within six quarters. Third is to come out the other end of this journey with operational excellence. That is to have more streamlined processes including greater capacity, flexibility, reliability and scalability. And lastly, woven throughout all of these objectives is our commitment to associates of both companies that we will communicate openly and frequently and that we will continue to treat each of them fairly, equitably and with respect.

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Now at this point let me turn the call over to Ed Clark, President and CEO of TD Bank Financial Group, and my new best friend.

**Ed Clark**

Thank you, Randy. As you know, we're going to have our own call to focus on how this transaction impacts the TD Bank Financial Group right after we finish the Ameritrade call. So I'm not going to take up a lot of time on this call talking about the TD Bank.

But I think it is important to spend a minute to focus in on what we have achieved with this deal. If there is one thing that everybody has been able to agree on in the online brokerage business it is that there is strong pressure to consolidate. Neither of us needed to do a deal. We both wanted to do the right deal financially as well as strategically.

This deal generates immediate benefits available in any consolidation play. A 39% accretion for the Ameritrade shareholders and an immediate \$6 dividend. But it is also about a strategic combination available only with these two companies, a company with long-term growth potential to add further value for the shareholders.

Joe and I shared a view on how this can be achieved. We wanted a combined entity that was focused on wealth management. We wanted an entity that would have a great currency, a higher PE and an ability to make future acquisitions. But we also wanted a company that was able to fully serve a full-spectrum of the investors from the active trader to the long-term investor. Ameritrade owns the active trader space and has a best-in-class online trading platform. But it recognized that it needed to attract the long-term investor and expand its asset gathering capabilities. These are the areas of strength that TD Waterhouse and TD Waterhouse alone could bring to Ameritrade—serving the long-term investor directly and through the independent financial advisors, our extensive branch network and our strong marketing and product suite. Combining these two strong complementary franchises creates an industry powerhouse.

Finally, to be a winner in this space in the long-term, you need to have the best management team. This transaction builds upon the strength of Ameritrade's proven leadership team, with the focused strength of TD Waterhouse management and creates the best management team in the industry. The Ameritrade leadership team has a proven track record in consolidation. To me when you are consolidating two companies in a consolidated industry, you want to go with a management team that has a set of successful mergers under their belt. That is Joe Moglia's team. They are the ones with the knowledge, experience and judgment to make it work. Execution matters.

TD Ameritrade is a powerful combination and will be an unbelievably strong competitor going forward. This transaction and the position that TD Ameritrade will hold in the marketplace will generate enormous value for the Ameritrade shareholders. It is also an excellent deal both financially and strategically for TD shareholders. In the long-term, as a major shareholder, our interests will be aligned with all the TD Ameritrade shareholders in driving for significant shareholder value. We are very excited by the future, and we see unbelievable potential for future acquisitions. This deal solidifies our two distinct areas of focus in the United States, online brokerage through TD Ameritrade and retail commercial banking from TD Bank.

You can listen in on our call if you would like to hear more about the transaction from TD's perspective. Thank you and back to Joe.

**Joe Moglia**

You know, folks, any deal we could have done would have had excellent synergies and would have had excellent profitability. But the TD Ameritrade deal specifically was the only one that rounded out our client segmentation strategy, that gets us into the long-term investor space, makes us the number three player in the United States in the advisor business, gives us a full-scale branch system, gives us investment centers, gives us a strategic relationship with TD Bank where we get most of the benefits of the bank with minimal costs and risks associated with that. It puts us into the asset gathering business, and as I said before,

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that combined with the maintenance and the growth of our margins, as well as delivering sustainable profitable growth over time, we believe should expand our multiple.

Now you have heard me say this again and again, that we will do we will at least aggressively work to try to do any deal that ultimately is a real benefit long-term for our clients and our shareholders. We just did that. Don't assume, however, that consolidation for the industry is over, and don't assume that it is over for Ameritrade.

Now on a personal note, as far as I go, there have been a lot of questions as to what is going to happen to me over the span of the last year and a half. Well, that is speculation should be over now. I could not be more excited or proud to stay on as CEO of TD Ameritrade.

With that, let me open it up for Q&A.

**QUESTIONS AND ANSWERS**

**Operator**

(OPERATOR INSTRUCTIONS). Rich Repetto, Sandler O Neil.

**Rich Repetto**

(multiple speakers). First, congratulations on the deal. The first question is, can you spell out the lockup agreement? Is there a lockup agreement, and could you spell out what it is between yourselves and TD?

**Joe Moglia**

Yes, there is a shareholder's agreement, so there is a commitment to both the shares. But there is an opportunity for the board to change their minds, if, in fact, the independent committee of the board comes to a view that there is clearly a superior offer to what we have on the table.

**Rich Repetto**

Okay. And then could you outline who is on the independent committee, and then is there a breakup fee?

**Joe Moglia**

There is a small breakup fee. Mark Mitchell has been the Chairman, Dan Cooke (ph)

**Randy MacDonald**

Michael Fleischer (ph).

**Joe Moglia**

Michael Fleischer.

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**Rich Repetto**

So they are the only ones that evaluate if there was a superior offer out there?

**Joe Moglia**

Yes.

**Rich Repetto**

Okay. Second question is, Joe and Ed, you have talked about significant synergies much more higher than the market I think was anticipating for an Ameritrade TD Waterhouse combination. On the bank side, do you foresee any issues in regards to regulators? Have we walked through this process to get the 200 million good hunk of your over 500 million in synergies through blank regulators?

**Joe Moglia**

We have spent hours and hours and hours on this, and everything is very much coordinated, and we don't anticipate any issues or problems.

**Ed Clark**

There is already an agreement between TD Waterhouse Bank and TD Waterhouse Brokerage, and we are really taking out that arrangement to (technical difficulty) now to TD Ameritrade.

**Rich Repetto**

Okay, great. But if you look historically at what you did with TD Waterhouse Bank prior at least to what showed up in their first filings in the U.S., the spreads you know you did not have you had yields much less and spreads much less. Was that carried on your balance sheet prior?

In other words, we have looked at the way TD Waterhouse Bank in the U.S. when they filed the thrift reports, they were much smaller yields and much smaller margins overall. So are we doing anything just saying that we have already done that, and I am just trying to see where that showed up prior?

**Ed Clark**

Because what you are looking at is what the spread that is left in the TD Waterhouse Bank after the spread has the service agreement with TD Waterhouse, and so those profits are showing up under TD Waterhouse.

**Rich Repetto**

Okay. So (multiple speakers)

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**Ed Clark**

The profits we are seeing here that will now show up in TD Ameritrade.

**Rich Repetto**

Understood, okay. Okay. Next, Joe, you know the significant savings looked like they are in comp and (inaudible) and in another. I was just trying to get a feel for how many branches when you go to I know you have thought about it for a while now so how do you rationalize the branch structure? How do you think about people in that comp and (inaudible) business, the significant hunk of these expense synergies are there? So any color on the comp, and then this other line has 60 million or so in expense savings there as well?

**Joe Moglia**

I think, Rich, the bottom line is, you know as we move forward over the span of the next several months, we are going to go back to our postulates and our old principles. All the resources at TD Ameritrade are meant to exist for the benefit of our clients and our shareholders. Where those resources are not doing that, they will be redeployed in a way that does. If there are resources that are redundant, they will be eliminated.

With regard specifically to the branch structure, we have said all along that building out our own branch system is one thing. Inheriting one is yet another, and that the potential advantage to the branch system for us going forward would be a nicely rounded out our long-term investor strategy.

So going forward what we have not yet made final decisions as to exactly what we're going to do on that. But as we have in the past, at each of our earnings calls going forward, we will give you an update, Rich, as to exactly where we stand then. But it is difficult to give you too much detail on that if a), final decision has not been made, or b), more importantly, those decisions have not been communicated to our people. (technical difficulty)

**Operator**

Ladies and gentlemen, we are experiencing some technical difficulties. Please continue standing by. The conference will resume in just a moment.

**Joe Moglia**

Hey, folks. Rich, can you hear me?

**Operator**

Mr. Moglia, you are back in the main conference. Please resume whenever you are ready.

**Joe Moglia**

Well, we are ready to resume. Rich, did you get the entire answer there? (multiple speakers). Okay. Operator, who is the next ?

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**Operator**

Mike Vinciguerra, Raymond James.

**Mike Vinciguerra**

Listen, I wanted to ask one thing. First of all, the first thing you did when you came into Ameritrade a couple of years ago was that you completely cleaned up the balance sheet and got rid of all the debt. I wanted to make sure that you had all the cash flow you needed. So help us understand the leveraging of the balance sheet here? Why it is necessary? It seems like maybe one of the reasons is to free up cash for TD to make the tender offer that they are looking at, and I don't know if that is the main reason, but if you could share some thoughts there?

**Ed Clark**

Maybe I will just address that note. None of the leverage is going for our tender offer. We are supplying the cash 100% for the tender offer.

**Joe Moglia**

And that is as far as the tender offer goes. The leverage – a good part of that leverage, though, in fact, 100% of that leverage would be used for a payment of the dividend to our shareholders, to our current shareholders as of the record date.

Keep in mind there have been a lot of questions over the span of the last couple of years. There is, what is the right capital structure? To what extent does it make sense to be levered. And we said all along that that was something we were looking at.

Keep in mind also that this deal will be throwing off an incredible amount of cash, and what we wanted to do was lever the company to an extent in an effort to be able to reward our current shareholders with some of that opportunity.

**Mike Vinciguerra**

Have you received requests from shareholders over time, Joe, to potentially increase the cash going to them because it seems like most folks have been happy with your efforts to use the cash to buy back stock and kind of go at it that way?

**Joe Moglia**

I think that is accurate. Most people have been happy with regards to buying back with us buying back our stock. Remember that the real appreciation in our stock will ultimately come after we have delivered on the synergies and where we stand at that particular point in time, number one. We would assume, and if you run the math, with the amount of cash that we generate, there is a reasonable chance that within a couple of years we will have paid off the vast majority of that debt. So that would certainly allow us to use the cash for different reasons then. We thought this was a nice way to be able to reward our shareholders at this particular point in time, and we are very comfortable with about 30% debt on our balance sheet.

**Mike Vinciguerra**

Okay, very good. That makes sense. And then, Randy, just on the 7% cost you are assuming, what indications have you gotten? Like how far out are you going on the curve with that debt offering and where did you is 7% comfortable or is that conservative in your mind?

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**Randy MacDonald**

That is comfortable. It is after consultation with the investment bankers.

**Mike Vinciguerra**

Okay. And then just one other question if I could. I'm just trying to understand order execution. I believe that if I'm not wrong that TD Waterhouse did internalize at least on the NASDAQ side roughly 30, 35% of its order flow. The rest of it, the majority going to Knight. Can you help us understand how this will affect where you send your orders? Will you be able to internalize any, or is the market-making operation not coming with this transaction?

**Ed Clark**

No, the market-making operation, Mike, is part of the transaction, but that will be one of the decisions that we will be looking at carefully over the span of the next several months. Remember we have only got one objective. What is the best possible thing we can do for our shareholders and our clients, and that is how we will look at that.

**Mike Vinciguerra**

Okay. So net net you really have not factored into your synergies a potential to gain further benefits from the order flow that you guys will have as a combined company?

**Joe Moglia**

Very little.

**Mike Vinciguerra**

Great. Thank you, guys.

**Operator**

Bill Panona (ph), J.P. Morgan.

**Bill Panona**

I guess with your last closing comments there in terms of succession, we don't have to worry about you not staying on past September? Is that right?

**Joe Moglia**

That is correct.

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**Bill Panona**

Okay. And then in terms of timing for this deal, as well as what you suspect the dividend will be?

**Joe Moglia**

Well, we are announcing it today. We are certainly optimistic that we should be able to comfortably close no later than six months from now. We are comfortable with regards to the integration. We can deliver on the full synergy realization within a year and a half, and as far as the dividend goes, there will be a \$6 dividend that will be paid to Ameritrade shareholders of record prior to the close, ex- dividend.

**Bill Panona**

Okay. That is helpful. And then in terms of additional revenue synergies, I mean looking at what you had spelled out there, it looks like you're being pretty conservative as it stands with the money market funds, only assuming 15% conversion rate there. Is there any reason why you are so low in terms of that assumption, and am I right in assuming that there could be an additional 250 million of additional revenue synergies if you could convert that a whole lot?

**Joe Moglia**

I'm not sure if you should start to make those conversions right now. Understand that when Randy walked through the synergies, as well as the revenue opportunities, he said that this is something we very much believe we can deliver on. And frankly, as we dig deeper and as we work more closely with our new colleagues, we will make those decisions. But we're not prepared to commit to that yet.

**Bill Panona**

Okay. That is fair enough. And then just lastly, in terms of pricing, obviously I think TD Waterhouse has a little bit of a different pricing structure. I wanted to know what your pricing structure is going to be of this combined entity? And is that also factored into some of these revenue synergies if you are looking on changing pricing?

**Joe Moglia**

Number one, one of the things that is really sacrosanct in the regulator's mind is that there can be no discussion of pricing between ourselves and TD Waterhouse USA until we actually close, number one.

Number two, as we talk about pricing in general, remember we have talked about the approach that we will have will be our client segmentation strategy, different value propositions to different types of clients. So that still needs to be

worked out, and we are prohibited from having those types of discussions with TD Waterhouse until, indeed, after the deal closes. But no incremental revenue opportunities were included in this as far as pricing goes.

**Operator**

Rich Repetto, Sandler O Neil.

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**Rich Repetto**

Can you hear me?

**Joe Moglia**

Yes, Rich, did you get all of our answer last time?

**Rich Repetto**

No, I did not. I thought you cut me off. (multiple speakers)

**Joe Moglia**

Why don't you just what is it that you still need for us to answer?

**Rich Repetto**

Just a follow-up on the special board committee that will evaluate a superior bid. That just evaluates whether you need to relook at it. The full board would still need to approve any let's just say if there was a competitive bid, is that correct?

**Ed Clark**

Yes, that is correct. (inaudible)

**Rich Repetto**

Okay. And then actually the question was more on the expense side. On the other, you know you've got a hunk of maybe Randy can answer it but 65 million in other coming on. I'm just trying to figure out what ballpark that would be in general?

**Randy MacDonald**

Yes, there is a number of things that go in there, but a large component of that is the capital markets business.

**Rich Repetto**

Okay. Okay. And then very last question would be so just to go through the mechanics of this, the \$6 special dividend gets paid to Ameritrade shareholders right at close, and then the stock trades down or trades ex- dividend, and then you commence Ed's tender offer or Joe Ricketts' tender offer post that. Is that the way that this works?

**Ed Clark**

I think I always put it in simplest terms for those shares that get tendered into the tender offer effectively the total price is \$22. \$6 dividend, plus \$16 price for the shares.

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**Rich Repetto** Okay, so yes I get it. So they will get awarded the \$6 dividend and then ?

**Ed Clark**

Turnaround and tender into our share offer of \$16 after the dividend.

**Rich Repetto**

Understood. I think that is all I have.

**Joe Moglia**

Rich, I apologize about that before. I swear that we did not do that intentionally.

**Rich Repetto**

I thought you would take a route of swearing at me in Italian or something rather than cut me off. But that is okay.

**Joe Moglia**

(Speaks Italian language). Chiao, Rich!

**Operator**

David Trone, Fox-Pitt Kelton.

**David Trone**

Good afternoon. A couple of questions. Number one, what is your assumption for customer attrition?

**David Trone**

It is the same attrition that we have always experienced, plus the same attrition that has that TD Waterhouse USA has experienced. Plus on top of that, we added an incremental 5% to TD Waterhouse USA clients for the first year.

**David Trone**

Okay. Thank you. And you made some pretty bold comments about your desire to acquire in the future. I wonder how quickly do you think you would be able to do something let's just say, coincidentally half your size? And also wouldn't the \$6 cash, giving up the \$6 cash, wouldn't that kind of run counter to that strategy?

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**Joe Moglia** Okay, number one, just in terms of acquisition philosophy going forward, all I was trying to say is that that has not changed with regards to our strategy or our philosophy. The one number one objective obviously is for us to be able to deliver on the integration, but as we look at opportunities down the road, if we believe they are in the best interests of our shareholders and our clients, we will look hard to be able to do that. I just did not want anybody to think that we were all of a sudden out of the consolidation game, number one.

Number two, the ability, the \$6 dividend is not going to have any impact on that other than the fact that if there were a smaller acquisition that we could have made, well, now we may not have available cash for that. But that would be the only difference. And not having available cash in the past has not prevented us from doing an acquisition that we thought made sense.

**David Trone**

So to try the question again, how quickly do you think you would be prepared to make an acquisition of meaningful size?

**Joe Moglia**

Right. It is almost impossible to answer that. So I would I cannot give you a specific answer on that one.

**David Trone**

If you had to choose between six months and a year and a half, which would it be?

**Joe Moglia**

David, you are being really, really, really tough on me here.

**David Trone**

That is all right. Okay. Joe, just to be clear, there is no nondisclosed contract of any sort that has a finite end for your CEO position?

**Joe Moglia**

Correct.

**David Trone**

It is completely open-ended? Okay. And one more question and I apologize if this is in the material and I just did not catch it. The Ricketts family gets capped at 29%. What will it be starting out?

**Joe Moglia**

Well, they will be approximately 19% and change.

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**David Trone**

Okay. Thanks again and congrats.

**Joe Moglia**

Matt Snelling (ph), Friedman Billings Ramsey.

**Matt Snelling**

I was just wondering if you could give us a little color on the revenue breakout with TD Waterhouse, how much is coming from commissions, how much coming from CEs, how much coming from spread?

**Randy MacDonald**

Yes, we are going to probably post that on the website for everyone to see. We decided not to do that on this call, but to put it out there in the same format that we do for ourselves, so we will show the balances and the rates.

**Matt Snelling**

Yes, well, that would be helpful. And just to be clear, your revenue synergy number does not include a potential price cut or a segment?

**Randy MacDonald**

Well, we have revenue attrition which contemplates some of that.

**Matt Snelling**

Right but not a direct reduction?

**Joe Moglia**

(multiple speakers). That is correct.

**Randy MacDonald**

That is there. Joe answered the question earlier, but I think that I would encourage him to talk, too, about what we can talk about is the spectrum of the business and you know there is we have anything from do-it-yourself completely online all the way through to handholding in a branch with advice. And I don't think those are all going to be at the exact same price point.

**Matt Snelling**

No, I understand.

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**Randy MacDonald**

Yes. So we have contemplated it (multiple speakers) an