

AMERITRADE HOLDING CORP

Form PRER14A

November 23, 2005

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
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-11(c) or §240.14a-2

AMERITRADE HOLDING CORPORATION

(Name of Registrant as Specified In Its Charter)

(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)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies: TD Waterhouse Group, Inc. common stock, par value \$0.01
- (2) Aggregate number of securities to which transaction applies: 352,944,959 shares of common stock of TD Waterhouse Group, Inc.
- (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): \$1,400,151,000, calculated pursuant to Rule 0-11(c)(1)(i) and (a)(4) of the Securities Exchange Act of 1934, as amended, which represents the book value of TD Waterhouse Group, Inc. (the securities of which will be received by Ameritrade Holding Corporation in the transaction) after giving effect to the Reorganization described in the proxy statement.
- (4) Proposed maximum aggregate value of transaction: \$1,400,151,000, calculated pursuant to Rule 0-11(c)(1)(i) and (a)(4) of the Securities Exchange Act of 1934, as amended.
- (5) Total fee paid: \$164,798

Fee paid previously with preliminary materials.

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:
-

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, 2005

To the Stockholders of Ameritrade Holding Corporation:

On behalf of the board of directors, we are pleased to deliver to you our proxy statement concerning the acquisition by Ameritrade of the U.S. retail securities brokerage business of TD Waterhouse Group, Inc., or TD Waterhouse, from The Toronto-Dominion Bank, or TD. We believe the combination will give Ameritrade the scale, breadth and financial strength to further enhance its position as a leader in the securities brokerage industry.

In the transaction:

We will acquire the U.S. retail securities brokerage business of TD Waterhouse from TD in exchange for the issuance of 196,300,000 shares of Ameritrade common stock, which will represent approximately 32.6% of our post-transaction outstanding voting securities, and \$20,000 in cash.

We will change our name to TD Ameritrade Holding Corporation.

We will pay a special cash dividend of \$6.00 per share to Ameritrade stockholders, subject to Ameritrade obtaining adequate financing, and we will adjust outstanding equity awards granted to our directors and employees to preserve the pre-dividend economic value of the awards. The special dividend is a condition to the completion of the transaction and we will pay it only if the transaction is completed. Ameritrade's board of directors will declare the special dividend prior to the completion of the transaction and the record date for the special dividend will occur prior to the completion of the transaction and the issuance of Ameritrade common stock to TD.

We will sell our Canadian brokerage business, Ameritrade Canada, Inc., to TD for \$60 million in cash.

Following the completion of the acquisition of TD Waterhouse, TD will commence a tender offer, at a price of not less than \$16 per share (on an ex-dividend basis), to increase its beneficial ownership of TD Ameritrade voting securities to 39.9%. J. Joe Ricketts may elect to participate as a co-bidder in the tender offer to increase his beneficial ownership to up to 29%. Mr. Ricketts has informed Ameritrade that he does not intend to participate as a co-bidder in the tender offer.

We have entered into a new stockholders agreement with TD and J. Joe Ricketts, our Chairman and Founder, and certain stockholders of Ameritrade affiliated with Mr. Ricketts, which contains various provisions relating to the governance of TD Ameritrade following the completion of the transaction, including board composition, stock ownership, transfers by TD and Mr. Ricketts and his affiliates, voting and other matters, and we will amend our certificate of incorporation and bylaws to reflect the provisions of the stockholders agreement.

Our board of directors has unanimously approved the transaction after careful deliberation. We will hold a special meeting of stockholders at _____ at _____, on _____, 2005, to obtain the approval of Ameritrade stockholders of (1) the issuance of the shares of Ameritrade common stock, (2) the amendment and restatement of our certificate of incorporation, (3) the amendment and restatement of two of our stock plans to reserve additional shares of Ameritrade common stock for future issuance (which, due to a corresponding decrease in the number of shares reserved for issuance under Ameritrade's 1998 Stock Option Plan, will result in no net additional shares being reserved for issuance), and (4) the adjournment of the special meeting if necessary to permit further solicitation of proxies.

We encourage you to carefully review this proxy statement, which contains important information concerning Ameritrade, TD and TD Waterhouse, the proposed transaction and the proposals to be voted upon by stockholders at the special meeting. In addition, the section entitled Risk Factors beginning on page 33 contains a description of risks that you should consider in evaluating the proposals relating to the transaction.

Our board of directors unanimously recommends that you vote **FOR** each of the proposals described in this proxy statement. We cannot complete the proposed acquisition of TD Waterhouse unless each of the proposals for the

issuance of Ameritrade common stock to TD and the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals, is approved. Accordingly, a vote against the proposal relating to the issuance of Ameritrade common stock to TD or the proposal relating to the amendment and restatement of our certificate of incorporation or any of the related sub-proposals will have the same effect as a vote against the transaction. The approval of the amendment and restatement of our stock plans is not required to complete the transaction.

In connection with this transaction, J. Joe Ricketts and certain of his affiliates, entities affiliated with TA Associates and entities affiliated with Silver Lake Partners, which collectively own approximately 34% of the outstanding shares of Ameritrade common stock as of November 16, 2005, have agreed to vote their shares in favor of the issuance of Ameritrade common stock to TD and the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals.

Your vote is very important. Whether or not you plan to attend the special meeting, please submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the enclosed proxy card or by completing, dating and returning your proxy card in the enclosed envelope. Returning the proxy card or otherwise submitting your proxy does not deprive you of your right to attend the special meeting and vote in person.

We are very excited about this transaction and believe it will accelerate Ameritrade's long-term strategy and growth. Thank you for your support.

Sincerely,

Joseph H. Moglia
Chief Executive Officer
Ameritrade Holding Corporation

Neither the Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of the proposed issuance of shares of Ameritrade common stock in connection with the acquisition or determined whether this proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement is dated _____, 2005 and is first being mailed to Ameritrade stockholders on or about _____, 2005.

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REFERENCE TO ADDITIONAL INFORMATION

This proxy statement incorporates by reference important business and financial information about Ameritrade from documents that are not included in or delivered with this proxy statement. You may obtain documents that are incorporated by reference in this proxy statement without charge by requesting them in writing or by telephone from Ameritrade at:

Ameritrade Holding Corporation
4211 South 102nd Street
Omaha, Nebraska 68127
Telephone: 1-800-237-8692
Attention: Investor Relations

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference in the documents or this proxy statement.

In order to receive timely delivery of requested documents in advance of the special meeting, you should make your request by no later than _____, 2005.

For a more detailed description of the information incorporated in this proxy statement by reference and how you may obtain it, see Where You Can Find More Information beginning on page 221.

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AMERITRADE HOLDING CORPORATION

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON _____, 2005**

To Our Stockholders:

A special meeting of stockholders of Ameritrade Holding Corporation will be held at _____, local time, on _____, 2005 at _____, to consider and vote upon the proposals listed below and any other matters that may properly come before the special meeting or any adjournment or postponement of the special meeting.

Proposal No. 1: A proposal to approve the issuance of 196,300,000 shares of Ameritrade common stock (subject to adjustment for any stock dividends, stock splits or reclassifications) to The Toronto- Dominion Bank, or TD, and/or one or more of TD's affiliates, in accordance with the agreement of sale and purchase by and between TD and Ameritrade, which provides for the acquisition by Ameritrade of all of the capital stock of TD Waterhouse Group, Inc., or TD Waterhouse, a wholly owned subsidiary of TD.

Proposal No. 2: A proposal to approve the amendment and restatement of the certificate of incorporation of Ameritrade, which will be renamed TD Ameritrade Holding Corporation in connection with the transaction, in the form attached as Appendix C to this proxy statement, with the following sub-proposals:

2A a proposal to approve provisions restricting the authority of TD Ameritrade to implement anti-takeover measures that would potentially conflict with the terms of the stockholders agreement entered into in connection with the proposed acquisition of TD Waterhouse;

2B a proposal to approve the increase of the authorized number of shares of common stock, \$0.01 par value per share, of TD Ameritrade from 650,000,000 to 1,000,000,000;

2C a proposal to approve a provision which prohibits action by written consent of stockholders of TD Ameritrade;

2D a proposal to approve a provision increasing the size of the board of directors from nine members to twelve members for so long as the corporate governance provisions of the stockholders agreement entered into in connection with the proposed acquisition of TD Waterhouse remain in effect, and thereafter to allow the size of the board of directors to be determined by the board of directors;

2E a proposal to approve a provision setting forth procedures for the nomination or appointment of outside independent directors to the TD Ameritrade board of directors and the maintenance of an outside independent directors committee and a non-TD directors committee; and

2F a proposal to approve a provision which allocates corporate opportunities between TD Ameritrade and TD and which otherwise modifies the existing corporate opportunities provision of the certificate of incorporation.

Proposal No. 3: A proposal to approve an amendment and restatement of the Ameritrade Holding Corporation 1996 Long-Term Incentive Plan to reserve an additional 19,000,000 shares of Ameritrade common stock for future issuance under the 1996 Long-Term Incentive Plan. Subject to the approval of Proposal

No. 3 and Proposal No. 4 (below) by Ameritrade's stockholders, the board of directors of Ameritrade has approved a decrease in the number of shares reserved under Ameritrade's 1998 Stock Option Plan by 20,000,000 shares. The share reserve increase under Proposal No. 3 and Proposal

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No. 4 and the corresponding reduction in the 1998 Stock Option Plan share reserve will therefore result in no net additional shares being reserved for issuance.

Proposal No. 4: A proposal to approve an amendment and restatement of the Ameritrade Holding Corporation 1996 Directors Incentive Plan to reserve an additional 1,000,000 shares of Ameritrade common stock for future issuance under the 1996 Directors Incentive Plan.

Proposal No. 5: A proposal to adjourn the special meeting of stockholders to a later date or dates if necessary to permit further solicitation of proxies on all matters if there are not sufficient votes at the time of the special meeting to approve Proposal No. 1 relating to the issuance of Ameritrade common stock to TD or Proposal No. 2 relating to the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals.

The close of business on November 16, 2005 has been fixed as the record date for determining those Ameritrade stockholders entitled to vote at the special meeting. Accordingly, only stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

If Ameritrade stockholders wish to approve the acquisition of TD Waterhouse, they must approve Proposal No. 1 relating to the issuance of Ameritrade common stock to TD and Proposal No. 2 relating to the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals included in Proposal No. 2.

The Ameritrade board of directors recommends that you vote in favor of each of the above proposals (including each of the related sub-proposals under Proposal No. 2). Each member of our board of directors has advised us that he intends to vote all of the shares of Ameritrade common stock held, directly or indirectly, by him in favor of each of the above proposals and sub-proposals.

Your vote is very important. Whether or not you plan to attend the special meeting, please submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the accompanying proxy card, or by completing, dating and returning your proxy card in the enclosed envelope. A failure to submit a proxy by telephone, via the Internet or by mail or to vote in person at the special meeting will have the same effect as a vote against the acquisition of TD Waterhouse.

By order of our board of directors,
Corporate Secretary

Omaha, Nebraska
, 2005

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SUMMARY TERM SHEET

The following is a summary of the proposed transaction between Ameritrade Holding Corporation, or Ameritrade, and The Toronto-Dominion Bank, or TD, in which Ameritrade proposes to acquire the U.S. retail securities brokerage business of TD Waterhouse Group, Inc., or TD Waterhouse. Ameritrade is seeking stockholder approval of the issuance of Ameritrade common stock to TD in the transaction, as well as amendments to its certificate of incorporation to facilitate the transaction and amendments to two of Ameritrade's equity compensation plans.

*This term sheet is a summary and does not contain all of the information that may be important to you. You should carefully read this entire document, including the appendices and the other documents to which this document refers you, for a more complete understanding of the matters being considered at the special meeting. See *Where You Can Find More Information* beginning on page 221.*

On June 22, 2005, Ameritrade entered into a definitive agreement of sale and purchase to acquire all of the capital stock of TD Waterhouse from TD. On October 28, 2005, Ameritrade and TD entered into amendment to such agreement. In this proxy statement, we refer to the agreement of sale and purchase, as amended, as the share purchase agreement. In connection with the acquisition of all of the capital stock of TD Waterhouse:

Ameritrade will issue 196,300,000 shares of Ameritrade common stock to TD, and/or one or more of TD's affiliates, in accordance with the terms of the share purchase agreement and pay \$20,000 in cash in exchange for the outstanding capital stock of TD Waterhouse. See *The Share Purchase Agreement - Consideration to be Paid in the Transaction* beginning on page 78 for a more detailed discussion.

Ameritrade will change its name to TD Ameritrade Holding Corporation.

Ameritrade will pay a special cash dividend of \$6.00 per share to its stockholders, subject to Ameritrade obtaining adequate financing, and Ameritrade will adjust its outstanding equity awards to preserve the pre-dividend economic value of the awards. The special dividend is a condition to the completion of the transaction and Ameritrade will pay it only if the transaction is completed. Ameritrade's board of directors will declare the special dividend prior to the completion of the transaction and the record date for the special dividend will occur prior to the completion of the transaction and the issuance of Ameritrade common stock to TD. See *The Special Dividend* beginning on page 75 for a more detailed discussion.

Ameritrade will sell its Canadian brokerage business, Ameritrade Canada, Inc., to TD for \$60 million in cash, subject to specified adjustments. See *Certain Agreements Related to the Acquisition of TD Waterhouse Ameritrade Canada Purchase Agreement* beginning on page 107 for a more detailed discussion.

Prior to the completion of the transaction, TD Waterhouse will complete (1) the distribution to TD of any excess capital of TD Waterhouse above a specified minimum capital level (which includes a cash amount equal to \$1.00 per share of Ameritrade common stock to be retained by TD Waterhouse to fund a portion of the special dividend) and (2) the transfer of all of its non-U.S. and non-brokerage businesses to TD, so that at the time of completion of the acquisition of TD Waterhouse, TD Waterhouse will retain only its U.S. retail securities brokerage business. See *The Share Purchase Agreement - Covenants and Agreements - Reorganization* beginning on page 83 for a more detailed discussion.

Ameritrade has entered into a new stockholders agreement with TD and Ameritrade's Chairman and Founder J. Joe Ricketts, his wife and certain trusts for the benefit of their family, collectively referred to in this proxy statement as the Ricketts holders, which contains various provisions relating to the governance of TD Ameritrade following the completion of the transaction, including board composition, stock ownership, transfers by TD and the Ricketts holders, voting and other matters, and Ameritrade is proposing to make changes to its certificate of incorporation and bylaws

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to give effect to and facilitate the provisions of the stockholders agreement. Under the stockholders agreement: the TD Ameritrade Board will be composed of three outside independent directors, the Chief Executive Officer of TD Ameritrade, and subject to maintenance of ownership thresholds, three directors designated by Ricketts holders and five directors designated by TD.

TD Ameritrade Board committees will generally be composed of two directors designated by TD, two directors designated by the Ricketts holders and one outside independent director, subject to applicable legal requirements.

TD cannot own more than 39.9% of TD Ameritrade for three years after the completion of the transaction or more than 45% after that time, unless TD offers to purchase 100% of the outstanding stock of TD Ameritrade with approval of the outside independent directors and holders of a majority of the outstanding shares of TD Ameritrade common stock not affiliated with TD.

J. Joe Ricketts and the other Ricketts holders cannot own more than 29% of TD Ameritrade.

TD and the Ricketts holders will have rights to purchase securities in future TD Ameritrade issuances to maintain their ownership percentages.

TD and the Ricketts holders are generally restricted from transferring shares to any 5% stockholder of TD Ameritrade.

See Certain Agreements Related to the Acquisition of TD Waterhouse Stockholders Agreement beginning on page 100 for a more detailed discussion.

Following the completion of the acquisition of TD Waterhouse:

TD will initially beneficially own approximately 32.6% of the outstanding voting securities of TD Ameritrade.

See The Share Purchase Agreement Consideration to be Paid in the Transaction beginning on page 78 for a more detailed discussion.

TD will commence a tender offer, at a price of not less than \$16 per share (on an ex-dividend basis), to increase its beneficial ownership of TD Ameritrade voting securities up to 39.9%. J. Joe Ricketts has the right to participate as a co-bidder in the tender offer to increase his beneficial ownership of TD Ameritrade voting securities to up to 29%, but has informed the Company that he does not intend to do so. See Certain Agreements Related to the Acquisition of TD Waterhouse Stockholders Agreement Tender Offer and Share Ownership beginning on page 103 for a more detailed discussion.

Subject to specified exceptions, none of TD, J. Joe Ricketts, so long as he is serving as a director of TD Ameritrade, or any of their respective affiliates may participate in or own any portion of a business engaged in the business of providing securities brokerage services in the U.S. (or, solely in the case of Mr. Ricketts and his affiliates, in Canada) to retail traders, individual investors and registered investment advisors. See Certain Agreements Related to the Acquisition of TD Waterhouse Stockholders Agreement Non-Competition Covenants beginning on page 105 for a more detailed discussion.

TD Ameritrade will be prohibited from participating in or owning any portion of a business that competes with TD in the securities brokerage industry in Canada, and from owning a bank or similar financial institution. See Certain Agreements Related to the Acquisition of TD Waterhouse Stockholders Agreement Non-Competition Covenants beginning on page 105 for a more detailed discussion.

TD Ameritrade expects to incur approximately \$55 million to \$65 million of nonrecurring pre-tax charges (approximately \$34 million to \$39 million net of income tax) resulting directly from the acquisition, which will

be included in income within 12 months following the closing. These charges including rebranding costs, client communications, Ameritrade contract termination costs and Ameritrade employee involuntary termination costs. See Unaudited Pro Forma Combined Condensed Financial Statements of TD Ameritrade beginning on page 202 for a more detailed discussion.

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QUESTIONS AND ANSWERS

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND RELATED MATTERS

Q1: What is the transaction?

A1: Please refer to the summary term sheet at the beginning of this proxy statement.

Q2: What am I being asked to vote on?

A2: You are being asked to vote to approve the issuance of 196,300,000 shares of Ameritrade common stock under the share purchase agreement between Ameritrade and TD.

You are also being asked to vote to approve the amendment and restatement of our certificate of incorporation, including each of the amendments to the certificate of incorporation listed below:

provisions restricting the authority of TD Ameritrade to implement anti-takeover measures that would potentially conflict with the terms of the stockholders agreement entered into in connection with the acquisition of TD Waterhouse;

an increase in the authorized number of shares of common stock, \$0.01 par value per share, of TD Ameritrade from 650,000,000 to 1,000,000,000;

a provision which prohibits action by written consent of stockholders of TD Ameritrade;

an increase in the size of our board of directors from nine members to twelve members for so long as the corporate governance provisions of the stockholders agreement entered into in connection with the proposed acquisition of TD Waterhouse remain in effect, and thereafter allowing the size of our board of directors to be determined by the board of directors;

a provision setting forth procedures for the nomination or appointment of outside independent directors to the TD Ameritrade board of directors and the maintenance of an outside independent directors committee and a non-TD directors committee; and

a provision which allocates corporate opportunities between TD Ameritrade and TD and which otherwise modifies the existing corporate opportunities provision of the certificate of incorporation.

We are also asking you to approve the amendment and restatement of our 1996 Long-Term Incentive Plan and our 1996 Directors Incentive Plan to reserve an additional 20,000,000 shares of Ameritrade common stock for future issuance under these plans. Subject to the approval of the proposed share reserve increase by our stockholders, the board of directors of Ameritrade has approved a corresponding reduction of 20,000,000 shares in the share reserve under Ameritrade's 1998 Stock Option Plan. The share reserve increase under our 1996 Long-Term Incentive Plan and our 1996 Directors Incentive Plan and the corresponding reduction in the 1998 Stock Option Plan share reserve will therefore result in no net additional shares being reserved for issuance.

Finally, you are being asked to vote on a proposal to adjourn the special meeting of stockholders to a later date or dates if necessary to permit further solicitation of proxies on all proposals if there are not sufficient votes at the time of the special meeting to approve the issuance of Ameritrade common stock to TD or the amendment and restatement of our certificate of incorporation, including each related sub-proposal.

Q3: Why is Ameritrade seeking stockholder approval of the amendment and restatement of its 1996 Long-Term Incentive Plan and its 1996 Directors Incentive Plan?

A3: The board of directors of Ameritrade has determined, contingent upon stockholder approval, to increase the share reserve under Ameritrade's 1996 Long-Term Incentive Plan by 19,000,000 shares and to increase the share reserve under Ameritrade's 1996 Directors Incentive Plan by 1,000,000 shares. This will help ensure that

Ameritrade (1) has a reasonable number of shares available to grant incentive awards under the 1996 Long-Term Incentive Plan and the

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1996 Directors Incentive Plan and (2) has the most flexibility with respect to the types of incentive awards which may be granted. Subject to the approval of the proposed share reserve increase by Ameritrade's stockholders, the board of directors of Ameritrade has also approved a corresponding reduction of 20,000,000 shares in the share reserve under Ameritrade's 1998 Stock Option Plan.

As a result of these changes, the share reserve increase of 19,000,000 shares under the 1996 Long-Term Incentive Plan and the share reserve increase of 1,000,000 shares under the 1996 Directors Incentive Plan will consist entirely of shares previously authorized for issuance under the 1998 Stock Option Plan. The share increase under the 1996 Long-Term Incentive Plan and the 1996 Directors Incentive Plan and the corresponding reduction in the 1998 Stock Option Plan share reserve will therefore result in no net additional shares being reserved for issuance under Ameritrade stock plans.

Q4: What vote of Ameritrade stockholders is required in connection with each of the proposals?

A4: A quorum, consisting of the holders of a majority of the issued and outstanding shares of Ameritrade common stock as of the record date of the special meeting, must be present in person or by proxy before any action may be taken at the special meeting. Abstentions will be treated as shares that are present for purposes of determining the presence of a quorum.

The affirmative vote of the holders of a majority of the shares of Ameritrade common stock present in person or represented by proxy and voting on the matter is required to approve the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement.

The affirmative vote of the holders of a majority of the outstanding shares of Ameritrade common stock entitled to vote at the special meeting is required to approve our amended and restated certificate of incorporation, including each of the related sub-proposals described in Q&A 2 above.

The affirmative vote of the holders of a majority of the shares of Ameritrade common stock present in person or represented by proxy and voting on the matter is required to approve each of the proposals related to the amended and restated stock plans and the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the issuance of Ameritrade common stock in accordance with the terms of the share purchase agreement or the amendment and restatement of our certificate of incorporation, including each related sub-proposal.

The completion of the acquisition of TD Waterhouse is conditioned upon the approval of the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement and the amendment and restatement of our certificate of incorporation (including each of the related sub-proposals). As a result, a vote against the proposal relating to the issuance of Ameritrade common stock to TD or the proposal relating to the amendment and restatement of our certificate of incorporation (or any of the related sub-proposals) will effectively be a vote against the acquisition of TD Waterhouse. The completion of the acquisition of TD Waterhouse is not conditioned upon the approval of the proposals relating to the amendment and restatement of our stock plans.

In connection with the acquisition of TD Waterhouse, the Ricketts holders, certain entities affiliated with TA Associates, or the TA holders, and certain entities affiliated with Silver Lake Partners, or the SLP holders, have agreed to vote their shares in favor of the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement and the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals. As of November 16, 2005, the Ricketts holders, the TA holders and the SLP holders collectively owned approximately 34% of the outstanding shares of Ameritrade common stock.

Q5: Do I need to send in my stock certificates if the transaction is completed?

A5: No. You will not be required to exchange your certificates representing shares of Ameritrade common stock in connection with this transaction.

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Q6: What happens if I do not vote?

A6: The proposal to approve the amendment and restatement of our certificate of incorporation requires the affirmative vote of the holders of a majority of the outstanding shares of Ameritrade common stock. Because of this vote requirement and because the approval of this proposal is required to complete the acquisition of TD Waterhouse, failure to vote on the proposal to approve our amended and restated certificate of incorporation, including any of the related sub-proposals, is effectively a vote against the proposal and therefore a vote against the acquisition of TD Waterhouse.

The failure to vote on the proposals to approve the issuance of Ameritrade common stock to TD, the amendment and restatement of our 1996 Long-Term Incentive Plan and 1996 Directors Incentive Plan, and the adjournment of the special meeting if necessary to permit further solicitation of proxies will have no effect on the outcome of those proposals so long as there is a quorum present at the special meeting. However, the failure to vote on these proposals, by failing to either submit a proxy or attend the special meeting, may make it more difficult to establish a quorum at the special meeting.

Q7: What do I need to do now?

A7: After carefully reading and considering the information contained in this proxy statement, please submit your proxy by telephone or via the Internet in accordance with the instructions set forth in the enclosed proxy card, or fill out, sign and date the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the special meeting. See *The Special Meeting How to Vote Your Shares* beginning on page 40.

Q8: If my shares are held in street name by my broker, will my broker vote my shares for me?

A8: You should instruct your broker to vote your shares. If you do not instruct your broker, your broker will not have the authority to vote your shares for the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement, the amendment and restatement of our certificate of incorporation, including any of the related sub-proposals, the amendment and restatement of the 1996 Long-Term Incentive Plan and the 1996 Directors Incentive Plan.

Because of the vote requirements discussed in Q&A 4 and Q&A 6 above, broker non-votes, where the broker does not vote for or against a proposal, will have the same effect as votes cast against the proposal to approve the amendment and restatement of our certificate of incorporation (including the related sub-proposals) and, therefore, will have the same effect as votes against the acquisition of TD Waterhouse. However, broker non-votes will have no effect on the approval of the other proposals discussed in Q&A 4 and Q&A 6 above.

Please check with your broker and follow the voting procedures your broker provides. Your broker will advise you whether you may submit voting instructions by telephone or via the Internet. See *The Special Meeting Broker Non-Votes* and *The Special Meeting Quorum and Required Votes* beginning on pages 41 and 42, respectively.

Q9: May I change my vote after I have submitted a proxy by telephone or via the Internet or mailed my signed proxy card?

A9: Yes. You may change your vote at any time before your proxy is voted at the special meeting. You can do this in several ways. You can send a written notice stating that you want to revoke your proxy, or you can complete and submit a new proxy card. If you choose either of these methods, you must submit your notice of revocation or your new proxy card to the Corporate Secretary of Ameritrade (Ameritrade Holding Corporation, Attention: Corporate Secretary, 4211 S. 102nd Street, Omaha, NE 68127).

You can also change your vote by submitting a proxy at a later date by telephone or via the Internet, in which case your later-submitted proxy will be recorded and your earlier proxy revoked.

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You can also attend the special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy; you must vote at the special meeting.

If you have instructed a broker to vote your shares, the preceding instructions do not apply, and you must follow the voting procedures received from your broker to change your vote.

Q10: If I want to attend the special meeting, what do I do?

A10: You should come to _____, at _____ local time, on _____, 2005. Stockholders of record as of the record date for the special meeting (November 16, 2005) can vote in person at the special meeting. If your shares are held in street name, then you are not the stockholder of record and you must ask your broker, bank or other nominee holder how you can vote at the special meeting.

Q11: Who can help answer my additional questions about this transaction?

A11: If you have questions about this transaction, you should contact:

Ameritrade Holding Corporation
4211 South 102nd Street
Omaha, Nebraska 68127
Attention: Investor Relations
Telephone: 1-800-237-8692

QUESTIONS AND ANSWERS ABOUT THE SPECIAL DIVIDEND

Q1: What is a special dividend?

A1: A dividend is a distribution by a company to its stockholders of cash, stock or property. A company's board of directors may from time to time declare a dividend, payable to stockholders quarterly, semiannually or annually, or on a one-time basis. A one-time or non-recurring dividend is commonly referred to as a special dividend.

Q2: What is the special dividend that was announced by Ameritrade on June 22, 2005 in connection with the acquisition of TD Waterhouse?

A2: The dividend Ameritrade announced on June 22, 2005 is a special cash dividend of \$6.00 per share that will be payable only if sufficient funds are available for the dividend and such declaration and payment is permitted by applicable law and if the acquisition of TD Waterhouse is completed. It is important to note that the Ameritrade board of directors has not yet declared the proposed special dividend. Please see Q&A 3 below regarding the declaration date.

Ameritrade estimates that, based on shares of Ameritrade common stock outstanding on November 16, 2005, approximately \$2.4 billion will be required to fund the full amount of the special dividend.

As of September 30, 2005, Ameritrade had approximately \$353 million of cash, cash equivalents and short-term investments available to pay dividends, while maintaining targeted closing date net tangible book value. Based on a preliminary analysis, Ameritrade believes it has adequate surplus under Delaware law to pay the full amount of the special dividend.

As of November 16, 2005, Ameritrade had approximately \$105 million of borrowing capacity available to it under its existing revolving credit agreement. Ameritrade anticipates that it will have to enter into additional credit facilities providing borrowing capacity of between \$1.6 billion and \$2.0 billion to have sufficient borrowing capacity to pay the special dividend. Based on interest rate estimates provided by Ameritrade's lead debt underwriter, Ameritrade estimates that the interest cost in the first fiscal year following the acquisition of TD Waterhouse on amounts borrowed to pay the special dividend, assuming that Ameritrade borrows \$1.9 billion to fund the special dividend, would be approximately \$138 million.

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