

AMERITRADE HOLDING CORP

Form PRER14A

October 31, 2005

Table of Contents

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:
-

Table of Contents

, 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 32.7% 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 September 30, 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.

Table of Contents

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 219.

Table of Contents

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

Edgar Filing: AMERITRADE HOLDING CORP - Form PRER14A

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

Table of Contents

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 _____, 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

Table of Contents**TABLE OF CONTENTS**

	Page
<u>SUMMARY TERM SHEET</u>	1
<u>QUESTIONS AND ANSWERS</u>	3
<u>Questions and Answers about the Special Meeting and Related Matters</u>	3
<u>Questions and Answers about the Special Dividend</u>	6
<u>Questions and Answers about the Tender Offer</u>	9
<u>SUMMARY</u>	11
<u>The Transaction</u>	11
<u>Adoption of the Proposed Amendments to Ameritrade Stock Plans</u>	12
<u>Material U.S. Federal Income Tax Consequences of the Acquisition of TD Waterhouse to Holders of Ameritrade Common Stock</u>	13
<u>Ameritrade's Financial Advisor has Delivered an Opinion that, as of June 22, 2005, the Consideration to be Paid by Ameritrade in the Acquisition of TD Waterhouse was Fair, from a Financial Point of View, to Ameritrade</u>	13
<u>Ameritrade Executive Officers and Directors have Financial and Other Interests in the Transaction that may be Different from or in Addition to Your Interests</u>	14
<u>The Companies</u>	15
<u>Board of Directors and Executive Management of TD Ameritrade Following the Acquisition of TD Waterhouse</u>	16
<u>The Special Meeting of Ameritrade Stockholders</u>	17
<u>The Share Purchase Agreement</u>	18
<u>The Voting Agreement</u>	22
<u>The Stockholders Agreement</u>	22
<u>Regulatory Approvals Required for the Acquisition of TD Waterhouse</u>	24
<u>Adjustment of Equity Awards</u>	25
<u>Accounting Treatment of the Acquisition of TD Waterhouse</u>	25
<u>Comparative Historical and Pro Forma Per Share Data</u>	26
<u>Per Share Market Price Data</u>	27
<u>Summary Selected Historical Consolidated Financial Data of TD Waterhouse</u>	28
<u>Summary Selected Historical Consolidated Financial Data of Ameritrade</u>	30
<u>Selected Unaudited Pro Forma Combined Condensed Financial Data of TD Ameritrade</u>	32
<u>RISK FACTORS</u>	33
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	38
<u>THE SPECIAL MEETING</u>	39
<u>Date, Time and Place</u>	39
<u>Matters to be Considered</u>	39
<u>Record Date; Shares Outstanding and Entitled to Vote</u>	40
<u>How to Vote Your Shares</u>	40
<u>How to Change Your Vote</u>	40
<u>Counting Your Vote</u>	41
<u>Broker Non-Votes</u>	41
<u>Quorum and Required Votes</u>	42
<u>Solicitation of Proxies</u>	43
<u>Recommendation of the Board of Directors</u>	43

Table of Contents

	Page
<u>THE TRANSACTION</u>	44
<u>Background of the Transaction</u>	44
<u>Ameritrade's Reasons for the Transaction</u>	52
<u>Opinion of Ameritrade's Financial Advisor</u>	55
<u>Interests of Ameritrade's Executive Officers and Directors in the Transaction</u>	65
<u>Directors and Management of TD Ameritrade Following the Acquisition of TD Waterhouse</u>	66
<u>Certain Material U.S. Federal Income Tax Consequences</u>	69
<u>Anticipated Accounting Treatment</u>	71
<u>Regulatory Matters Related to the Acquisition of TD Waterhouse</u>	71
<u>No Appraisal Rights</u>	72
<u>Litigation Relating to the Transaction</u>	72
<u>Treatment of TD Equity Awards Held by TD Waterhouse Employees</u>	72
<u>THE SPECIAL DIVIDEND</u>	73
<u>PROPOSAL NO. 1: THE ISSUANCE OF SHARES UNDER THE SHARE PURCHASE AGREEMENT</u>	75
<u>THE SHARE PURCHASE AGREEMENT</u>	76
<u>Consideration to be Paid in the Transaction</u>	76
<u>Closing Date Capital Adjustment</u>	76
<u>Closing</u>	78
<u>Representations and Warranties</u>	78
<u>Covenants and Agreements</u>	81
<u>Conditions to the Acquisition of TD Waterhouse</u>	93
<u>Termination</u>	94
<u>Effect of Termination</u>	95
<u>Indemnification</u>	96
<u>Amendments, Extension and Waivers</u>	97
<u>CERTAIN AGREEMENTS RELATED TO THE ACQUISITION OF TD WATERHOUSE</u>	98
<u>Voting Agreement</u>	98
<u>Stockholders Agreement</u>	99
<u>Amended and Restated Registration Rights Agreement</u>	105
<u>Ameritrade Canada Purchase Agreement</u>	106
<u>Trademark License Agreement</u>	107
<u>Money Market Deposit Account Agreement</u>	108
<u>Services Agreement</u>	109
<u>Post-Transaction Bylaws of TD Ameritrade</u>	109
<u>PROPOSAL NO. 2, INCLUDING SUB-PROPOSAL NOS. 2A-2F THE POST TRANSACTION</u>	
<u>CERTIFICATE OF INCORPORATION</u>	111
<u>Sub-Proposal No. 2A: 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</u>	111
<u>Sub-Proposal No. 2B: Proposal to approve the increase of the authorized shares of common stock, \$0.01 par value per share, of TD Ameritrade from 650,000,000 to 1,000,000,000</u>	111
<u>Sub-Proposal No. 2C: Proposal to approve a provision which prohibits action by written consent of stockholders of TD Ameritrade</u>	112

Table of Contents

	Page
<u>Sub-Proposal No. 2D: Proposal to approve a provision increasing the size of the board of directors from nine members to twelve members during certain periods specified in the stockholders agreement</u>	112
<u>Sub-Proposal No. 2E: 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</u>	113
<u>Sub-Proposal No. 2F: Proposal to approve a provision which allocates corporate opportunities between TD Ameritrade and TD</u>	114
<u>Vote Required and Board of Directors Recommendation</u>	115
<u>Additional Changes to the Certificate of Incorporation</u>	115
<u>PROPOSAL NO. 3: APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE 1996 LONG-TERM INCENTIVE PLAN</u>	117
<u>Summary of the 1996 Plan</u>	117
<u>Summary of U.S. Federal Income Tax Consequences</u>	120
<u>Historical Plan Benefits</u>	122
<u>Required Vote and Board of Directors Recommendation</u>	122
<u>PROPOSAL NO. 4: APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE 1996 DIRECTORS INCENTIVE PLAN</u>	123
<u>Summary of the Director Plan</u>	123
<u>Summary of U.S. Federal Income Tax Consequences</u>	126
<u>Historical Plan Benefits</u>	128
<u>Required Vote and Board of Directors Recommendation</u>	128
<u>PROPOSAL NO. 5: ADJOURNMENT OF THE SPECIAL MEETING</u>	129
<u>TD WATERHOUSE BUSINESS DESCRIPTION</u>	130
<u>INDEX TO TD WATERHOUSE CONSOLIDATED FINANCIAL STATEMENTS</u>	132
<u>TD WATERHOUSE MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	175
<u>UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS OF TD AMERITRADE</u>	200
<u>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF AMERITRADE</u>	215
<u>FUTURE AMERITRADE STOCKHOLDER PROPOSALS</u>	218
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	219
APPENDICES	
<u>Appendix A-1 Agreement of Sale and Purchase</u>	
<u>Appendix A-2 Amendment No. 1 to Agreement of Sale and Purchase</u>	
<u>Appendix B Opinion of Citigroup Global Markets Inc.</u>	
<u>Appendix C Form of Amended and Restated Certificate of Incorporation</u>	
<u>Appendix D Form of Amended and Restated Bylaws</u>	
<u>Appendix E Voting Agreement</u>	
<u>Appendix F Stockholders Agreement</u>	
<u>Appendix G Form of Amended and Restated 1996 Long-Term Incentive Plan</u>	
<u>Appendix H Form of Amended and Restated 1996 Directors Incentive Plan</u>	

Table of Contents

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 219.*

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 76 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 73 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 106 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 81 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

Table of Contents

to give effect to and facilitate the provisions of the stockholders agreement. Under the stockholder 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 99 for a more detailed discussion.

Following the completion of the acquisition of TD Waterhouse:

TD will initially beneficially own approximately 32.7% of the outstanding voting securities of TD Ameritrade.

See The Share Purchase Agreement Consideration to be Paid in the Transaction beginning on page 76 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 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 97 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 99 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 99 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 200 for a more detailed discussion.

Table of Contents

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

Table of Contents

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 September 30, 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.

Table of Contents

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.

Table of Contents

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 (_____, 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 September 30, 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 October 28, 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.

Table of Contents

In addition, TD has agreed to maintain cash in TD Waterhouse equal to \$1.00 per share of Ameritrade common stock outstanding prior to the completion of the transaction, prior to any closing date capital adjustments. TD will therefore effectively fund \$1.00 per share of the special dividend. Based on Ameritrade common stock outstanding as of September 30, 2005, this amount would equal approximately \$406 million.

Assuming the transaction and the financing is completed, as further described in the unaudited pro forma combined condensed financial statements and subject to the assumptions contained in those statements, Ameritrade would have approximately \$2.5 billion of cash, cash equivalents and short term investments. Ameritrade therefore expects it would be able to pay, subject to obtaining financing, the full amount of the special dividend while maintaining targeted closing date tangible net worth.

Q3: What dates are relevant to the receipt of the special dividend, when will those dates be determined and when will they occur for the special dividend?

A3: Whether a stockholder is entitled to the special dividend will depend on several significant dates determined in accordance with applicable rules of the Nasdaq National Market. These dates include the declaration date, the record date, the closing date, the payable date and the ex-dividend date. Each of these dates is described below.

Declaration date This is the date on which a board of directors (1) decides that the company will pay a dividend and (2) sets the record date and the payable date for the dividend. We expect the declaration date to be on or around _____, _____.

Record date This is the date set by a company for the purpose of determining its stockholders of record and the stock outstanding on the record date. The dividend is paid only on stock outstanding on the record date. Because shares that trade in the market after the record date and on or before the payable date include the right to receive the special dividend, the record date will not be important to you if you trade shares of Ameritrade common stock in the open market. If you purchase shares in the market on or before the payable date (whether or not you owned the shares on the record date) and hold those shares until after the market opens on the ex-dividend date, you will receive the special dividend on those shares. The record date will be relevant with respect to stock options held by Ameritrade employees or directors. See Q&A 6 and Q&A 7 below for questions and answers related to stock options granted by Ameritrade and held by Ameritrade employees or directors. We expect that the record date for the special dividend will be a date at least 10 calendar days after the declaration date and approximately 10 business days before the expected closing date of the acquisition of TD Waterhouse.

Closing date This is the date that the acquisition of TD Waterhouse will be completed.

Payable date This is the date that a company pays the dividend. Please note that the actual receipt of the dividend by stockholders entitled to the dividend may take several days following the payable date. We expect that the payable date for the special dividend will be on the closing date of the acquisition of TD Waterhouse or the first trading day after the closing date. We expect the payable date to be on or around _____, _____.

Ex-dividend date or ex-date This is the date on and after which the stock trades in the Nasdaq National Market or on a stock exchange without the right to receive the declared dividend. We expect that the ex-dividend date will be the first trading day after the payable date.

Please keep in mind that the special dividend is contingent on the completion of the proposed acquisition of TD Waterhouse.

Q4: Who is entitled to the special dividend?

A4: Because shares of Ameritrade common stock sold in the market after the record date and on or before the payable date include the right to receive the special dividend, if you purchase shares of

Table of Contents

Ameritrade common stock in the market on or before the payable date (whether or not you owned the shares on the record date) and hold those shares until after the market opens on the ex-dividend date, you will receive the special dividend on those shares. Accordingly,

If you sell shares of Ameritrade common stock in the market before the ex-dividend date (whether or not you owned the shares on the record date), you will not be entitled to the special dividend with respect to those shares.

If you buy shares of Ameritrade common stock in the market on or after the ex-dividend date, you will not be entitled to the special dividend with respect to those shares.

Your market trade does not need to settle by the payable date in order to receive the special dividend. Rather, if you buy shares of Ameritrade common stock in the market on or before the payable date and hold those shares until after the market opens on the ex-dividend date, you will receive the special dividend on those shares.

The treatment of shares subject to stock options granted by Ameritrade to its employees or directors is not addressed in this Q&A 4. See Q&A 6 and Q&A 7 below for questions and answers related to stock options granted by Ameritrade and held by Ameritrade employees or directors.

The special dividend is contingent on the closing of the acquisition of TD Waterhouse.

Q5: What happens to a company's stock price after a dividend is paid?

A5: In theory, and disregarding other events and conditions that may affect financial markets and the price of a company's stock, when a company pays a special dividend, its stock price declines on the ex-dividend date to reflect the payment of the dividend. However, we cannot predict whether our stock price will decline in such a manner.

Q6: Are holders of stock options and other equity awards granted by Ameritrade entitled to receive the dividend?

A6: Stock options held by Ameritrade employees or directors are not entitled to cash dividends because dividends are paid on shares of stock outstanding as of the record date. Shares of stock underlying stock options that have not been exercised are not outstanding on the record date and therefore would not be entitled to the proposed special dividend.

However, we believe it is appropriate that holders of outstanding equity awards be treated fairly with respect to the special dividend, and in accordance with the terms of our stock plans, we will adjust any outstanding equity awards under the plans to preserve the pre-dividend economic value of the awards after payment of the proposed special dividend. We do not expect these adjustments to result in any additional compensation expense.

Ameritrade employees or directors who want to exercise their vested stock options and receive the dividend on those shares must exercise the options three trading days prior to the record date and hold the shares until after the market opens on the ex-dividend date. Stock options that are not exercised and are outstanding immediately before the ex-dividend date for the special dividend will be adjusted as described in Q&A 7 below.

Q7: What adjustments will be made to equity awards held by Ameritrade employees or directors?

A7: Unexercised equity awards that employees or directors hold and that are outstanding as of the ex-dividend date will be adjusted as follows:

The exercise price, if any, will be adjusted downward and the number of shares covered by equity awards will be adjusted upward pursuant to the following formulas, where Average Market Price means the volume weighted average market price of a share of Ameritrade common stock on the last trading day before the ex-dividend date for the special dividend.

Table of Contents

The exercise price, if any, of equity awards outstanding immediately before the ex-dividend date will be adjusted downward (but not below the par value per share) to the product of:

$$\begin{array}{rcccl} \text{Pre-dividend Exercise} & & (\text{Average Market Price} - \$6.00) & & \\ \text{Price} & \times & & = & \text{Post-dividend Exercise Price} \\ & & \text{Average Market Price} & & \end{array}$$

The number of shares covered by each equity award outstanding immediately before the ex-dividend date will be adjusted upward to the product of:

$$\begin{array}{rcccl} \text{Number of Shares} & & \text{Average Market Price} & & \\ \text{Pre-dividend} & \times & & = & \text{Number of Shares} \\ & & (\text{Average Market Price} - \$6.00) & & \text{Post-dividend} \end{array}$$

The adjustments will apply to vested and unvested stock options. Additional options outstanding as a result of these adjustments would be vested or unvested in proportion to the number of options covered by an award that are vested or unvested immediately before the adjustment, and the additional unvested options will vest on the remaining vesting dates applicable to such award, in proportion to the number of options that would otherwise vest on each of those dates.

Q8: Will I owe taxes on the proposed special dividend?

A8: A portion of the special dividend will be treated as qualified dividend income to the extent paid out of Ameritrade's current or accumulated earnings and profits, as determined under the Internal Revenue Code of 1986, as amended, or the Code, for the calendar year in which the special dividend is paid. The portion of the special dividend that will be taxable as qualified dividend income will not be determined until after December 31 of the year in which the special dividend is paid. With the assumption that current market conditions continue through the end of calendar year 2005, and that the special dividend is paid by December 31, 2005, based on preliminary estimates of Ameritrade's earnings and profits for tax purposes, it is anticipated that between approximately 25% to 30% of the special dividend received by each holder of Ameritrade common stock will be treated as qualified dividend income for United States federal income tax purposes. The portion of the special dividend that will be taxable as qualified dividend income may be more or less than these estimated percentages, depending on the actual results of Ameritrade's operations through the close of the 2005 calendar year, if the special dividend is paid in 2005, or the 2006 calendar year, if the special dividend is paid in 2006. Any portion of the special dividend in excess of each holder's pro rata share of Ameritrade's earnings and profits will be treated first as a tax-free return of capital up to each holder's basis in its shares of Ameritrade common stock, with any remainder treated as a capital gain. A non-corporate United States holder of Ameritrade common stock may be eligible to be taxed at a 15% (or lower) federal income tax rate on any portion of the special dividend constituting qualified dividend income for United States federal income tax purposes, provided that a minimum holding period and other requirements are satisfied. The 15% (or lower) tax rate for qualified dividend income is available only if the shares of Ameritrade common stock have been held for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date.

Non-United States holders of Ameritrade common stock will generally be subject to withholding on the gross amount of the special dividend at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

Because individual tax circumstances vary, you should consult your own tax advisor as it relates to your particular tax situation.

QUESTIONS AND ANSWERS ABOUT THE TENDER OFFER

Q1: What is the tender offer?

A1: Following the closing of the acquisition of TD Waterhouse, TD will initially beneficially own approximately 32.7% of the outstanding voting securities of TD Ameritrade. Following the closing of the acquisition of TD Waterhouse, TD will commence a tender offer, at a price of no less than \$16 per

9

Table of Contents

share (on an ex-dividend basis) to increase its beneficial ownership of TD Ameritrade voting securities to 39.9%. The tender offer will allow TD and to increase its percentage ownership of TD Ameritrade without causing additional dilution to Ameritrade stockholders and will offer liquidity to the stockholders of TD Ameritrade, subject to proration if the tender offer is oversubscribed. In addition, the tender offer will allow participating TD Ameritrade stockholders to sell their shares at a premium to the dividend adjusted market price of Ameritrade stock at the time of the execution of the share purchase agreement.

We estimate, based on shares of Ameritrade common stock outstanding on September 30, 2005 on a pro forma basis, that TD will be able to purchase up to 44,041,229 shares of Ameritrade common stock at \$16 per share in the tender offer for an aggregate purchase price of \$704,659,664. J. Joe Ricketts may elect to participate as a co-bidder in the tender offer to increase his beneficial ownership to up to 29% of TD Ameritrade voting securities. Mr. Ricketts has informed Ameritrade that he does not intend to participate in the tender offer as a co-bidder. TD will not be obligated to offer to pay more than \$16 per share.

Following the closing of the acquisition of TD Waterhouse, TD will provide TD Ameritrade stockholders with additional information regarding the tender offer.

Q2: Can TD change the price per share of the tender offer?

A2: The tender offer is subject to a minimum price per share of \$16. However, TD may, at its discretion, increase the price per share that it offers.

Q3: Will TD buy all shares that are tendered?

A3: The tender offer will not be subject to any minimum condition on the number of shares tendered. Subject to the other conditions of the tender offer being satisfied and the proration described in the following sentence, TD will purchase any shares that are tendered even if the number of shares tendered is less than the number TD offers to buy. If the number of shares of TD Ameritrade common stock tendered is greater than the number TD offers to buy, TD will purchase the shares pro rata, which means that a stockholder who accepts the offer will have only a portion of such stockholder's shares bought by TD.

Table of Contents**SUMMARY**

*This summary highlights selected information from this proxy statement. It 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 219. Additionally, some of the statements contained in, or incorporated by reference into, this proxy statement are forward-looking statements. See *Cautionary Statement Concerning Forward-Looking Statements* on page 38. All references in this proxy statement to dollars or \$ are to U.S. dollars and all references to CDN \$ are to Canadian dollars. In this proxy statement, unless otherwise indicated, we refer to accounting principles generally accepted in the U.S. as GAAP.*

The Transaction (see page 44)

Ameritrade and TD entered into an agreement of sale and purchase, which provides for the acquisition by Ameritrade of the U.S. retail securities brokerage business of TD Waterhouse from TD, which will result in a combined company named TD Ameritrade Holding Corporation, or TD Ameritrade. We refer to the agreement of sale and purchase, as amended, as the *share purchase agreement* in this proxy statement. In this transaction, Ameritrade will issue 196,300,000 shares of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement and pay TD \$20,000 in cash in exchange for the outstanding capital stock of TD Waterhouse. Following the completion of the transaction, TD will initially beneficially own approximately 32.7% of the outstanding voting securities of TD Ameritrade. In connection with the transaction, we will pay a special cash dividend of \$6.00 per share to our stockholders, subject to Ameritrade obtaining adequate financing. The special dividend is a condition to the completion of the transaction and we will pay it only if the transaction is completed. TD will effectively fund \$1.00 per share of the special dividend. Ameritrade will be required to borrow approximately \$1.6 to \$2.0 billion to fund the special dividend.

Prior to the completion of the transaction, TD Waterhouse will complete the transfer of all of its non-U.S. and non-brokerage businesses to TD and retain only its U.S. retail securities brokerage business. TD Waterhouse will also distribute to TD any excess capital of TD Waterhouse above a specified minimum capital level (which includes a cash amount equal to \$1.00 per Ameritrade share to be retained by TD Waterhouse to fund a portion of the special dividend).

In connection with entering into the share purchase agreement, Ameritrade also entered into a stockholders agreement with TD and 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 certain changes to its certificate of incorporation and bylaws to give effect to and facilitate the provisions of the stockholders agreement. See *Certain Agreements Related to the Acquisition of TD Waterhouse* *Stockholders Agreement* beginning on page 99 for a further discussion of the stockholders agreement.

Ameritrade and several of its stockholders, including the Ricketts holders, have also entered into a voting agreement and an amended and restated registration rights agreement. Each Ameritrade stockholder who signed the voting agreement agreed to vote their shares of Ameritrade common stock in favor of the proposals to issue 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, and against competing proposals, subject to certain exceptions. Under the terms of the amended and restated registration rights agreement, the Ricketts holders and certain other existing Ameritrade stockholders will continue to be entitled to require, and TD will become entitled to require, TD Ameritrade to register their securities of TD Ameritrade under applicable securities laws.

Ameritrade and TD also entered into a trademark license agreement and have agreed to enter into a services agreement and a money market deposit account agreement. The trademark license agreement

Table of Contents

generally requires Ameritrade to use the TD trademark and logo as part of Ameritrade's corporate identity, TD Ameritrade, following the completion of the acquisition of TD Waterhouse. The money market deposit account agreement provides for the availability of money market deposit accounts to TD Ameritrade clients, and the services agreement provides for the availability of money market funds to TD Ameritrade clients. See Certain Agreements Related to the Acquisition of TD Waterhouse beginning on page 98 for a further discussion of these agreements.

Ameritrade has also agreed, under the terms of an agreement of sale and purchase among Ameritrade, Datek Online Holdings Corp., TD and TD Waterhouse Canada Inc., dated June 22, 2005, or the Canadian purchase agreement, to sell all of the capital stock of Ameritrade Canada, Inc. to TD Waterhouse Canada Inc. in exchange for \$60 million in cash, subject to certain adjustments.

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 of TD Ameritrade voting securities to up to 29%. Mr. Ricketts has informed Ameritrade that he does not intend to participate as a co-bidder in the tender offer.

The tender offer will allow TD to increase its percentage ownership of TD Ameritrade without causing additional dilution to Ameritrade stockholders and will offer liquidity to the stockholders of TD Ameritrade, subject to proration in the event that the tender offer is oversubscribed. In addition, the tender offer will allow participating TD Ameritrade stockholders to sell their shares at a premium to the dividend adjusted market price of Ameritrade stock at the time of the execution of the share purchase agreement.

Subject to certain exceptions described in further detail in Certain Agreements Related to the Acquisition of TD Waterhouse Stockholders Agreement Non-Competition Covenants (beginning on page 99) none of J. Joe Ricketts, so long as he is serving as a director of TD Ameritrade, TD 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. If TD acquires indirectly such a competing business as a result of its acquisition of a non-competing business, TD must offer to sell the competing business to TD Ameritrade at its appraised fair value as determined in accordance with the terms of the stockholders agreement entered into in connection with the proposed acquisition of TD Waterhouse. If TD Ameritrade decides not to purchase the competing business, TD must use commercially reasonable efforts to divest the competing business within two years. In addition, 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.

Adoption of the Proposed Amendments to Ameritrade Stock Plans (see pages 117 and 123)

The board of directors believes that Ameritrade must offer a competitive equity incentive program if it is to continue to successfully attract and retain the best possible candidates for positions of responsibility within Ameritrade. The board of directors expects that the 1996 Long-Term Incentive Plan and the 1996 Directors Incentive Plan will continue to be important factors in attracting, retaining and rewarding the high caliber employees and independent directors essential to our success and in motivating these individuals to strive to enhance our growth and profitability.

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 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 increases to the share reserves under the two 1996 stock plans by Ameritrade's stockholders,

Table of Contents

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. The share increase under the two 1996 plans and the corresponding reduction in the 1998 plan share reserve will result in no net additional shares being reserved for issuance under Ameritrade stock plans.

Material U.S. Federal Income Tax Consequences of the Acquisition of TD Waterhouse to Holders of Ameritrade Common Stock (see page 69)

Ameritrade's purchase of all of the capital stock of TD Waterhouse and sale of all of the capital stock of Ameritrade Canada will not result in the recognition of gain or loss by holders of Ameritrade common stock.

A portion of the special dividend will be treated as qualified dividend income to the extent paid out of Ameritrade's current or accumulated earnings and profits, as determined under the Code, for the calendar year in which the special dividend is paid. The portion of the special dividend that will be taxable as qualified dividend income will not be determined until after December 31 of the year in which the special dividend is paid. With the assumption that current market conditions continue through the end of calendar year 2005, and that the special dividend is paid by December 31, 2005, based on preliminary estimates of Ameritrade's earnings and profits for tax purposes, it is anticipated that between approximately 25% to 30% of the special dividend received by each holder of Ameritrade common stock will be treated as qualified dividend income for United States federal income tax purposes. The portion of the special dividend that will be taxable as qualified dividend income may be more or less than these estimated percentages, depending on the actual results of Ameritrade's operations through the close of the 2005 calendar year, if the special dividend is paid in 2005, or the 2006 calendar year, if the special dividend is paid in 2006. Any portion of the special dividend in excess of each holder's pro rata share of Ameritrade's earnings and profits will be treated first as a tax-free return of capital up to each holder's basis in its shares of Ameritrade common stock, with any remainder treated as a capital gain.

A non-corporate United States holder of Ameritrade common stock may be eligible to be taxed at a 15% (or lower) federal income tax rate on any portion of the special dividend constituting qualified dividend income for United States federal income tax purposes, provided that a minimum holding period and other requirements are satisfied. The 15% (or lower) tax rate for qualified dividend income is available only if the shares of Ameritrade common stock have been held for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date.

Non-United States holders of Ameritrade common stock will generally be subject to withholding on the gross amount of the special dividend at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

Because individual tax circumstances vary, you should consult your own tax advisor as it relates to your particular tax situation.

Ameritrade's Financial Advisor has Delivered an Opinion that, as of June 22, 2005, the Consideration to be Paid by Ameritrade in the Acquisition of TD Waterhouse was Fair, from a Financial Point of View, to Ameritrade (see page 55)

In deciding to approve the acquisition of TD Waterhouse, Ameritrade's board of directors and a special committee of the board, which was formed to review, investigate and analyze a possible transaction with TD and other strategic alternatives, considered the oral opinion of Citigroup Global Markets Inc., which we refer to in this proxy statement as Citigroup, delivered on June 22, 2005, which was subsequently confirmed in writing, that, as of that date and based upon and subject to the assumptions, limitations and considerations set forth in the opinion, the 193,600,000 shares of Ameritrade common stock to be paid by Ameritrade in the acquisition of TD Waterhouse pursuant to the original share purchase agreement was fair, from a financial point of view, to Ameritrade. The written opinion of Citigroup is attached as Appendix B to this proxy statement. We urge Ameritrade stockholders to read the Citigroup opinion carefully and in its entirety. Citigroup's opinion was provided for the information of the

Table of Contents

Ameritrade board of directors and its special committee in their evaluation of the proposed acquisition of TD Waterhouse and was limited solely to the fairness from a financial point of view as of the date of the opinion of the consideration to be paid by Ameritrade in the acquisition of TD Waterhouse. Citigroup's opinion did not constitute a recommendation of the acquisition of TD Waterhouse to the Ameritrade board of directors or its special committee and Citigroup makes no recommendation to any stockholder regarding how such stockholder should vote or act on any matters relating to the acquisition of TD Waterhouse, including whether any stockholder should tender shares of Ameritrade common stock in the tender offer to be made by TD following consummation of the acquisition of TD Waterhouse and in which J. Joe Ricketts may participate as a co-bidder.

The opinion of Citigroup will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to completion of the transaction. Ameritrade did not request, and does not currently expect that it will request, an updated opinion from Citigroup. In particular, Citigroup was not requested to update, and has not updated, its opinion in connection with the amendment to the share purchase agreement to increase the number of shares of Ameritrade common stock to be issued to TD from 193,600,000 shares to 196,300,000 shares.

Ameritrade Executive Officers and Directors have Financial and Other Interests in the Transaction that may be Different from or in Addition to Your Interests (see page 66)

When you consider our board of directors' recommendation to vote in favor of the proposals presented in this proxy statement, you should be aware that some of Ameritrade's executive officers and directors have interests in the acquisition of TD Waterhouse that may be different from, or in addition to, the interests of other Ameritrade stockholders.

Ameritrade has agreed to provide Ameritrade's directors with customary indemnification and insurance coverage.

Our board of directors consists of eight members. J. Joe Ricketts, one of the eight directors, has entered into a voting agreement with TD pursuant to which, among other things, he agreed, solely in his capacity as a stockholder, to vote all of his shares of Ameritrade common stock in favor of the acquisition of TD Waterhouse and the related amendment to the Ameritrade certificate of incorporation. Two directors, Michael Bingle and Glenn Hutchins, are affiliated with Silver Lake Partners, L.P. and its affiliated entities, which entered into the voting agreement with TD under which, among other things, the entities agreed to vote all of their shares of Ameritrade common stock in favor of the acquisition of TD Waterhouse and the related amendment to the Ameritrade certificate of incorporation. In addition, C. Kevin Landry, a member of Ameritrade's board of directors at the time the share purchase agreement was executed, is affiliated with TA Associates and its affiliated entities, who entered into a voting agreement with TD, pursuant to which, among other things, the entities agreed to vote all of their shares of Ameritrade common stock in favor of the acquisition of TD Waterhouse and the related amendment to the Ameritrade certificate of incorporation.

We expect that Mr. Moglia will continue to serve as Chief Executive Officer of TD Ameritrade and that J. Joe Ricketts will continue to serve as Chairman of TD Ameritrade. Ameritrade is currently negotiating a new employment agreement with Mr. Moglia with respect to his continued employment. In addition, Ameritrade may negotiate and enter into, prior to the closing, and after consultation with TD, new or amended employment agreements with other executive officers.

The Employment Agreement, dated October 1, 2001, between J. Joe Ricketts and Ameritrade provides that Ameritrade will pay the reasonable fees and expenses for legal, financial and certain other advisory services provided to Mr. Ricketts by professional and consultants selected by him. Mr. Ricketts engaged legal advisers and SCG Group Corporation, as a financial advisor, in connection with this transaction.

In connection with the acquisition of TD Waterhouse, directors and executive officers of Ameritrade, who beneficially own approximately 125,412,081 shares of Ameritrade common stock as of September 30, 2005 will receive an aggregate of approximately \$752.5 million as a result of the payment of proposed

Table of Contents

special dividend of \$6.00 per share assuming the timely exercise of all vested options. The beneficial ownership of directors and executive officers of Ameritrade includes options to purchase 14,904,732 shares of Ameritrade common stock exercisable within 60 days of September 30, 2005. In particular, based on J. Joe Ricketts' s beneficial ownership of Ameritrade common stock as of September 30, 2005, Mr. Ricketts will receive approximately \$535.9 million as a result of the payment of the proposed special dividend, assuming timely exercise of all vested options.

In connection with the proposed special dividend, Ameritrade will adjust outstanding equity awards under its stock option plans to preserve the pre-dividend economic value of the award after payment of the special dividend. As of September 30, 2005, directors and executive officers of Ameritrade collectively held options (vested and unvested) to purchase 16,331,825 shares of common stock with a weighted average exercise price of \$5.97 per share. These options will be adjusted unless exercised prior to the ex-dividend date. As a result of their ownership of Ameritrade equity awards, which will be adjusted in connection with the payment of such special dividend, the directors have interests in the proposed transaction that may be different from the interests of other stockholders.

In addition, under the terms of the stockholders agreement entered into in connection with the proposed acquisition of TD Waterhouse, the Ricketts holders will have, among other things, specified rights relating to board representation and the ability to acquire additional TD Ameritrade securities to maintain their ownership position. In particular, the Ricketts holders may designate three directors for election, following the closing of the acquisition of TD Waterhouse, and may participate in a tender offer with TD, such that upon completion of the tender offer, the Ricketts holders may beneficially own up to 29% of the outstanding voting securities of TD Ameritrade. The Ricketts holders also have the right to approve candidates for the outside independent director positions on the TD Ameritrade board of directors. See *Certain Agreements Related to the Acquisition of TD Waterhouse* Stockholders Agreement beginning on page 99. As of September 30, 2005, the Ricketts holders collectively owned approximately 26% of the outstanding shares of Ameritrade common stock.

Further, pursuant to the terms of the amended and restated registration rights agreement, the Ricketts holders and other Ameritrade directors or their affiliates will continue to be entitled to require TD Ameritrade to register their securities of TD Ameritrade under applicable securities laws. See *Certain Agreements Related to the Acquisition of TD Waterhouse* Amended and Restated Registration Rights Agreement beginning on page 105.

The Ameritrade board of directors was aware of these interests when it approved the issuance of Ameritrade common stock in accordance with the terms of the share purchase agreement and the amendment and restatement of our certificate of incorporation and determined that the transactions contemplated by the share purchase agreement were fair to, and in the best interests of, Ameritrade and its stockholders.

The Companies

Ameritrade Holding Corporation

4211 South 102nd Street
Omaha, Nebraska 68127
(402) 331-7856

Ameritrade is a leading provider of securities brokerage services and technology-based financial services to retail investors and business partners, predominantly through the Internet. Ameritrade's services appeal to a broad market of independent, value conscious retail investors, traders, financial planners and institutions. Ameritrade uses its low-cost platform to offer brokerage services to retail investors and institutions under a commission structure that is generally lower and simpler than that of most of its major competitors.

Ameritrade has been an innovator in electronic brokerage services since being established in 1975. Ameritrade believes it was the first brokerage firm to offer the following products and services to retail

Table of Contents

clients: touch-tone trading; trading over the Internet; unlimited, streaming, free real-time quotes; extended trading hours; direct access; and commitment on the speed of execution. Since initiating online trading, Ameritrade has substantially increased its number of client brokerage accounts, average daily trading volume and total assets in client accounts. Ameritrade has also built, and continues to invest in, a proprietary trade processing platform that is both cost efficient and highly scalable, significantly lowering its operating costs per trade.

The Toronto-Dominion Bank

Toronto-Dominion Centre
P.O. Box 1
Toronto, Ontario, Canada M5K 1A2
(416) 982-8222

TD is a Canadian chartered bank subject to the provisions of the Bank Act (Canada) and was formed in 1955 through the amalgamation of The Bank of Toronto (established in 1855) and The Dominion Bank (established in 1869). TD and its subsidiaries are collectively known as TD Bank Financial Group. In Canada and around the world, TD Bank Financial Group serves more than 14 million clients, in four key businesses operating in a number of locations in key financial centers 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. Retail and Commercial Banking through TD Banknorth. TD Bank Financial Group also ranks among the world's leading online financial services firms, with more than 4.5 million online customers. TD Bank Financial Group had CDN \$368 billion in assets as of July 31, 2005.

TD Waterhouse Group, Inc.

TD Waterhouse provides investors and financial advisors with a broad range of brokerage, mutual fund, banking, and other consumer financial products. TD Waterhouse had approximately 2.9 million active customer accounts (active is defined as having funds, a security or activity in the most recent month) as of July 31, 2005 in the U.S. and Canada, of which 2.1 million are in the U.S. TD Waterhouse is a wholly owned subsidiary of TD. See TD Waterhouse Business Description beginning on page 130.

Board of Directors and Executive Management of TD Ameritrade Following the Acquisition of TD Waterhouse (see page 66)

Following the transaction, the TD Ameritrade board of directors will consist of twelve members, five of whom will be designated by TD, three of whom will be designated by the Ricketts holders, one of whom will be the chief executive officer of TD Ameritrade, and three of whom will be outside independent directors, who will initially be designated from among Ameritrade's current independent directors (or will be new directors designated by those existing independent directors, subject to the consent of TD and the Ricketts holders) and thereafter will be designated by the existing outside independent directors of TD Ameritrade, subject to the consent of TD and the Ricketts holders. The initial designees of TD will be W. Edmund Clark, Fredric J. Tomczyk, Daniel A. Marinangeli, Marshall A. Cohen and Wilbur J. Prezzano. The initial designees of the Ricketts holders will be J. Joe Ricketts, J. Peter Ricketts and Thomas S. Ricketts, each of whom is currently a member of the Ameritrade board of directors. The right of each of TD and the Ricketts holders to designate directors is subject to their maintenance of specified ownership thresholds of TD Ameritrade common stock. The TD Ameritrade board of directors will continue to be classified into three classes, with each class serving staggered, three-year terms. TD and the Ricketts holders have agreed to vote their shares to maintain these directors. Following the completion of the acquisition of TD Waterhouse, we expect that TD Ameritrade will qualify as a controlled company for purposes of NASD Rule 4350(c) and, as such, will be exempt from specified director independence requirements of The Nasdaq Stock Market that would otherwise be applicable to Ameritrade. See The Transaction Directors and Management Following the Acquisition of TD Waterhouse beginning on page 66.

Table of Contents

In addition, it is expected that Joseph H. Moglia will continue as the Chief Executive Officer of TD Ameritrade, J. Joe Ricketts will continue as the Chairman of TD Ameritrade and W. Edmund Clark, the President and Chief Executive Officer of TD, will serve as Vice Chairman of the TD Ameritrade board of directors.

The Special Meeting of Ameritrade Stockholders (see page 39)

When and Where. The special meeting of stockholders of Ameritrade will be held at _____, local time, on _____, 2005 at _____.

Purpose of the Special Meeting. The purpose of the special meeting is to consider and vote on the proposals and sub-proposals described below, each of which must be approved by Ameritrade stockholders in order for us to complete the acquisition of TD Waterhouse.

A proposal to approve the issuance of 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;

A proposal to approve the amendment and restatement of our certificate of incorporation, with the following sub-proposals:

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;

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;

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

a proposal to increase 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;

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

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.

Approval of each of the proposals above, including each of the sub-proposals relating to the amendment and restatement of our certificate of incorporation, is a condition to the completion of the acquisition of TD Waterhouse.

The following additional proposals will also be voted on at the special meeting:

A proposal to approve an amendment and restatement of our 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;

A proposal to approve an amendment and restatement of our 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; and

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 proposals relating to the issuance of Ameritrade common stock

Table of Contents

to TD in accordance with the terms of the share purchase agreement or the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals.

Approval of these additional proposals is not a condition to the completion of the acquisition of TD Waterhouse.

At the special meeting, Ameritrade stockholders will also be asked to consider and vote on any other matters that may properly come before the special meeting or any adjournment or postponement of the special meeting.

Record Date; Shares Entitled to Vote. Ameritrade has fixed the close of business on _____, 2005 as the record date for the determination of holders of Ameritrade common stock entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date for the special meeting, there were _____ shares of Ameritrade common stock outstanding and entitled to vote. Each share of Ameritrade common stock entitles its holder to one vote at the special meeting on all matters properly presented at the meeting.

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

The Ameritrade board of directors has unanimously determined that the acquisition of TD Waterhouse is fair to and in the best interests of Ameritrade and its stockholders and has declared advisable the share purchase agreement and the transactions contemplated by the share purchase agreement. The Ameritrade board of directors also has unanimously approved the amendment and restatement of our certificate of incorporation. The board of directors has approved the amended and restated stock plans.

In connection with the acquisition of TD Waterhouse, the Ricketts holders, the TA holders, and 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 September 30, 2005, the Ricketts holders, the TA holders and the SLP holders collectively owned approximately 34% of the outstanding shares of Ameritrade common stock.

The Ameritrade board of directors unanimously recommends that you vote *FOR* approval of the proposed issuance of Ameritrade common stock to TD, the proposed amendment and restatement of our certificate of incorporation, including each of the related sub-proposals, the amendment and restatement of our stock plans and the adjournment of the special meeting if necessary to permit further solicitation of proxies.

The Share Purchase Agreement (see page 76)

The share purchase agreement is described beginning on page 76. The share purchase agreement and amendment thereto are attached to this proxy statement as Appendix A-1 and Appendix A-2, respectively, to this proxy statement. We urge you to read the share purchase agreement in its entirety because this document is the legal document governing the proposed acquisition of TD Waterhouse.

Table of Contents

Consideration to be Paid in the Transaction. Upon the terms and conditions contained in the share purchase agreement, Ameritrade will purchase from TD all of the capital stock of TD Waterhouse in exchange for 196,300,000 shares of Ameritrade common stock and \$20,000 in cash. Immediately after the completion of the transaction, TD will beneficially own approximately 32.7% of the outstanding voting securities of TD Ameritrade.

Closing Date Capital Adjustment. The share purchase agreement contains a closing date capital adjustment mechanism that is designed to ensure that a specified level of tangible value will be contributed to the combined entity by both TD Waterhouse and Ameritrade upon the closing of the transaction. Under the closing date capital adjustment, Ameritrade may be required to pay TD additional consideration in the event the closing date net tangible book value of Ameritrade is below a specified level or the closing date net tangible book value of TD Waterhouse is above a specified level. Similarly, TD may be required to make capital contributions to Ameritrade in the event the closing date net tangible book value of TD Waterhouse is below a specified level or the closing date net tangible book value of Ameritrade is above a specified level.

Reorganization. Prior to the consummation of the transactions contemplated by the share purchase agreement, TD Waterhouse will complete 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, and TD Waterhouse will also distribute to TD any excess capital of TD Waterhouse above a specified minimum capital level (which will include 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). We refer to these transactions collectively as the Reorganization in this proxy statement.

Sale of Ameritrade Canada. In connection with the consummation of the transactions contemplated by the share purchase agreement, Ameritrade has also agreed to sell all of the capital stock of Ameritrade Canada, Inc. to TD Waterhouse Canada Inc. in exchange for \$60 million in cash, subject to certain adjustments. See Certain Agreements Related to the Acquisition of TD Waterhouse Ameritrade Canada Purchase Agreement beginning on page 98.

The Special Dividend. Under the terms of the share purchase agreement, the Ameritrade board of directors will declare a special dividend of \$6.00 per share if sufficient funds are available for the dividend and such declaration and payment is permitted by applicable law, which will be payable only if the acquisition of TD Waterhouse is completed. The Ameritrade board will declare the special dividend prior to the closing date of the acquisition of TD Waterhouse, and the special dividend will have a record date prior to the closing date. It is a condition to Ameritrade's and TD's obligations to consummate the acquisition of TD Waterhouse that Ameritrade (1) has available to it sufficient funds, and is permitted under applicable law, to pay the special dividend, and (2) has duly declared the special dividend. TD will effectively fund \$1.00 per share of the special dividend by means of its agreement to cause TD Waterhouse to be capitalized as of the record date for the special dividend with cash in an amount at least equal to the product of \$1.00 multiplied by the number of outstanding shares of Ameritrade common stock as of a date that is within three business days of the record date, and to cause TD Waterhouse to maintain this minimum capitalization until the closing.

Completion of the Acquisition of TD Waterhouse is Subject to Conditions. The respective obligations of each of Ameritrade and TD to consummate the acquisition of TD Waterhouse are subject to the satisfaction or waiver of the following conditions:

receipt of the required approval of the Ameritrade stockholders 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;

the receipt and continued effectiveness of required regulatory approvals;

Table of Contents

the absence of any injunction or other legal restraint or prohibition against the acquisition of TD Waterhouse or the consummation of the other transactions contemplated by the share purchase agreement;

the completion of the Reorganization; and

as described above, the availability of sufficient funds, and the ability under applicable law, to pay the special dividend and the declaration of the special dividend.

Ameritrade's obligation to consummate the acquisition of TD Waterhouse is subject to the satisfaction or waiver of the following conditions:

the accuracy of the representations and warranties of TD as of the date of the share purchase agreement and as of the closing date, other than, in most cases, those failures to be true and correct that would not result or reasonably be expected to result, individually or in the aggregate, in a material adverse effect on TD Waterhouse;

performance in all material respects by TD of the obligations required to be performed by it at or prior to the closing date;

each of the stockholders agreement, the trademark license agreement, the services agreement and the money market deposit account agreement being in full force and effect and the representations and warranties of TD in each such agreement being true and correct in all material respects and TD having performed in all material respects all obligations required to be performed by it thereunder, if any, at or prior to the closing date; and

receipt of a copy of the resolutions duly adopted by the board of directors (or a duly authorized committee thereof) of TD authorizing the execution, delivery and performance by TD of the share purchase agreement.

TD's obligation to consummate the sale of TD Waterhouse is subject to the satisfaction or waiver of the following conditions:

the accuracy of the representations and warranties of Ameritrade as of the date of the share purchase agreement and as of the closing date, other than, in most cases, those failures to be true and correct that would not result or reasonably be expected to result, individually or in the aggregate, in a material adverse effect on Ameritrade;

performance in all material respects by Ameritrade of the obligations required to be performed by it at or prior to the closing date;

each of the stockholders agreement, the amended and restated registration rights agreement, the trademark license agreement, the services agreement and the money market deposit account agreement being in full force and effect and the representations and warranties of Ameritrade in each such agreement being true and correct in all material respects and Ameritrade having performed in all material respects all obligations required to be performed by it thereunder, if any, at or prior to the closing date;

all necessary actions having been taken, including the execution, acknowledgement and filing of the amended and restated certificate of incorporation with the Secretary of State of the State of Delaware, such that, as of the closing, (1) the amended bylaws of Ameritrade as required by the share purchase agreement and the amended and restated certificate of incorporation are in effect as the duly adopted bylaws and certificate of incorporation of Ameritrade, and (2) the Ameritrade board of directors is constituted in accordance with the terms of the stockholders agreement; and

receipt of a copy of the resolutions duly adopted by the board of directors (or a duly authorized committee thereof) of Ameritrade authorizing the execution, delivery and performance by Ameritrade of the share purchase agreement.

Table of Contents

The Share Purchase Agreement May Be Terminated under Certain Circumstances. The share purchase agreement may be terminated at any time prior to the closing, by action taken or authorized by the board of directors of the terminating party or parties, whether before or after 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 by the Ameritrade stockholders, in any of the following ways:

by mutual written consent of Ameritrade and TD;

by either Ameritrade or TD if:

any governmental entity which must grant a required regulatory approval required to complete the acquisition of TD Waterhouse has denied such approval and this denial has become final and nonappealable or a governmental entity has issued a final nonappealable order prohibiting the consummation of the transactions contemplated by the share purchase agreement;

the closing has not occurred on or before March 31, 2006, except that (1) neither TD nor Ameritrade may terminate the share purchase agreement for this reason if its breach of any obligation under the share purchase agreement has resulted in the failure of the closing to occur by that date and (2) TD may not terminate the share purchase agreement for this reason if as of March 31, 2006 the Reorganization has not been completed but all of the other closing conditions have been satisfied or waived on or prior to such date;

there is a breach by the other party of the share purchase agreement which would prevent satisfaction of a closing condition and the breach cannot be cured prior to the closing or is not cured prior to 30 days after receipt of written notice of the breach, but neither Ameritrade nor TD may terminate the share purchase agreement for this reason if it is then in material breach of the share purchase agreement; or

the stockholders of Ameritrade fail to give the necessary approval of the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement or the amendment and restatement of our certificate of incorporation (including each of the related sub-proposals) at the Ameritrade special meeting; by TD, if Ameritrade shall have breached its obligations in any material respect with respect to calling and giving notice of, and using all reasonable efforts to convene and hold, the Ameritrade special meeting, and shall not have cured such breach within five business days following written notice from TD of the breach; and

by TD, if any of the following events occur:

Ameritrade's board of directors, or any committee thereof, has publicly withdrawn, modified or qualified in any manner adverse to TD its recommendation of the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement or the amendment and restatement of our certificate of incorporation (or any of the related sub-proposals) or has adopted a resolution to do so;

Ameritrade's board of directors fails to make or reaffirm (publicly, if so requested) its recommendation in favor of the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement or the amendment and restatement of our certificate of incorporation (including each of the related sub-proposals) within five business days after TD requests in writing that such recommendation be made or reaffirmed (except that the five business day time period may be extended if a third party has made an acquisition proposal with respect to Ameritrade);

Ameritrade's board of directors or any committee thereof approves or publicly recommends any acquisition proposal with respect to Ameritrade;

Table of Contents

Ameritrade executes any agreement or contract accepting any acquisition proposal with respect to Ameritrade; or

A third party commences a tender or exchange offer relating to securities of Ameritrade and Ameritrade does not inform its security holders within ten business days after such commencement that the Ameritrade board of directors unconditionally recommends rejection of such tender or exchange offer.

Ameritrade May Be Required to Pay a Termination Fee Under Some Circumstances. If the share purchase agreement is terminated under specified circumstances, including circumstances involving a change in recommendation by Ameritrade's board of directors, Ameritrade will be required to pay TD a termination fee of \$97 million. See *The Share Purchase Agreement - Effect of Termination* beginning on page 95 for a description of the additional circumstances in which the termination fee is payable. The termination fee could discourage other companies from seeking to acquire or merge with Ameritrade.

The Voting Agreement (see page 98)

In connection with the execution of the share purchase agreement, the Ricketts holders, the TA holders, the SLP holders and TD entered into a voting agreement pursuant to which, among other things, the parties to the voting agreement agreed, solely in their capacity as stockholders, to vote their shares of Ameritrade common stock 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) and against competing proposals, unless Ameritrade has effected a change in recommendation with respect to the proposed acquisition of TD Waterhouse as permitted under the share purchase agreement.

The Stockholders Agreement (see page 99)

Concurrently with entering into the share purchase agreement, Ameritrade, the Ricketts holders and TD entered into a stockholders agreement. The stockholders agreement contains certain governance arrangements and various provisions relating to board composition, stock ownership, transfers by TD and the Ricketts holders, voting and other matters. The stockholders agreement is included as Appendix F to this proxy statement, and we urge you to read it in its entirety.

Governance of TD Ameritrade. The stockholders agreement provides that following consummation of the acquisition of TD Waterhouse, the board of directors of TD Ameritrade will consist of twelve members, five of whom will be designated by TD, three of whom will be designated by the Ricketts holders, one of whom will be the chief executive officer of TD Ameritrade, and three of whom will be outside independent directors, who will initially be designated from among Ameritrade's current independent directors (or will be new directors designated by those existing independent directors, subject to the consent of TD and the Ricketts holders) and thereafter will be designated by the existing outside independent directors of TD Ameritrade, subject to the consent of TD and the Ricketts holders. Following the completion of the acquisition of TD Waterhouse, the number of directors designated by TD and the Ricketts holders will depend on their maintenance of specified ownership thresholds of TD Ameritrade common stock and may increase or decrease from time to time based on those ownership thresholds, but will never exceed five (in the case of TD) or three (in the case of the Ricketts holders). The TD Ameritrade board of directors will continue to be classified into three classes, with each class serving staggered three-year terms. Subject to applicable laws and certain conditions, TD Ameritrade will cause each committee of its board of directors (other than the outside independent director committee and a committee of the board of directors comprised solely of all directors who are not TD directors) to initially consist of two of the directors designated by TD, one of the directors designated by the Ricketts holders, and two of the outside independent directors. These levels of committee representation are subject to adjustment from time to time based on TD's and the Ricketts holders' maintenance of specified ownership thresholds. The parties to the stockholders agreement each agreed to vote their shares of TD Ameritrade

Table of Contents

common stock in favor of, and TD Ameritrade agreed that it would solicit votes in favor of, each director nominated for election in the manner provided for in the stockholders agreement.

Tender Offer and Share Ownership. The stockholders agreement provides that following consummation of the acquisition of TD Waterhouse, TD will commence a cash tender offer pursuant to which TD will offer to purchase a number of shares of TD Ameritrade common stock such that, upon successful completion of the offer, TD will beneficially own 39.9% of the outstanding voting securities of TD Ameritrade. If J. Joe Ricketts elects to participate in the tender offer, he may offer to purchase up to the number of shares of TD Ameritrade common stock such that, upon successful completion of the tender offer, the Ricketts holders collectively own 29% of the outstanding voting securities of TD Ameritrade. The offer price will be no less than \$16 per share and the offer will not be subject to any minimum condition on the number of shares tendered. The stockholders agreement further provides that following the acquisition of TD Waterhouse and the completion of the tender offer, TD may acquire additional shares of TD Ameritrade common stock only up to an aggregate beneficial ownership interest of 39.9% of the outstanding voting securities of TD Ameritrade for a period of three years following completion of the acquisition of TD Waterhouse, and up to an aggregate beneficial ownership of 45% for the remaining term of the stockholders agreement, and the Ricketts holders may acquire additional shares of TD Ameritrade common stock only up to an aggregate ownership interest of 29% of the outstanding TD Ameritrade common stock. The stockholders agreement also provides that TD will not, subject to certain exceptions, solicit proxies with respect to TD Ameritrade common stock. Despite the limitations on TD's ownership described above, the stockholders agreement permits TD to make a non-public proposal to the TD Ameritrade board of directors to acquire additional shares pursuant to a tender offer or merger for 100% of the outstanding voting securities of TD Ameritrade and to complete such a transaction, subject to the approval of independent directors and holders of a majority of the outstanding shares of TD Ameritrade common stock not affiliated with TD.

Right to Purchase Securities. In addition, TD and the Ricketts holders will have the right to purchase up to their respective proportionate share of future issuances of TD Ameritrade common stock, other than in connection with TD Ameritrade stock issued as consideration in an acquisition by TD Ameritrade and certain other issuances specified in the stockholders agreement. If TD Ameritrade proposes to issue shares as consideration in an acquisition, TD Ameritrade will discuss in good faith with TD and the Ricketts holders alternative structures in which a portion of such shares would be sold to TD or the Ricketts holders, with the proceeds of such sale used to fund the acquisition.

The stockholders agreement further provides that if TD Ameritrade engages in discussions with a third party that could result in the acquisition by such party of 25% of the voting securities or consolidated assets of TD Ameritrade, TD Ameritrade must offer TD the opportunity to participate in parallel discussions with TD Ameritrade regarding a comparable transaction.

Transfer Restrictions. The stockholders agreement generally prohibits TD and the Ricketts holders from transferring shares of TD Ameritrade common stock, absent approval of the independent directors, to any holder of 5% or more of the outstanding shares of TD Ameritrade, subject to certain exceptions. For so long as TD and TD Ameritrade constitute the same audit client, TD will not engage the auditor of TD Ameritrade, and TD Ameritrade will not engage the auditors of TD, to provide any non-audit services.

Information Rights. Subject to confidentiality and nondisclosure obligations, TD, for so long as it owns at least 15% of the outstanding shares of TD Ameritrade common stock, will be entitled to access to and information regarding TD Ameritrade's business, operations and plans as TD may reasonably require to appropriately manage and evaluate its investment in TD Ameritrade and to comply with its obligations under U.S. and Canadian laws.

Obligation to Repurchase Shares. If, at any time after the completion of the acquisition of TD Waterhouse, TD Ameritrade issues shares of its common stock pursuant to any compensation or similar program or arrangement, then TD Ameritrade will, subject to certain exceptions, use its reasonable efforts to repurchase a corresponding number of shares of its common stock in the open market within 120 days after any such issuance.

Table of Contents

Non-Competition Covenants. Subject to specified exceptions described in further detail below in *Certain Agreements Related to the Acquisition of TD Waterhouse Stockholders Agreement Non-Competition Covenants* (beginning on page 99) the stockholders agreement generally provides that none of TD, J. Joe Ricketts, so long as he is 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. If TD acquires indirectly such a competing business as a result of its acquisition of a non-competing business, TD must offer to sell the competing business to TD Ameritrade at its appraised fair value as determined in accordance with the terms of the stockholders agreement. If TD Ameritrade decides not to purchase the competing business, TD must use commercially reasonable efforts to divest the competing business within two years. Mr. Ricketts, TD and their affiliates will be permitted under the terms of the stockholders agreement to own a passive investment representing less than 2% of a class of equity securities of a competing business so long as the class of equity securities is traded on a national securities exchange in the U.S. or the Toronto Stock Exchange or quoted on the Nasdaq National Market. TD also will be permitted to engage in certain activities in the ordinary course of its banking and securities businesses. In addition, Ameritrade has agreed that it will not hold or acquire control of a bank or similar depository institution except (1) incidentally in connection with the acquisition of an entity not principally engaged in the banking business or (2) in the event that TD does not hold control of any bank or similar depository institution which is able to offer money market deposit accounts to clients of TD Ameritrade as a designated sweep vehicle or TD has indicated that it is not willing to offer such accounts to clients of TD Ameritrade through one or more of any banks or similar depository institutions it controls.

Termination of the Stockholders Agreement. The stockholders agreement will terminate (1) with respect to the Ricketts holders, when their aggregate ownership of TD Ameritrade common stock falls below approximately 4%, and (2) upon the earliest to occur of (a) the consummation of a merger or tender offer where TD acquires 100% of the TD Ameritrade common stock, (b) the tenth anniversary of the consummation of the acquisition of TD Waterhouse, (c) the date on which TD's ownership of TD Ameritrade common stock falls below approximately 4% of the outstanding voting securities of TD Ameritrade, (d) the commencement by a third party of a tender offer or exchange offer for not less than 25% of TD Ameritrade common stock unless the TD Ameritrade board recommends against such tender offer or exchange offer and continues to take steps to oppose such tender offer or exchange offer, (e) the approval by the TD Ameritrade board of a business combination that would result in another party owning 25% of the voting securities or consolidated assets of TD Ameritrade or which would otherwise result in a change of control of TD Ameritrade, or (f) the acquisition of 20% of the voting securities of TD Ameritrade by a third party. For a period of up to one year following a termination under (2)(d), (2)(e) or (2)(f) above, TD and the Ricketts holders will be prohibited from acquiring shares of TD Ameritrade common stock that would cause, in the case of TD, its aggregate ownership to exceed 45% (39.9% in the first three years following the completion of the acquisition of TD Waterhouse) or, in the case of the Ricketts holders, 29%, except pursuant to a tender offer or merger for 100% of the outstanding shares of TD Ameritrade common stock approved by the holders of a majority of the outstanding shares of TD Ameritrade common stock (other than the Ricketts holders and TD). In addition, during that one-year period, the provisions of the stockholders agreement relating to the designation of directors and certain other provisions will remain in effect.

Regulatory Approvals Required for the Acquisition of TD Waterhouse (see page 71)

TD and Ameritrade are required, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, to notify and furnish required information to the Antitrust Division of the U.S. Department of Justice and to the U.S. Federal Trade Commission prior to completing the acquisition of TD Waterhouse. We and TD have made these filings and the waiting period under the HSR Act has expired.

Table of Contents

TD and Ameritrade have furnished certain information to the NASD regarding the acquisition of TD Waterhouse in compliance with applicable requirements under NASD Membership and Registration Rules. The change of equity ownership of TD's and Ameritrade's broker-dealer subsidiaries resulting from the acquisition of TD Waterhouse requires NASD approval.

TD and Ameritrade have furnished certain information to the New York Stock Exchange regarding the acquisition of TD Waterhouse in compliance with applicable requirements under New York Stock Exchange Membership Rules. The closing of the acquisition of TD Waterhouse is subject to the furnished information being posted in the New York Stock Exchange's weekly bulletin to members. The furnished information must be posted for two consecutive weeks before the closing of the acquisition of TD Waterhouse can occur.

Under the Canadian Bank Act, TD is required to obtain the prior approval of the Canadian Minister of Finance to acquire beneficial ownership of more than 10% of the voting shares of Ameritrade, or to subsequently acquire any shares that would result in an increase in the size of its investment. TD has applied for the required approvals.

Adjustment of Equity Awards

In connection with the special dividend, unexercised equity awards outstanding as of the ex-dividend date will be adjusted according to a formula to preserve their intrinsic value. The exercise price, if any, will be adjusted downward (but not below the par value per share) and the number of shares covered by equity awards will be adjusted upward in accordance with a formula derived by comparing the volume weighted average market price for a share of Ameritrade common stock on the last trading day before the ex-dividend date for the special dividend with the volume weighted average market price less \$6.00. As of September 30, 2005, directors and executive officers of Ameritrade collectively held options (vested and unvested) to purchase 16,331,825 shares of common stock with a weighted average exercise price of \$5.97 per share.

Accounting Treatment of the Acquisition of TD Waterhouse (see page 71)

The acquisition of TD Waterhouse will be accounted for using the purchase method of accounting under Statement of Financial Accounting Standards No. 141, *Business Combinations*. Ameritrade is the acquiring entity. Under the purchase method of accounting, the aggregate cost of the acquired entity, TD Waterhouse, will be allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values, with any excess being recognized as goodwill. Under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, goodwill will not be amortized, but will be subject to an impairment test at least annually.

Table of Contents**Comparative Historical and Pro Forma Per Share Data**

The following table presents historical per share data for Ameritrade and TD Waterhouse; pro forma per share data of TD Ameritrade after giving effect to the acquisition of TD Waterhouse, the sale of Ameritrade Canada, the Reorganization and the special dividend; and pro forma equivalent per share data for TD Waterhouse with respect to the portion of the acquisition consideration that will be received in the form of Ameritrade shares. The TD Ameritrade pro forma per share data was derived by combining information from the historical consolidated financial statements of Ameritrade and TD Waterhouse using the purchase method of accounting for the acquisition of TD Waterhouse. You should read this table in conjunction with the historical audited and unaudited consolidated financial statements of Ameritrade that are filed with the SEC and incorporated by reference in this document and the historical consolidated financial statements of TD Waterhouse contained elsewhere in this document. See **Where You Can Find More Information** beginning on page 219 and **TD Waterhouse Management's Discussion and Analysis of Financial Condition and Results of Operations** beginning on page 175. You should not rely on the pro forma per share data as being necessarily indicative of actual results had the acquisition of TD Waterhouse occurred in the past, or of future results.

The pro forma per share data does not reflect revenue opportunities and cost savings that we expect to realize after the acquisition of TD Waterhouse. No assurance can be given with respect to the estimated revenue opportunities and operating cost savings that are expected to be realized as a result of the acquisition of TD Waterhouse. The pro forma per share data does not reflect restructuring or exit costs that may be incurred by Ameritrade or TD Waterhouse in connection with the acquisition of TD Waterhouse.

	Ameritrade Historical	TD Ameritrade Pro Forma(3)	TD Waterhouse Historical	TD Waterhouse Equivalent Pro Forma
Earnings per share basic:				
Fiscal year ended September 24, 2004	\$ 0.65	\$0.36	(1)	(1)
Nine months ended June 24, 2005	\$ 0.59	\$0.38	(1)	(1)
Earnings per share diluted:				
Fiscal year ended September 24, 2004	\$ 0.64	\$0.35	(1)	(1)
Nine months ended June 24, 2005	\$ 0.58	\$0.37	(1)	(1)
Cash dividends per share:				
Fiscal year ended September 24, 2004				
Nine months ended June 24, 2005				
Book value per share as of June 24, 2005	\$ 3.47	\$1.89	\$ 8.19(2)	\$ 1.05(4)

- (1) TD Waterhouse is not a publicly traded company and, accordingly, no information is presented regarding its earnings per share or equivalent pro forma earnings per share.
- (2) TD Waterhouse's historical book value per share is as of July 31, 2005 and is based on 352,944,959 shares of Class A common stock outstanding.
- (3) TD Ameritrade's pro forma data includes the effect of the acquisition of TD Waterhouse, the sale of Ameritrade Canada, the Reorganization and the special dividend on the basis described in the notes to the unaudited pro forma combined condensed financial statements included elsewhere in this document.

- (4) The TD Waterhouse equivalent pro forma book value per share is calculated by multiplying the corresponding TD Ameritrade pro forma amount by the exchange ratio of 0.5562 Ameritrade shares exchanged for each share of TD Waterhouse. The exchange ratio does not include the \$20,000 of cash consideration received by TD or any other cash consideration resulting from closing date capital adjustments for Ameritrade or TD Waterhouse.

Table of Contents**Per Share Market Price Data**

Ameritrade common stock trades on the Nasdaq National Market under the symbol AMTD. The following table shows the high and low sales prices in U.S. dollars for Ameritrade common stock for the periods indicated, as reported by the Nasdaq National Market. The prices reflect inter-dealer prices and do not include retail markups, markdowns or commissions.

The closing sale price of Ameritrade common stock as reported on the Nasdaq National Market on June 21, 2005, the date prior to the public announcement of the proposed acquisition of TD Waterhouse, was \$14.82 per share. The closing sale price of Ameritrade common stock as reported on the Nasdaq National Market on September 30, 2005 was \$21.47 per share. As of that date there were 655 holders of record of Ameritrade common stock based on information provided by our transfer agent. The number of stockholders of record does not reflect the actual number of individual or institutional stockholders that own Ameritrade common stock because most stock is held in the name of nominees. There are a substantially greater number of beneficial holders of Ameritrade common stock.

Ameritrade Common Stock Price (in \$)

	For the Fiscal Year Ended September 30, 2005		For the Fiscal Year Ended September 24, 2004	
	High	Low	High	Low
First Quarter	14.61	11.21	14.67	11.16
Second Quarter	14.38	10.02	17.67	13.40
Third Quarter	19.00	9.91	16.38	10.25
Fourth Quarter	22.25	18.04	12.73	9.35

Table of Contents**Summary Selected Historical Consolidated Financial Data of TD Waterhouse**

The following information is being provided to aid in your analysis of the financial aspects of the acquisition of TD Waterhouse. TD Waterhouse derived this financial information from audited consolidated financial statements of TD Waterhouse for fiscal years 2002 through 2004 and from unaudited consolidated financial statements for fiscal years ended 2000 and 2001 and for the nine months ended July 31, 2005 and July 31, 2004. The consolidated financial statements for the fiscal years 2000 and 2001 have not been restated for the July 1, 2002 acquisition of the full service brokerage and financial planning operations of TD Securities, Inc. and TD Investment Services, Inc., which was accounted for as a merger of entities under common control, because it was impracticable to obtain the required information. In the opinion of TD Waterhouse's management, the unaudited consolidated interim period information reflects all adjustments, consisting only of normal or recurring adjustments, necessary for a fair statement of the results of operations and financial condition as of and for the nine months ended July 31, 2005 and July 31, 2004. Results for interim periods should not be considered indicative of results for any other periods or for the year.

This information is only a summary. You should read it along with TD Waterhouse's historical audited and unaudited consolidated financial statements contained in this proxy statement and related notes and the section titled TD Waterhouse Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page 175 of this proxy statement.

	Nine Months Ended			Years Ended October 31			
	July 31, 2005	July 31, 2004	2004	2003(2) (Restated)	2002(2) (Restated)	2001(1) (Restated)	2000(1) (Restated)
	(In thousands)			(In thousands)			
Consolidated Statements of Income Data							
Revenues:							
Commissions and fees	\$ 509,313	\$ 545,831	\$ 681,944	\$ 653,154	\$ 573,638	\$ 594,500	\$ 997,490
Mutual fund and related revenue	159,467	158,300	202,735	144,713	113,734	133,466	117,442
Gain on principal transactions	17,730	22,807	33,973	21,116			19,923
Other	121,207	92,027	124,973	90,153	169,758	87,810	70,931
Total non-interest revenue	807,717	818,965	1,043,625	909,136	857,130	815,776	1,205,786
Interest revenue	578,502	343,280	478,122	384,814	372,612	783,272	1,160,748
Interest expense	201,024	87,554	125,263	103,486	96,444	433,727	713,630
Net interest income	377,478	255,726	352,859	281,328	276,168	349,545	447,118
Net revenues	1,185,195	1,074,691	1,396,484	1,190,464	1,133,298	1,165,321	1,652,904
Operating expenses:							
Employee compensation and	460,511	389,986	527,229	456,597	372,557	386,837	430,643

benefits							
Floor brokerage, exchange and clearing fees	104,145	83,027	104,596	86,472	53,125	116,763	141,183
Occupancy	61,509	48,089	68,448	71,832	66,650	62,908	56,015
Advertising and promotion	85,881	76,117	91,293	66,788	91,123	74,047	108,386
Depreciation and amortization	40,135	41,140	56,231	55,743	57,399	59,680	37,190
Equipment	27,654	27,996	39,012	37,782	46,992	55,316	37,039
Communications and data processing	40,886	45,003	57,543	77,356	82,529	90,443	125,221
Amortization of goodwill						45,912	42,099
Professional fees	43,082	41,173	58,294	42,973	41,902	50,938	53,633
Stationery and postage	31,036	28,898	37,045	33,789	37,653	39,039	50,190
Other	42,764	71,493	103,778	101,755	190,171	97,389	126,183
Total expenses	937,603	852,922	1,143,469	1,031,087	1,040,101	1,079,272	1,207,782
Income before income taxes and minority interest	247,592	221,769	253,015	159,377	93,197	86,049	445,122
Income tax provision	80,233	78,956	85,793	53,881	44,492	51,129	194,645
Income after taxes before minority interest	167,359	142,813	167,222	105,496	48,705	34,920	250,477
Minority interest in subsidiary	8,535	8,707	9,150	5,828	1,386		
Income from continuing operations	158,824	134,106	158,072	99,668	47,319	34,920	250,477
Discontinued operations							
Loss from discontinued operations				(64,661)	(16,896)	(10,081)	(9,123)
Income tax benefit				(9,751)	(5,010)	(2,362)	(2,731)
Loss on discontinued operations				(54,910)	(11,886)	(7,719)	(6,392)
Net income	\$ 158,824	\$ 134,106	\$ 158,072	\$ 44,758	\$ 35,433	\$ 27,201	\$ 244,085

Table of Contents

					October 31			
	July 31, 2005	July 31, 2004	2004	2003(2) (Restated)	2002(2) (Restated)	2001(1) (Restated)	2000(1) (Restated)	
	(In thousands)				(In thousands)			
Consolidated Statements of Financial Condition Data:								
Cash and cash equivalents	\$ 126,855	\$ 172,347	\$ 222,716	\$ 420,825	\$ 331,514	\$ 487,832	\$ 980,195	
Receivables from customers	5,598,778	4,919,848	5,069,332	4,438,506	2,942,819	3,384,159	7,978,551	
Trading securities owned, at market value	1,961,179	1,901,556	1,873,353	1,573,351	576,654	736,090	138,515	
Securities purchased under agreement to resell	1,017,510	1,137,158	1,515,855	1,492,896	1,831,166	1,164,781	617,031	
Securities available for sale	8,380,028	6,519,672	6,940,966	5,335,376	3,935,200	4,137,111	3,968,657	
Securities held to maturity	2,576,334	2,454,391	2,831,595	1,249,852	1,620,151	1,501,306	1,029,127	
Total assets	\$ 21,225,121	\$ 18,512,042	19,918,457	15,939,709	13,090,681	12,831,019	16,339,155	
Interest bearing deposits	9,243,458	8,321,835	8,631,570	5,807,827	5,341,772	5,535,102	5,006,328	
Deposits received for securities loaned	1,368,143	978,616	1,081,561	909,460	72,974	279,525	4,111,677	
Payable to customers	5,686,497	5,116,708	5,391,422	5,337,499	4,303,569	3,753,689	2,847,789	
Total stockholders equity	2,891,932	2,833,510	2,894,456	2,700,835	2,599,690	2,589,557	2,568,983	

(1) The financial information for the fiscal years 2000 and 2001 reflects consolidated TD Waterhouse Holdings, Inc., the predecessor of TD Waterhouse. TD Waterhouse Holdings, Inc. contains the same operating companies as TD

Waterhouse restated to correct TD Waterhouse's method of accounting for leases, but does not reflect the merger of certain entities under common control.

- (2) The October 31, 2003 and October 31, 2002 consolidated financial statements have been restated to correct TD Waterhouse's accounting for leases, stock compensation, certain intercompany eliminations, the 2002 disposition of two wholly owned subsidiaries, other adjustments that had no effect on net income and were not material to the consolidated financial statements and the July 1, 2002 acquisition of the full service brokerage and financial planning operations of TD Securities, Inc. and TD Investment Services, Inc. by TD Waterhouse Canada Inc.

Table of Contents**Summary Selected Historical Consolidated Financial Data of Ameritrade**

The following information is being provided to aid in your analysis of the financial aspects of the acquisition of TD Waterhouse. Ameritrade derived its financial information from audited financial statements for the fiscal years 2000 through 2004 and from unaudited financial statements for the nine months ended June 24, 2005 and June 25, 2004. In the opinion of Ameritrade's management, this unaudited interim period information reflects all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results of operations and financial condition for the nine months ended June 24, 2005 and June 25, 2004. Results for interim periods should not be considered indicative of results for any other periods or for the year. Fiscal year 2000 was a 53-week year. All other fiscal years presented were 52-week years.

This information is only a summary. You should read it along with Ameritrade's historical audited and unaudited financial statements and related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Ameritrade's annual reports, quarterly reports and other information on file with the SEC and incorporated by reference into this document. See "Where You Can Find More Information" beginning on page 219.

	Nine Months Ended			Fiscal Year Ended			
	June 24, 2005	June 25, 2004	Sept. 24, 2004	Sept. 26, 2003	Sept. 27, 2002	Sept. 28, 2001	Sept. 29, 2000

(In thousands, except per share amounts)

Consolidated Statements of Operations Data:

Revenues:

Commissions and clearing fees	\$ 394,596	\$ 457,635	\$ 560,052	\$ 472,760	\$ 252,526	\$ 269,384	\$ 389,742
Interest revenue	366,797	200,144	278,550	184,175	128,649	208,479	260,479
Brokerage interest expense	93,526	26,768	41,861	33,192	24,564	60,896	91,679
Net interest revenue	273,271	173,376	236,689	150,983	104,085	147,583	168,800
Other	60,973	62,285	83,372	89,511	74,182	37,763	21,890
Net revenues	728,840	693,296	880,113	713,254	430,793	454,730	580,432

Expenses:

Employee compensation and benefits	130,811	118,588	154,792	172,159	133,897	144,820	144,198
Clearing and execution costs	20,081	24,155	30,610	35,711	19,086	18,252	17,718
Communications	27,203	31,382	39,853	41,420	31,429	33,880	36,230
Occupancy and equipment costs	33,018	32,080	42,353	57,091	57,060	63,661	48,480
Depreciation and	17,543	17,458	23,224	31,708	27,945	36,033	21,624

amortization							
Professional services	26,722	24,053	27,381	31,121	25,753	42,502	55,574
Interest on borrowings	1,503	1,959	2,581	5,076	5,110	11,067	16,412
(Gain)/loss on disposal of property	(220)	(575)	1,166	(5,093)	403	999	(552)
Other	13,146	16,607	16,632	20,298	12,583	11,241	15,117
Advertising	72,307	80,414	100,364	90,415	72,638	148,009	241,169
Gain on sale of investments						(9,692)	
Restructuring and asset impairment charges				5,991	63,406	38,268	4,726
Debt conversion expense						62,082	
Total expenses	342,114	346,121	438,956	485,897	449,310	601,122	600,696
Pre-tax income (loss)	386,726	347,175	441,157	227,357	(18,517)	(146,392)	(20,264)
Provision for (benefit from) income taxes	148,489	132,023	168,810	90,715	10,446	(55,215)	(6,638)
Net income (loss)	\$ 238,237	\$ 215,152	\$ 272,347	\$ 136,642	\$ (28,963)	\$ (91,177)	\$ (13,626)

Table of Contents

	Nine Months Ended			Fiscal Year Ended			
	June 24, 2005	June 25, 2004	Sept. 24, 2004	Sept. 26, 2003	Sept. 27, 2002	Sept. 28, 2001	Sept. 29, 2000
(In thousands, except per share amounts)							
Basic earnings (loss) per share	\$ 0.59	\$ 0.51	\$ 0.65	\$ 0.32	\$ (0.13)	\$ (0.49)	\$ (0.08)
Diluted earnings (loss) per share	\$ 0.58	\$ 0.50	\$ 0.64	\$ 0.32	\$ (0.13)	\$ (0.49)	\$ (0.08)
Weighted average shares outstanding basic	403,911	420,599	417,629	427,376	227,327	185,830	175,025
Weighted average shares outstanding diluted	412,250	430,386	426,972	432,480	227,327	185,830	175,025
	As of			As of			
	June 24, 2005	June 25, 2004	Sept. 24, 2004	Sept. 26, 2003	Sept. 27, 2002	Sept. 28, 2001	Sept. 29, 2000

**Consolidated
Balance Sheet
Data:**

Cash, short-term investments and segregated cash and investments	\$ 8,045,213	\$ 7,820,536	\$ 7,957,917	\$ 8,127,044	\$ 5,863,507	\$ 2,068,391	\$ 338,307
Receivable from clients and correspondents, net	3,440,170	3,373,808	3,100,572	2,202,170	1,419,469	971,823	2,926,981
Total assets	16,505,871	15,548,016	15,277,021	14,404,268	9,800,841	3,653,871	3,798,236
Payable to clients and correspondents	10,251,193	10,315,671	10,322,539	9,611,243	6,374,644	2,777,916	2,618,157
Long-term obligations	39,058	37,394	37,803	82,489	47,645	70,145	275,000
Stockholders equity	1,402,123	1,187,452	1,210,908	1,235,774	1,098,399	371,433	264,168

Table of Contents**Selected Unaudited Pro Forma Combined Condensed Financial Data of TD Ameritrade**

The following describes the pro forma effect of the acquisition of TD Waterhouse on (1) the balance sheet data of Ameritrade and TD Waterhouse as of June 24, 2005 and (2) the statements of operations data of Ameritrade and TD Waterhouse for the fiscal year ended September 24, 2004 and the nine months ended June 24, 2005.

This information is only a summary. You should read the unaudited pro forma combined condensed financial statements and other information and the accompanying notes that are included elsewhere in this document.

You should also read the historical information and related notes of Ameritrade that are incorporated by reference into this document and the historical financial statements and related notes for TD Waterhouse contained elsewhere in this document.

The unaudited pro forma combined condensed balance sheet data and the unaudited pro forma combined condensed statements of operations data show the estimated effects of the acquisition of TD Waterhouse as if it had occurred on June 24, 2005 and September 26, 2003, respectively. We are providing the unaudited pro forma combined condensed financial data for informational purposes only. It does not necessarily represent or indicate what the financial position and results of operations of TD Ameritrade would actually have been had the acquisition of TD Waterhouse and other pro forma adjustments in fact occurred at the dates indicated. It also does not necessarily represent or indicate the future financial position or results of operations TD Ameritrade will achieve after the acquisition of TD Waterhouse.

The pro forma results of operations do not reflect revenue opportunities and cost savings that we expect to realize after the acquisition of TD Waterhouse. No assurance can be given with respect to the estimated revenue opportunities and operating cost savings that are expected to be realized as a result of the acquisition of TD Waterhouse. The pro forma financial information does not reflect restructuring or exit costs that may be incurred by Ameritrade or TD Waterhouse in connection with the acquisition of TD Waterhouse.

TD Ameritrade Pro Forma

Fiscal Year Ended September 24, 2004	Nine Months Ended June 24, 2005
---	--

(In thousands, except per share data)

Statement of Operations Data:

Net revenues	\$ 1,602,584	\$ 1,334,504
Net income from continuing operations	221,899	226,676
Earnings per share basic	0.36	0.38
Earnings per share diluted	0.35	0.37

**TD Ameritrade
Pro Forma
As of June 24,
2005**

(In thousands)

Balance Sheet Data:

Total assets	\$ 22,360,692
Long-term obligations	2,150,843
Stockholders equity	1,135,344

Table of Contents

RISK FACTORS

In addition to the other information included or incorporated by reference in this proxy statement, you should carefully consider the matters described below relating to the proposed acquisition of TD Waterhouse in deciding whether to vote for approval of the proposals presented in this proxy statement. Additional risks and uncertainties not presently known to Ameritrade or that are not currently believed to be material, if they occur, also may adversely affect the proposed acquisition of TD Waterhouse and Ameritrade and TD Waterhouse as a combined company.

Although Ameritrade expects that the acquisition of TD Waterhouse will result in benefits to Ameritrade, the combined company may not realize those benefits because of integration difficulties and other challenges.

The failure of the combined company to meet the challenges involved in integrating the operations of Ameritrade and TD Waterhouse successfully or otherwise to realize any of the anticipated benefits of the acquisition of TD Waterhouse, including anticipated cost savings and additional revenue opportunities, could seriously harm the results of operations of the combined company. Realizing the benefits of the acquisition of TD Waterhouse will depend in part on the integration of technology, operations and personnel. The integration of the companies is a complex, time-consuming and expensive process that, without proper planning and effective and timely implementation, could significantly disrupt the businesses of Ameritrade and TD Waterhouse.

The challenges involved in this integration include the following:

demonstrating to the clients of Ameritrade and to the clients of TD Waterhouse that the acquisition of TD Waterhouse will not result in adverse changes in client service standards or business focus and helping clients conduct business easily with the combined company;

consolidating and rationalizing technology platforms and administrative infrastructures;

combining product offerings;

coordinating sales and marketing efforts to effectively communicate the capabilities of the combined company;

integrating and rationalizing settlement and account and order management systems;

preserving marketing and other important relationships of both Ameritrade and TD Waterhouse and resolving potential conflicts that may arise;

integrating and rationalizing TD Waterhouse's branch operations to serve the combined client base of TD Ameritrade;

minimizing the diversion of management attention from ongoing business concerns; and

combining the corporate cultures, maintaining employee morale and retaining key employees.

The combined company may not successfully integrate the operations of Ameritrade and TD Waterhouse in a timely manner, or at all, and the combined company may not realize the anticipated benefits or synergies of the acquisition of TD Waterhouse to the extent, or in the timeframe, anticipated. The anticipated benefits and synergies include cost savings associated with anticipated restructurings and other operational efficiencies, greater economies of scale and revenue enhancement opportunities. However, these anticipated benefits and synergies assume a successful integration and are based on projections, which are inherently uncertain, and other assumptions. Even if integration is successful, anticipated benefits and synergies may not be achieved. In addition to the integration risks discussed above, the combined company's ability to realize these benefits and synergies could be adversely impacted by practical or legal constraints on its ability to combine operations or implement workforce reductions.

Table of Contents***The market price of TD Ameritrade common stock may decline as a result of the acquisition of TD Waterhouse.***

The market price of TD Ameritrade common stock may decline as a result of the acquisition of TD Waterhouse if, among other things, the integration of the Ameritrade and TD Waterhouse businesses is unsuccessful, if the operational cost savings estimates are not realized, if the transaction costs related to the acquisition of TD Waterhouse are greater than expected or if the financing of the special dividend is on unfavorable terms. The market price also may decline if we do not achieve the perceived benefits of the acquisition of TD Waterhouse as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the acquisition of TD Waterhouse on TD Ameritrade's financial results is not consistent with the expectations of financial or industry analysts. In addition, as is typical in such circumstances, we anticipate that the market price of our common stock will decline following the payment of the special dividend.

TD and the Ricketts holders will exercise significant influence over TD Ameritrade.

When the acquisition of TD Waterhouse is completed, TD will own approximately 32.7%, and the Ricketts holders will own approximately 18%, of the outstanding voting securities of TD Ameritrade. Following the completion of the acquisition of TD Waterhouse, TD will commence a tender offer with the goal of increasing its ownership to 39.9% of the outstanding shares of Ameritrade common stock. J. Joe Ricketts may elect to participate as a co-bidder in the tender offer with TD or otherwise purchase shares of TD Ameritrade common stock, such that the Ricketts holders own up to 29% of the outstanding shares of Ameritrade common stock. Mr. Ricketts has informed Ameritrade that he does not intend to participate as a co-bidder in the tender offer. TD will be permitted under the terms of the stockholders agreement to acquire up to 39.9% of the outstanding shares of TD Ameritrade common stock during the three years following the closing, up to 45% of the outstanding shares of TD Ameritrade common stock for the remainder of the term of the stockholders agreement (a maximum of 10 years following the closing) and an unlimited number of shares of Ameritrade following the termination of the stockholders agreement. As a result, TD and the Ricketts holders generally will have the ability to significantly influence the outcome of any matter submitted for the vote of TD Ameritrade stockholders. The stockholders agreement also provides that TD will designate five of the twelve members of the TD Ameritrade board of directors and the Ricketts holders will designate three of the twelve members of the TD Ameritrade board of directors, subject to adjustment based on their respective ownership positions in TD Ameritrade. Accordingly, TD and the Ricketts holders generally will be able to significantly influence the outcome of all matters that come before the TD Ameritrade board. As a result of their significant interest in TD Ameritrade, TD or the Ricketts holders may have the power, subject to applicable law, to significantly influence actions that might be favorable to TD or the Ricketts holders, but not necessarily favorable to other TD Ameritrade stockholders. In addition, the ownership position and governance rights of TD and the Ricketts holders could discourage a third party from proposing a change of control or other strategic transaction concerning TD Ameritrade. As a result, the common stock of TD Ameritrade could trade at prices that do not reflect a takeover premium to the same extent as do the stocks of similarly situated companies that do not have a stockholder with an ownership interest as large as TD's and the Ricketts holders' combined ownership interest.

Conflicts of interest may arise between TD Ameritrade and TD, which may be resolved in a manner that adversely affects TD Ameritrade's business, financial condition or results of operations.

Conflicts of interest may arise between TD Ameritrade and TD in areas relating to past, ongoing and future relationships, including corporate opportunities, potential acquisitions or financing transactions, sales or other dispositions by TD of its interests in TD Ameritrade and the exercise by TD of its influence over the management and affairs of TD Ameritrade. It is expected that after the acquisition of TD Waterhouse a significant number of the directors on the TD Ameritrade board will be persons who are also officers or directors of TD or its subsidiaries. Service as a director or officer of both TD Ameritrade and TD or its other subsidiaries could create conflicts of interest if such directors or officers are faced with decisions that

Table of Contents

could have materially different implications for TD Ameritrade and for TD. Our post-transaction amended and restated certificate of incorporation will contain provisions relating to avoidance of direct competition between TD Ameritrade and TD. The parties have not established any other formal procedures for TD Ameritrade and TD to resolve potential or actual conflicts of interest between them. There can be no assurance that any of the foregoing conflicts will be resolved in a manner that does not adversely affect the business, financial condition or results of operations of TD Ameritrade. In addition, the provisions of the stockholders agreement related to non-competition are subject to numerous exceptions and qualifications and may not prevent TD Ameritrade and TD from competing with each other to some degree in the future.

Ameritrade will incur significant indebtedness in connection with the transaction.

In connection with payment of the special dividend, Ameritrade will be required to borrow approximately \$1.6 to \$2.0 billion. It is a condition to the completion of the transaction that Ameritrade shall have available to it sufficient funds, and shall be permitted under applicable law, to pay the special dividend, and that Ameritrade declares the dividend. Although Ameritrade currently expects that such financing will be available on commercially reasonable terms, there can be no assurance of this. Following the completion of the acquisition of TD Waterhouse, TD Ameritrade's ability to meet its cash requirements, including its debt service obligations, will be dependent upon its future performance, which will be subject to financial, business and other factors affecting its operations, many of which are or may be beyond TD Ameritrade's control. Ameritrade cannot provide assurance that its business will generate sufficient cash flows from operations to fund these cash requirements and debt service obligations. If TD Ameritrade is unable to meet its cash requirements from operations, it would be required to fund these cash requirements by alternative financing. The degree to which it may be leveraged as a result of the indebtedness incurred in connection with payment of the special dividend or otherwise could materially and adversely affect its ability to obtain financing for working capital, acquisitions or other purposes, could make it more vulnerable to industry downturns and competitive pressures or could limit its flexibility in planning for, or reacting to, changes and opportunities in its industry, which may place it at a competitive disadvantage. There can be no assurance that TD Ameritrade would be able to obtain alternative financing, that any such financing would be on acceptable terms or that it would be permitted to do so under the terms of existing financing arrangements, including those entered into in connection with the payment of the special dividend. In the absence of such financing, TD Ameritrade's ability to respond to changing business and economic conditions, make future acquisitions, react to adverse operating results, meet its debt service obligations, or fund required capital expenditures, could be materially and adversely affected.

Some directors and executive officers of Ameritrade have interests in the acquisition of TD Waterhouse that may differ from the interests of Ameritrade stockholders including, if the acquisition of TD Waterhouse is completed, the receipt of financial and other benefits.

When considering our board of directors' recommendation to vote in favor of the proposals presented in this proxy statement, you should be aware that Ameritrade's executive officers and directors have interests in the acquisition of TD Waterhouse that may be different from, or in addition to, your interests.

For example, Ameritrade is currently negotiating a new employment agreement with Mr. Moglia with respect to his continued employment as our Chief Executive Officer. In addition, Ameritrade may negotiate and enter into prior to the closing, and after consultation with TD, new or amended employment agreements with other executive officers.

In connection with the acquisition of TD Waterhouse, directors and executive officers of Ameritrade, who beneficially own approximately 125,412,081 shares of Ameritrade common stock as of September 30, 2005 will receive an aggregate of approximately \$752.5 million as a result of the payment of proposed special dividend of \$6.00 per share assuming the timely exercise of all vested options. The beneficial ownership of directors and executive officers of Ameritrade includes options to purchase 14,904,732 shares of Ameritrade common stock exercisable within 60 days of September 30, 2005. In connection with the proposed special dividend, Ameritrade will adjust outstanding equity awards under its stock option plans to

Table of Contents

preserve the pre-dividend economic value of the awards after payment of the special dividend. As of September 30, 2005, directors and executive officers of Ameritrade collectively held options (vested and unvested) to purchase 16,331,825 shares of common stock with a weighted average exercise price of \$5.97 per share. These options will be adjusted unless exercised prior to the ex-dividend date.

In addition, under the terms of the stockholders agreement, the Ricketts holders will have, among other things, specified rights relating to board representation and the ability to acquire additional Ameritrade common stock to maintain their ownership position. J. Joe Ricketts may also elect, following the closing of the acquisition of TD Waterhouse, to participate in a tender offer with TD, such that upon completion of the tender offer, the Ricketts holders may own up to 29% of the outstanding voting securities of TD Ameritrade. Mr. Ricketts has informed Ameritrade that he does not intend to participate as a co-bidder in the tender offer.

Further, under the terms of the amended and restated registration rights agreement, the Ricketts holders and some of the other Ameritrade directors or their affiliates will continue to be entitled to registration rights with respect to their securities of TD Ameritrade. See *The Transaction Interests of Ameritrade's Executive Officers and Directors in the Transaction* beginning on page 65.

The acquisition of TD Waterhouse is subject to the receipt of consents and approvals from government entities that may not be received or that may impose conditions that could have an adverse effect on TD Ameritrade following the completion of the acquisition.

Ameritrade and TD cannot complete the acquisition of TD Waterhouse unless they receive various consents, orders, approvals and clearances from antitrust and other authorities in the U.S. and Canada. While Ameritrade and TD believe that they will receive the requisite regulatory approvals from these authorities, there can be no assurance of this. In addition, these authorities may impose conditions on the completion of the acquisition of TD Waterhouse or require changes to the terms of the acquisition of TD Waterhouse. For example, the authorities may require divestiture of certain assets as a condition of closing of the acquisition of TD Waterhouse. Neither TD nor Ameritrade is obligated to agree to divest material assets in order to obtain regulatory approval of the proposed acquisition of TD Waterhouse. While TD and Ameritrade do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the acquisition of TD Waterhouse or imposing additional costs on or limiting the revenues of Ameritrade following the acquisition of TD Waterhouse, any of which may have an adverse effect on Ameritrade following the acquisition of TD Waterhouse. See *The Transaction Regulatory Matters Related to the Acquisition of TD Waterhouse* beginning on page 71 and *Share Purchase Agreement Conditions to the Acquisition of TD Waterhouse* beginning on page 93.

TD Ameritrade may be required to contribute additional regulatory capital to its broker-dealer subsidiaries.

TD Ameritrade expects to record an estimated deferred tax liability of approximately \$263 million on the fair value of the acquired client relationship intangible asset resulting from the acquisition of TD Waterhouse. The actual amount of deferred tax liability will be based on an independent valuation of the acquired client relationship intangible assets and may differ materially. The SEC uniform net capital rule does not explicitly allow for a deferred tax liability to be considered in the computation of regulatory net capital. In June 2005, the SEC confirmed that it was appropriate for Ameritrade, in calculating its net capital, to offset the acquired intangible client relationship asset resulting from Ameritrade's acquisition of Datek Online Holdings Corp., or Datek, with its associated deferred tax liability. Ameritrade has not yet received confirmation from the SEC that the deferred tax liability to be recorded in the acquisition of TD Waterhouse will be afforded similar treatment.

Similar to our acquisition of Datek, the acquisition of TD Waterhouse is not a taxable asset purchase, and therefore, Ameritrade believes that the deferred tax liability to be recorded in the acquisition of TD

Table of Contents

Waterhouse should be afforded similar treatment as in the Datek acquisition. Ameritrade is in discussions with the SEC and expects to resolve this issue before the closing of the transaction.

If Ameritrade does not receive confirmation from the SEC that it is appropriate to include the deferred tax liability arising from the acquired client relationship intangible asset in the calculation for regulatory capital purposes, additional capital will need to be contributed to Ameritrade's broker-dealer subsidiaries.

The adjustment to outstanding grants of employee non-qualified stock options may result in the loss of a tax deduction for certain executives' grants.

As discussed elsewhere in this proxy statement, Ameritrade intends to adjust outstanding equity awards, including non-qualified stock options that have been granted to employees in prior years in order to preserve the pre-dividend economic value of such options after the payment of the special dividend. Such adjustments could potentially result in the disallowance of the tax deduction Ameritrade would otherwise be entitled to in the future when certain executives of Ameritrade exercise their options.

Ameritrade is currently seeking guidance from the Internal Revenue Service that the proposed adjustments to the outstanding options will not adversely affect Ameritrade's tax deduction in future years. If Ameritrade is unable to obtain a favorable ruling from the Internal Revenue Service regarding such tax deductions, then the future cash flow of Ameritrade could be negatively impacted.

The Internal Revenue Service may determine that Ameritrade's computation of the taxable portion of the special dividend is incorrect.

As discussed on page 69 regarding specified material U.S. federal income tax consequences of the special dividend, the taxable portion of the dividend is determined by reference to Ameritrade's earnings and profits, as determined under the Internal Revenue Code, for the calendar year in which the special dividend is paid. The computation could be subject to review by the Internal Revenue Service, which may disagree with Ameritrade's computation. Any adjustment to the computation required by the Internal Revenue Service would result in more or less of the special dividend being considered a qualified dividend with a corresponding adjustment to the amount considered as a return of capital. Such an adjustment could negatively impact the current U.S. federal income tax consequences of the special dividend.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this proxy statement, including those relating to Ameritrade's strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as expects, anticipates, intends, plans, believes, estimates or similar expressions, are forward-looking statements. Without limiting the generality of the preceding sentence, statements contained in the sections Summary, The Transaction Ameritrade's Reasons for the Transaction, The Transaction Opinion of Ameritrade's Financial Advisors, The Transaction Certain Material U.S. Federal Income Tax Consequences and The Transaction Litigation Relating to the Transaction include forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, forward-looking statements include projections of earnings, revenues, synergies, accretion or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the future management of TD Ameritrade; the tax treatment of the special dividend and estimates of Ameritrade's earnings and profits for tax purposes; approvals relating to, and the closing of, the acquisition of all of the capital stock of TD Waterhouse; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing; statements relating to Ameritrade obtaining financing for the special dividend; and the dates on which we anticipate the record date, payable date and ex-dividend date for the special dividend to occur.

These statements are not historical facts, but instead represent only Ameritrade's or TD's expectations, estimates and projections regarding future events.

The forward-looking statements contained or incorporated by reference in this proxy statement are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results and stockholder values of Ameritrade and TD Ameritrade may differ materially from those expressed in the forward looking statements contained or incorporated by reference in this proxy statement due to, among other factors, the matters set forth under Risk Factors beginning on page 33 and the risk factors detailed in Ameritrade's filings with the SEC, including Ameritrade's most recent annual and quarterly reports on Forms 10-K and 10-Q. Ameritrade undertakes no obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events, except as required by law.

Table of Contents

THE SPECIAL MEETING

Date, Time and Place

A special meeting of stockholders of Ameritrade will be held at _____, local time, on _____, 2005 at _____.

Matters to be Considered

The purposes of the special meeting are to consider and vote on:

Proposal No. 1: a proposal to approve the issuance of 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;

Proposal No. 2: a proposal to approve the amendment and restatement of the certificate of incorporation of Ameritrade, 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;

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; and

Proposal No. 5: a proposal to adjourn the special meeting 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 Proposal No. 1 relating to the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement or Proposal No. 2 relating to the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals.

The approval of Proposal No. 1 for the issuance of Ameritrade common stock and Proposal No. 2 for the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals, is a condition to the completion of the acquisition of TD Waterhouse. Accordingly, if

Table of Contents

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

At the special meeting, Ameritrade stockholders will also be asked to consider and vote on any other matters that may properly come before the special meeting or any adjournment or postponement of the special meeting.

At this time, the Ameritrade board of directors is unaware of any matters, other than those set forth above, that may properly come before the special meeting.

Record Date; Shares Outstanding and Entitled to Vote

The close of business on _____, 2005 has been fixed by Ameritrade as the record date for the determination of holders of Ameritrade common stock entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date for the special meeting, there were _____ shares of Ameritrade common stock outstanding and entitled to vote. Each share of Ameritrade common stock entitles its holder to one vote at the special meeting on all matters properly presented at the meeting.

How to Vote Your Shares

Stockholders of record may submit a proxy by telephone, via the Internet or by mail or vote by attending the special meeting and voting in person.

Submitting a Proxy by Telephone: You can submit a proxy for your shares by telephone until 11:59 p.m. Eastern Standard Time on _____, 2005 by calling the toll-free telephone number on your proxy card. Telephone proxy submission is available 24 hours a day. Easy-to-follow voice prompts allow you to submit a proxy for your shares and confirm that your instructions have been properly recorded. Our telephone proxy submission procedures are designed to authenticate stockholders by using individual control numbers. **IF YOU SUBMIT A PROXY BY TELEPHONE, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**

Submitting a Proxy via the Internet: You can submit a proxy via the Internet until 11:59 p.m. Eastern Standard Time on _____, 2005 by accessing the web site listed on your proxy card and following the instructions you will find on the web site. Internet proxy submission is available 24 hours a day. As with telephone proxy submission, you will be given the opportunity to confirm that your instructions have been properly recorded. **IF YOU SUBMIT A PROXY VIA THE INTERNET, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**

Submitting a Proxy by Mail: If you choose to submit a proxy by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

If your shares are held in the name of a bank, broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the special meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the special meeting.

How to Change Your Vote

You will have the power to revoke your proxy at any time before it is exercised by:

delivering to the Corporate Secretary of Ameritrade prior to the special meeting a written notice of revocation by mail to 4211 South 102nd Street, Omaha, Nebraska 68127;

Table of Contents

delivering to the Corporate Secretary of Ameritrade prior to the special meeting a properly executed proxy with a later date by mail to 4211 South 102nd Street, Omaha, Nebraska 68127;

submitting a proxy on a later date by telephone or via the Internet (only your last telephone or Internet proxy will be counted); or

attending the special meeting and voting in person.

Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

If your shares of Ameritrade common stock are held by a bank, broker or other nominee, you must follow the instructions provided by the bank, broker or other nominee if you wish to change your vote.

Counting Your Vote

If you provide specific voting instructions, your shares will be voted as instructed. If you hold shares in your name and sign and return a proxy card or submit a proxy by telephone or via the Internet without giving specific voting instructions, your shares will be voted **FOR** approval of the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement, **FOR** approval of the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals, **FOR** approval of the amendment and restatement of the 1996 Long-Term Incentive Plan and 1996 Directors Incentive Plan and **FOR** approval of the proposal to adjourn the special meeting 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 the proposals relating to 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.

At this time, we are unaware of any matters, other than set forth above, that may properly come before the special meeting. If any other matters properly come before the special meeting, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

Proxies solicited may be voted only at the special meeting and any adjournment or postponement of the special meeting and will not be used for any other meeting.

Broker Non-Votes

Any broker non-votes submitted by brokers or nominees in connection with the special meeting will not be counted for purposes of determining the number of votes cast on a proposal, but will be treated as present for quorum purposes. Broker non-votes are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under rules applicable to broker-dealers. Under these rules, the proposal to approve the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement, the proposal to approve the amendment and restatement of our certificate of incorporation, including the related sub-proposals and the proposals to approve the amended and restated stock plans are not items on which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions within ten days of the special meeting. The proposals to approve the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement and the amended and restated stock plans are required to be approved by the holders of a majority of the shares of Ameritrade common stock present or represented by proxy and voting on the applicable matter and therefore abstentions and broker non-votes will have no effect on these proposals. Similarly, because of the vote required for the proposal to adjourn the special meeting, abstentions and broker non-votes will have no effect on this proposal. However, the proposal to approve the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals, is required to be approved by the holders of a majority of the outstanding shares of Ameritrade common stock (regardless of whether such holders are present in person or represented by proxy at the special meeting). Therefore, abstentions and broker non-

Table of Contents

votes will have the same effect as a vote against the proposal to approve the amendment and restatement of our certificate of incorporation, including the related sub-proposals, at the special meeting.

Quorum and Required Votes

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.

Proposal No. 1: 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 necessary to approve the issuance 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. **The approval of Proposal No. 1 is a condition to completion of the acquisition of TD Waterhouse, and thus a vote against this proposal effectively will be a vote against the acquisition of TD Waterhouse.**

Proposal No. 2: The required vote to approve the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals, is the affirmative vote of the holders of a majority of the outstanding shares of Ameritrade common stock entitled to vote at the special meeting. The amendment and restatement of our certificate of incorporation, including all of the related sub-proposals, is an integral part of a single transaction agreed to by TD and Ameritrade and reflected in the share purchase agreement. **The approval of Proposal No. 2 (including each of the related Sub-Proposal Nos. 2A through 2F) is a condition to completion of the acquisition of TD Waterhouse, and thus a vote against this proposal (or against any of Sub-Proposal Nos. 2A through 2F) effectively will be a vote against the acquisition of TD Waterhouse.**

Proposal No. 3: 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 necessary to approve the amendment and restatement of the 1996 Long-Term Incentive Plan.

Proposal No. 4: 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 necessary to approve the amendment and restatement of the 1996 Directors Incentive Plan.

Proposal No. 5: 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 proposal to adjourn the special meeting 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 or Proposal No. 2, including each of the related sub-proposals.

The directors and executive officers of Ameritrade and their respective affiliates collectively owned approximately 30% of the outstanding shares of Ameritrade common stock as of September 30, 2005 (inclusive of shares subject to stock options which may be exercised within 60 days following that date). Each member of the board of directors of Ameritrade has advised Ameritrade 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 (including each of the related sub-proposals). See "Stock Ownership of Certain Beneficial Owners and Management of Ameritrade" beginning on page 215.

The Ricketts holders, the TA holders and SLP holders, which collectively own approximately 34% of the outstanding shares of Ameritrade common stock as of September 30, 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. Several members of our board of directors are affiliated with the Ricketts holders and entities affiliated with Silver Lake Partners.

Table of Contents

As of the close of business on the record date for the special meeting, TD did not beneficially own any shares of Ameritrade common stock and, to the knowledge of TD, none of its directors or executive officers beneficially owned any shares of Ameritrade common stock.

Solicitation of Proxies

Ameritrade will pay for all costs incurred by it in connection with the solicitation of proxies from its stockholders on behalf of its board of directors. In addition to solicitation by mail, the directors, officers and employees of Ameritrade, TD and their respective subsidiaries may solicit proxies from stockholders of Ameritrade in person or by telephone, telegram, facsimile or other electronic methods without additional compensation other than reimbursement for their actual expenses.

Ameritrade has retained MacKenzie Partners, Inc., a professional proxy solicitation firm, to assist it in the solicitation of proxies for the special meeting. Ameritrade will pay MacKenzie Partners a fee of approximately \$12,500 for its services, plus reimbursement for reasonable out-of-pocket expenses.

Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and Ameritrade will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

Recommendation of the Board of Directors

The Ameritrade board of directors has unanimously approved the issuance of Ameritrade common stock to TD, and/or one or more of its affiliates, in accordance with the terms of the share purchase agreement, and the amendment and restatement of our certificate of incorporation. The compensation committee of the board of directors has unanimously approved the amended and restated stock plans. Based on Ameritrade's reasons for the acquisition of TD Waterhouse described in this proxy statement, the Ameritrade board of directors believes that the issuance of Ameritrade common stock and the transactions contemplated by the share purchase agreement are fair to, and in the best interests of, Ameritrade's stockholders and recommends that you vote **FOR** approval of the issuance 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. The Ameritrade board of directors also recommends that you vote **FOR** approval of the amendment and restatement of our certificate of incorporation, or any of the related sub-proposals, **FOR** approval of the amendment and restatement of the 1996 Long-Term Incentive Plan and the 1996 Directors Incentive Plan and **FOR** approval of the proposal to adjourn the special meeting 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 the proposals relating to the issuance 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, the amendment and restatement of our certificate of incorporation, or any of the related sub-proposals.

See "The Transaction - Ameritrade's Reasons for the Transaction" beginning on page 52.

Table of Contents

THE TRANSACTION

Background of the Transaction

We regularly assess the competitive position of our products and services, technology and information systems, and of the online brokerage industry. Our industry has experienced significant consolidation in recent years and we believe that to remain competitive and enhance stockholder value it will be necessary for us to increase our scale and client base. To achieve these objectives, we have completed seven acquisitions since September 2001, including our combination with Datek Online Holdings Corp., which we completed in September 2002. We continuously explore and evaluate strategic opportunities and business scenarios as a part of our ongoing evaluation of changes in the marketplace, seeking opportunities to strengthen our business. As part of this process, our board of directors and management periodically consider and evaluate potential acquisition and consolidation opportunities that would further our strategic objectives and provide us with the opportunity to supplement our core business with complementary businesses and product and service offerings.

Beginning in April 2003, we engaged in preliminary discussions with TD to explore a possible strategic combination of Ameritrade and TD Waterhouse. After entering into a confidentiality agreement on May 7, 2003, representatives of each company conducted mutual preliminary due diligence investigations, exchanged term sheets and held meetings to discuss various aspects of a potential transaction. However, these preliminary discussions were concluded in December 2003, without agreement on the economic and other key parameters of a potential transaction.

Beginning in May 2004, J. Joe Ricketts, Chairman and Founder of Ameritrade, and W. Edmund Clark, President and Chief Executive Officer of TD, met on several occasions and had multiple telephone conversations to discuss their perspectives on the online brokerage market, the respective businesses of Ameritrade and TD Waterhouse and the potential for reinitiating discussions regarding a possible strategic combination of the Ameritrade and TD Waterhouse businesses.

From May 2004 to the end of September 2004, J. Joe Ricketts, together with Scot Galliher of SCG Group Corporation, a financial advisor engaged by Mr. Ricketts, met on several occasions with Mr. Clark and representatives of Goldman, Sachs & Co., TD's financial advisor, to discuss basic principles of a transaction in which Ameritrade would acquire TD Waterhouse. During this period, Mr. Ricketts periodically advised individual members of the Ameritrade board of directors regarding his communications with TD.

In October 2004, senior members of Ameritrade management commenced discussions with senior members of TD management regarding a general overview of their respective businesses and potential synergies that might be derived from a potential combination. Following these meetings, on November 7, 2004, we entered into a confidentiality agreement with TD to facilitate further discussions and the related exchange and use of confidential information. On that same date, senior members of our management held a meeting with senior members of TD management, as well as Mr. Galliher and representatives of Goldman, Sachs & Co. At this meeting, the parties discussed economic and valuation concepts and issues relating to a potential business combination, including potential synergy opportunities and integration issues. These discussions continued to be general in nature, but the parties agreed to spend the next several weeks focusing on developing a financial model for valuing the Ameritrade and TD Waterhouse businesses.

From November 2004 through December 2004, senior members of Ameritrade management and TD management continued to exchange preliminary financial information and to discuss potential synergies. In addition, at board meetings on November 18, 2004 and December 10, 2005, J. Joe Ricketts provided the Ameritrade board of directors with updates on the preliminary discussions with TD.

On January 19, 2005, Joseph H. Moglia, Chief Executive Officer of Ameritrade, met with Mitchell H. Caplan, Chief Executive Officer of E*TRADE Financial Corporation, at an industry conference and discussed consolidation in the online brokerage industry and each of their respective businesses.

Table of Contents

From December 2004 through January 2005, J. Joe Ricketts and Mr. Galliher continued discussions with Mr. Clark and representatives of Goldman, Sachs & Co. regarding terms and conditions of a potential transaction involving Ameritrade and TD in which Ameritrade would acquire the U.S. retail securities brokerage business of TD. These discussions resulted in a draft non-binding term sheet for a potential strategic transaction involving Ameritrade and TD that TD delivered to Mr. Ricketts and his advisors on January 27, 2005. The term sheet proposed a transaction in which Mr. Ricketts and TD would generally appoint all of the members of the board of directors of the combined company, certain of whom would qualify as independent directors under the Nasdaq Marketplace Rules, and have approval rights with respect to significant corporate actions. The term sheet proposed that TD would receive 32% of the equity interest of the combined company in exchange for TD Waterhouse's U.S. brokerage business. TD's ownership would be limited to a 39.9% standstill on ownership for a period of three years, subject to exceptions. Mr. Ricketts subsequently provided that term sheet to the Ameritrade board of directors.

On February 2, 2005, the Ameritrade board of directors held a special meeting to discuss the status of the preliminary discussions with TD, including the draft term sheet which J. Joe Ricketts had provided to the board of directors. Also at the meeting, senior members of Ameritrade management delivered a presentation to the board of directors that included information relating to the draft term sheet, the online brokerage industry, the Ameritrade business, the TD Waterhouse business and the potential merits and risks of entering into a potential transaction with TD. Mr. Clark, a representative of Goldman, Sachs & Co. and Mr. Galliher joined the meeting to answer questions from members of the Ameritrade board of directors.

On February 9, 2005, the Ameritrade board of directors held a special meeting to further discuss structural elements of a potential transaction outlined in the draft term sheet, including strategic benefits of the combination, valuation of the respective entities and post-transaction board composition and governance. At this meeting, the board of directors decided to form an independent special committee. The board of directors appointed Mark L. Mitchell and Michael Fleisher, both of whom the board of directors determined to be independent directors with respect to the potential transaction, to serve as members of the special committee. The board of directors authorized the special committee to review, evaluate, investigate and negotiate the terms of a possible transaction with TD, and any alternative transaction, and to determine whether the transaction with TD, or an alternative transaction, is fair to, and in the best interests of, Ameritrade and its stockholders.

The Ameritrade special committee held meetings on February 10, 2005, February 13, 2005 and February 15, 2005 to discuss the selection of a financial adviser and legal counsel to assist it and the full board of directors in performing their obligations with respect to evaluating the potential transaction with TD, or any alternative transaction. The special committee decided to engage Citigroup Global Markets Inc. to assist Ameritrade and the special committee in their evaluation of the potential transaction with TD and provide a fairness opinion, if requested, and Wilson Sonsini Goodrich & Rosati, Professional Corporation, or WSGR, to provide legal representation to Ameritrade under the direction of its board of directors and the special committee.

Following the Ameritrade 2005 annual meeting of stockholders on February 16, 2005, the Ameritrade board of directors held a regularly scheduled meeting at which it appointed Dan W. Cook, III, a newly elected director who the board of directors determined to be independent with respect to the potential transaction, to the special committee to serve with Messrs. Mitchell and Fleisher.

On February 16, 2005 and February 20, 2005, the Ameritrade board of directors and the special committee held meetings to discuss the draft term sheet of January 27, 2005, as well as various issues relating to the proposed structure and the process for considering the potential transaction with TD. At these meetings, representatives of WSGR advised the board of directors and the special committee on their fiduciary obligations, as well as future processes in connection with the special committee and the board of directors' consideration of the potential transaction and various legal and regulatory issues that might arise in connection with the potential transaction. WSGR also advised the special committee that it

Table of Contents

had contacted Potter Anderson & Corroon LLP to assist the special committee as special Delaware counsel.

On February 23, 2005, Ellen L.S. Koplow, Executive Vice President and General Counsel of Ameritrade, and representatives of Citigroup and WSGR held a telephonic meeting with Mr. Galliher and representatives of Mayer, Brown, Rowe & Maw LLP, legal counsel to J. Joe Ricketts and his affiliates, to discuss the major issues contained in the draft term sheet, including structure of the transaction, relative valuations of Ameritrade and TD Waterhouse, and governance and management of Ameritrade following the completion of the potential transaction, including board representation.

The Ameritrade special committee next met on February 28, 2005, to discuss the governance provisions of the draft term sheet of January 27, 2005, and the effect those terms could have on Ameritrade's ability to enter into future strategic transactions. At this meeting, the special committee focused its analysis on the impact of the transaction outlined in the draft term sheet on Ameritrade's standalone strategy and on other strategic alternatives available to Ameritrade, as well as the views of the committee members on consolidation in the industry and a potential for a future change of control of Ameritrade following the transaction. The special committee also reviewed the proposed rights that would be retained by certain stockholders of Ameritrade and the impact on other stockholders. The special committee discussed potential changes to the governance and economic terms set forth in the draft term sheet in light of these issues. Representatives from Citigroup also reviewed with the special committee their recent discussions with Messrs. Ricketts and Galliher regarding various valuation methodologies and other analyses with respect to the potential transaction. The special committee directed its legal and financial advisors to discuss alternatives to various provisions of the draft term sheet with TD's advisors.

On March 2, 2005, representatives of Citigroup, WSGR, Goldman, Sachs & Co. and Simpson Thacher & Bartlett LLP, legal counsel for TD, held a telephonic meeting at which they discussed principal issues, including structure of the transaction, relative valuation of Ameritrade and TD Waterhouse and governance and management of Ameritrade following the completion of the potential transaction, including board representation, the length and terms of the standstill provisions and rights to approve certain significant corporate actions. Following this meeting, on March 4, 2005, TD sent to Ameritrade a draft purchase agreement containing the proposed terms and conditions of an acquisition of TD Waterhouse by Ameritrade.

On March 8, 2005, the Ameritrade special committee held a meeting at which a representative from Citigroup discussed certain preliminary financial analyses, including the financial effect of synergy opportunities identified by the management of Ameritrade in connection with the potential transaction. Senior members of management presented their strategic views of the potential transaction, as well as their views on other strategic alternatives, including the company's prospects as a standalone business. A representative of WSGR also reviewed with the special committee various business and legal aspects of the potential transaction, including an update on recent discussions with Simpson Thacher with respect to the principal terms being discussed by the parties and their advisors. In addition, a representative of Potter Anderson discussed legal considerations relating to the provisions of the draft term sheet on governance and voting structure. The special committee made a preliminary determination that the financial aspects of the transaction, including the possible synergies, had the potential to be favorable to Ameritrade and its stockholders from a financial standpoint and that its advisors should address refinement of the governance structure. The special committee gave instructions to its advisors with regard to continued negotiations and conveying Ameritrade's requirements for due diligence to TD.

On March 11, 2005, representatives of WSGR and Simpson Thacher held a telephonic meeting to discuss governance, voting and other terms related to the potential transaction. WSGR proposed changes to the draft term sheet to address the Ameritrade special committee's concerns regarding governance and management rights issues and the potential for a future change of control of Ameritrade following the transaction. On March 15, 2005, TD sent to Ameritrade additional comments to the draft term sheet based on the prior discussions. TD proposed to increase the role of independent directors on the board following a termination of its 39.9% ownership standstill until the fifth anniversary of the closing of the transaction, as well as a 66²/3% ownership standstill, except for going private transactions, during that

Table of Contents

period. WSGR reported the results of these discussions to the special committee at a meeting held on March 20, 2005, and the special committee directed its advisors to continue negotiations with TD's advisors, under the direction of the special committee.

During March 2005, J. Joe Ricketts and Mr. Mitchell periodically communicated the status of discussions with TD and consideration of other strategic alternatives to members of the Ameritrade board of directors on an individual basis. On March 22, 2005, the Ameritrade board of directors held a meeting at which Mr. Mitchell, on behalf of the special committee, reported on the status of discussions with TD regarding the potential transaction, including the special committee's preliminary analysis that the transaction had the potential to be favorable from a financial standpoint to Ameritrade and its stockholders, and that the special committee continued to refine the governance structure being discussed by the parties and their advisors. Mr. Mitchell described on behalf of the special committee the proposed changes to the draft term sheet. Mr. Ricketts informed the board of directors that based on his concerns about valuation in light of his views on recent developments in the online brokerage industry, as well as the changes to the term sheet proposed by the special committee, he was not willing to support the transaction as proposed. He advised the board of directors that he had informed TD of his concerns.

On March 25, 2005 and April 3, 2005, the Ameritrade special committee held meetings to discuss with its advisors J. Joe Ricketts's concerns with respect to the revised term sheet and the valuation of the proposed transaction. Mr. Ricketts attended the meeting held on April 3, 2005 to discuss his concerns with the special committee and express his preliminary interest in increasing his ownership in Ameritrade as an alternative to the proposed transaction with TD. At the meeting, a representative of WSGR discussed various business and legal considerations relating to a transaction in which Mr. Ricketts would increase his ownership in Ameritrade, as well as the special committee's role with respect to its evaluation of such an increase. The special committee determined that the company's senior management should prepare and present to the full board of directors management's plans and assessment of the various strategic alternatives available to Ameritrade.

On April 6, 2005, the Ameritrade board of directors held a special meeting to discuss the potential transaction with TD, J. Joe Ricketts's views on the TD proposal and his ideas regarding alternative transactions in which he would increase his ownership in Ameritrade. At this meeting, senior members of Ameritrade management presented to the board of directors on current market conditions in the brokerage industry and the company's strategic position. As part of this presentation, they reviewed with the board of directors the current strategy and standalone prospects as well as the potential synergies and financial projections under various scenarios, and the likelihood that those projections could be achieved. Mr. Galliher also made a presentation on behalf of Mr. Ricketts summarizing Mr. Ricketts's views regarding the proposed transaction with TD and Mr. Ricketts's ideas about increasing his ownership in Ameritrade as an alternative to the potential transaction with TD. At the meeting, a representative of Citigroup discussed with the board of directors financial aspects of the potential transaction with TD, as well as other potential alternatives, and a representative of WSGR outlined the fiduciary duties of the board of directors with respect to considering the various strategic alternatives. The board of directors discussed the current competitive landscape, the company's business and strategy, the possible long-term and short-term effects of the various strategic possibilities and the associated potential risks and rewards posed by those alternatives.

Over the next several weeks, the Ameritrade special committee worked closely with its advisors with respect to the structure of the potential transaction with TD and the preparation of a revised term sheet for the transaction. On April 20, 2005, the Ameritrade board of directors held a special meeting to discuss the proposed transaction with TD. A representative of WSGR presented to the board of directors various revisions to the draft TD term sheet reflecting changes that the special committee viewed as appropriate in order to address the governance and other issues it had previously identified, including ownership and board composition issues, as well as the rights that significant stockholders might have in the combined company. J. Joe Ricketts and Mr. Galliher discussed with the board of directors Mr. Ricketts's concerns with the special committee's proposed revisions and his desire to present alternative strategies to increase stockholder value for consideration by the board of directors. The board of directors discussed the revised

Table of Contents

term sheet and various strategic alternatives available to Ameritrade, as well as Mr. Ricketts' ideas regarding strategic alternatives. A representative of WSGR also reviewed the fiduciary obligations of the board of directors and other legal considerations with respect to an evaluation of strategic alternatives. In light of the increased pace of negotiations, to facilitate the board being fully informed on a current basis, and in light of the Ameritrade board's view that at least a majority of its members were independent with respect to the negotiation of the potential transaction, the board of directors determined that the full board of directors should undertake direct supervision of the potential transaction with TD, as well as other strategic alternatives available to Ameritrade, and that the work of the special committee would be suspended.

In late April 2005, WSGR discussed with Simpson Thacher the concerns of the special committee and the board of directors with respect to the draft term sheet. On April 26, 2005, WSGR delivered to Simpson Thacher a proposed revised draft term sheet, and on May 1, 2005, TD presented Ameritrade with another revised draft term sheet for a potential transaction involving the two companies. The May 1, 2005 term sheet contained proposed revisions with respect to, among other matters, standstill term, board composition, including independent directors, and stockholder rights. The term sheet also introduced a proposal to commence a tender offer at an unspecified price in order to allow Ameritrade stockholders the ability to obtain liquidity and allow TD to increase its ownership.

On May 5, 2005, Mr. Caplan sent a letter to Ameritrade's board of directors and chief executive officer regarding E*TRADE's desire to explore a business combination with Ameritrade and proposing economic terms for such a transaction, including 47.5% of the equity interests of the combined company to Ameritrade stockholders and approximately \$1.5 billion in cash to Ameritrade stockholders.

On May 11, 2005, the Ameritrade board of directors held a meeting to discuss the letter from E*TRADE dated May 5, 2005, the potential transaction with TD, and the views of J. Joe Ricketts, as well as other possible strategic alternatives. At the meeting, Mr. Moglia made a presentation on management's views and analysis of the various proposals. Mr. Ricketts also made a presentation on his views regarding the E*TRADE and TD proposals, as well as his ideas with respect to possible alternative transactions, including an increase of his ownership. A representative of WSGR reviewed with the board of directors the various terms of the TD and E*TRADE proposals and discussed the fiduciary duties of the board of directors with respect to evaluating the proposals and considering strategic alternatives. Also at this meeting, representatives of Citigroup discussed with the board of directors a comparison of the January 27, 2005 and May 1, 2005 proposals and certain preliminary valuation analyses of TD Waterhouse. The board of directors instructed its advisors to continue discussions with TD to determine whether or not the parties could reach agreement on the terms and conditions of a strategic transaction. The board of directors also instructed management to issue a press release, which it did on May 12, 2005, stating that the board of directors supported Ameritrade's growth strategy, the company would continue to explore strategic opportunities, the company was not for sale and the board of directors was confident in the Ameritrade management team and its strategy.

On May 12, 2005, Mr. Caplan sent a second letter to Ameritrade's board of directors and chief executive officer advising them of E*TRADE's continued desire to pursue a business combination on the terms previously outlined in his letter dated May 5, 2005 and indicating a willingness to explore a merger-of-equals transaction structure. On that same date, E*TRADE publicly announced its proposal for a strategic combination with Ameritrade, as outlined in its letter to Ameritrade dated May 5, 2005.

On May 15, 2005, the Ameritrade board of directors held a meeting to discuss the revised offer from E*TRADE dated May 12, 2005. The board of directors also discussed with its advisors certain of the proposed terms of the transaction with TD. The board of directors instructed its advisors to continue discussions with TD and present to TD various counterproposals with respect to terms of the potential transaction, and from May 15, 2005 through May 17, 2005, Ameritrade's advisors held telephonic meetings with TD's advisors to discuss the terms of the potential transaction. The Ameritrade board of directors next met on May 17, 2005, to discuss the status of negotiations between Ameritrade and TD, at which representatives of WSGR and Citigroup updated the board of directors regarding their discussions over the

Table of Contents

prior two days and Citigroup discussed certain preliminary financial analyses regarding the potential transaction with TD. The board of directors decided to continue to pursue negotiations with TD. The board of directors also discussed the recent E*TRADE proposal and decided that in order to be more fully informed regarding the proposal, Ameritrade should enter into a confidentiality and standstill agreement with E*TRADE to facilitate further discussions and to provide certain limitations on the ability of each party to make unsolicited offers to the other party's stockholders during the period in which they were in discussions with each other.

On May 18, 2005, Mr. Clark sent a letter to the Ameritrade special committee, which was accompanied by a non-binding term sheet setting out the revised principal provisions of a potential transaction with TD, including modified proposals with respect to ownership, board composition and governance. TD also proposed a tender offer price of \$16 per share for up to 8% of the equity interests of the combined company. On May 20, 2005, based on instructions from the Ameritrade board of directors, representatives of Citigroup and WSGR held a telephonic meeting with representatives of Goldman, Sachs & Co. and Simpson Thacher to discuss Ameritrade's response to TD's revised term sheet of May 18, 2005.

On May 21, 2005, TD sent Ameritrade a revised term sheet regarding the potential transaction. TD revised the provisions of the May 18, 2005 term sheet to reflect the discussions of the parties with respect to ownership and governance, and TD included a provision for the payment of a special cash dividend to Ameritrade stockholders of \$1.00 per share. TD's proposal included the opportunity for J. Joe Ricketts to participate as a co-bidder in the tender offer.

At meetings on May 22 and May 23, 2005, the Ameritrade board of directors discussed the status of negotiations between Ameritrade and TD with respect to the terms of a potential transaction. The board of directors also discussed the status of negotiations between Ameritrade and E*TRADE with respect to a confidentiality and standstill agreement. The board of directors instructed its advisors to continue discussions with TD and E*TRADE and authorized its advisors and management to complete their due diligence review of TD Waterhouse. On May 24, 2005, Ameritrade and E*TRADE entered into a confidentiality and standstill agreement. E*TRADE subsequently made a presentation to senior members of Ameritrade management to explain the analysis that led to E*TRADE's proposal on May 5, 2005.

From late May 2005 to mid-June 2005, representatives of each of Ameritrade and TD, together with their respective financial and legal advisors, conducted due diligence investigations, including meetings with their counterpart and the reciprocal exchange of due diligence materials. The due diligence investigations encompassed matters relating to finance, accounting, internal audit, legal and regulatory compliance, technology and information systems, properties, human resources and each company's businesses, including product and service offerings.

On May 27, 2005 and May 30, 2005, TD sent to Ameritrade revised draft agreements containing terms and conditions of a potential transaction involving the two companies. From May 31, 2005 to June 22, 2005, representatives of Ameritrade and WSGR conducted negotiations with representatives of TD and Simpson Thacher concerning the definitive transaction documents relating to the potential transaction with TD. On May 31, 2005, Ameritrade and TD issued a joint press release stating that they were in discussions regarding a potential transaction involving the TD Waterhouse business.

On June 2, 2005, Mr. Caplan sent a letter to Ameritrade confirming E*TRADE's continued desire to pursue a business combination on the terms previously outlined in his letter dated May 5, 2005, and proposing certain changes to the terms outlined in that letter, including an increase to 50% of the equity interests of the combined company to Ameritrade stockholders and \$2.0 billion in cash to Ameritrade stockholders.

On June 3, 2005, the Ameritrade board of directors held a meeting to discuss the status of negotiations with TD and recent conversations with E*TRADE that were centered on developing a better understanding of E*TRADE's proposal. Senior members of management presented comparative analyses of the proposals from TD and E*TRADE, as well as an update on their discussions with both of those parties. The board of directors discussed the two proposals and the need to conduct due diligence on

Table of Contents

E*TRADE's banking business. In June 2005, Ameritrade engaged Promontory Financial Group, a regulatory and consulting services firm, to assist its management team and advisors in conducting the due diligence investigation of E*TRADE's commercial bank. From June 16, 2005 to June 21, 2005, representatives of Ameritrade, together with Promontory Financial Group, conducted financial due diligence investigations of E*TRADE, including E*TRADE's banking business.

On June 10, 2005, E*TRADE sent to Ameritrade a draft merger agreement setting forth proposed terms and conditions of a business combination of the two companies. On June 11, 2005, Ameritrade and E*TRADE entered into an expanded confidentiality agreement to allow full due diligence investigations to proceed on both companies, and on June 16, 2005, J. Joe Ricketts, J. Peter Ricketts, and Thomas S. Ricketts met with Mr. Caplan to discuss E*TRADE's recent proposal.

On June 17, 2005, the Ameritrade board of directors held a special meeting to discuss the status of discussions with and due diligence investigations of E*TRADE and TD. At the meeting, representatives of Citigroup provided the board of directors with an overview of E*TRADE and its businesses and reviewed with the board of directors comparative analyses of the proposals from TD and E*TRADE and discussed various strategic and financial considerations relating to each of the proposals. Promontory presented its analysis of the banking business of E*TRADE. Senior members of Ameritrade management also presented at this meeting on the current market conditions in the industry and the company's strategic position and their views on the proposals, which included a discussion regarding expected financial and strategic synergies. In addition, representatives of WSGR discussed with the board of directors various business and legal aspects of the proposals, including the fiduciary duties of the board of directors in connection with its consideration of the proposals and legal and regulatory issues associated with the proposals. In addition, WSGR reviewed the terms of the draft transaction documents relating to the potential TD transaction, including, among other things, the conditions to closing, limitations on solicitation of alternative transactions, termination rights, and restrictions on share ownership and governance provisions. Following the review of the terms of the potential TD transaction, the board of directors discussed E*TRADE's proposal and compared the terms and conditions of the proposal to those of the potential TD transaction.

On the morning of June 18, 2005, the Ameritrade board of directors reconvened its special meeting to continue its discussions with respect to the proposals from TD and E*TRADE. J. Joe Ricketts reported to the board of directors regarding his recent conversation with Mr. Caplan on June 16, 2005. The board of directors determined that it was in the best interests of Ameritrade and its stockholders to continue discussions with each of TD and E*TRADE regarding a potential strategic transaction, and the board of directors directed its advisors and Ameritrade management to pursue that strategy in accordance with guidelines set by the board of directors. The board of directors also instructed Mr. Mitchell and WSGR to contact Mr. Clark and inform him of the board of directors' decision.

On June 18, 2005, immediately following the meeting of the Ameritrade board of directors, Mr. Mitchell and a representative from WSGR telephoned Mr. Clark and discussed with him the Ameritrade board of directors' desire to evaluate E*TRADE's proposal and complete its due diligence investigation of E*TRADE.

Later that morning, senior members of Ameritrade management and Ameritrade's advisors held a telephonic meeting with senior members of E*TRADE management and E*TRADE's advisors to inform them of the Ameritrade board of directors' decision and to discuss a process and timetable for continued discussions and due diligence investigation.

Later that afternoon, Mr. Mitchell and a representative from WSGR held a telephonic meeting with Mr. Clark and a representative from Simpson Thacher at which Mr. Clark indicated TD's unwillingness to delay the transaction process as Ameritrade had proposed.

Following the telephonic meeting that afternoon, Mr. Clark sent a letter addressed to the Ameritrade board of directors, which was dated June 18, 2005, acknowledging Ameritrade's intention to evaluate E*TRADE's proposal. In his letter, Mr. Clark informed the Ameritrade board of directors that TD was, subject to certain conditions, willing to delay the transaction process with Ameritrade for two business days.

Table of Contents

From June 19, 2005 to June 21, 2005, representatives of WSGR conducted negotiations with E*TRADE's legal counsel concerning the proposed terms of definitive transaction documents for a combination with E*TRADE.

On June 19, 2005, Mr. Mitchell and representatives from WSGR held various telephonic meetings with Mr. Clark and representatives from Simpson Thacher to discuss Mr. Clark's letter and address outstanding issues with respect to the terms of Ameritrade's proposed transaction with TD.

On June 19, 2005, the Ameritrade board of directors held a special meeting to discuss the status of discussions with TD and E*TRADE. Representatives from WSGR provided the board of directors with an update with respect to discussions with TD and E*TRADE. The board of directors decided to continue to pursue discussions with both TD and E*TRADE.

From June 20, 2005 to June 21, 2005, representatives of Ameritrade and E*TRADE, together with their respective financial and legal advisors, conducted due diligence investigations, including meetings with their counterparts, and the reciprocal exchange of due diligence materials. The due diligence encompassed matters relating to finance, accounting, internal audit, legal and regulatory compliance, technology and information systems, properties, human resources and each company's businesses, including product and service offerings.

On June 20, 2005, Mr. Mitchell and representatives from WSGR held a telephonic meeting with Mr. Clark and representatives from Simpson Thacher to discuss various outstanding issues with respect to Ameritrade's proposed transaction with TD, including structure, valuation and premium, and governance and management. Following this meeting, the Ameritrade board of directors held a special meeting to discuss the status of discussions with and due diligence investigations of TD and E*TRADE. Representatives from Citigroup and WSGR provided the board of directors with an update with respect to discussions with TD and E*TRADE. The board of directors determined to continue to pursue discussions with both TD and E*TRADE.

On June 21, 2005, J. Joe Ricketts shared with the Ameritrade board of directors further analysis of the TD and E*TRADE proposals performed by Mr. Galliher. Later that day, Mr. Caplan sent a letter addressed to the Ameritrade board of directors, in which he confirmed E*TRADE's continued desire to pursue a strategic business combination with Ameritrade and made a revised proposal with respect to specific valuation and ownership terms, including an increase to 51% of the equity interests of the combined company by Ameritrade stockholders and \$2.3 billion in cash to Ameritrade stockholders.

Also on June 21, 2005, Mr. Clark sent a letter addressed to the Ameritrade board of directors which contained a revised and final proposal with respect to valuation and ownership terms in connection with a combination of Ameritrade and TD Waterhouse, and included an increase in the proposed special cash dividend to Ameritrade stockholders to \$6.00 per share.

Also on June 21, 2005, Mr. Caplan called J. Joe Ricketts to discuss E*TRADE's revised proposal with respect to a business combination with Ameritrade. In addition, Mr. Mitchell and representatives from Citigroup held a telephonic meeting with Mr. Clark and representatives from Goldman, Sachs & Co. to discuss TD's revised proposal and a separate telephonic meeting with representatives of E*TRADE to discuss its proposal.

On the evening of June 21, 2005, the Ameritrade board of directors held a special meeting to discuss the status of discussions with TD and E*TRADE and the revised proposals received from each of those parties earlier in the day. All of the members of the board of directors were present at the meeting, along with senior members of management and advisors. Promontory presented its report on its due diligence investigation of E*TRADE's bank. Senior members of management also reported to the board of directors on Ameritrade's due diligence investigation of E*TRADE. Representatives from Citigroup and WSGR provided the board of directors with an update with respect to discussions with TD and E*TRADE and reviewed the revised proposals from those parties. The board of directors discussed the revised proposals from TD and E*TRADE, including their financial and other terms, the risks and opportunities identified in connection with the proposals and the strategic implications of the proposals. Following these discussions, the board of directors determined that the acquisition of TD Waterhouse, when considered in light of its

Table of Contents

financial and other terms as well as the risks attendant in each of the proposals, represented the best strategic transaction for Ameritrade and its stockholders. The board of directors directed management and its advisors to work with TD and its advisors to complete negotiations and finalize the transaction documents. Following the meeting, J. Joe Ricketts telephoned Mr. Caplan of E*TRADE to inform him of the board of directors' decision to accept TD's proposal. Mr. Ricketts also telephoned Mr. Clark to advise him that the Ameritrade board had unanimously approved the TD proposal and that the Ricketts holders supported the transaction.

On June 22, 2005, the Ameritrade board of directors held a special meeting to discuss the terms and conditions of the share purchase agreement and related agreements, including the stockholders agreement, the voting agreement and the registration rights agreement and the Canadian purchase agreement that had been negotiated by Ameritrade and TD. At the meeting, representatives of Citigroup reviewed its material financial analyses prepared in connection with the preparation of its opinion. Citigroup then delivered its oral opinion, which was subsequently confirmed in writing, that, as of June 22, 2005, and based on and subject to the matters set forth in its opinion, the 193,600,000 shares of Ameritrade common stock to be paid by Ameritrade in the acquisition of TD Waterhouse pursuant to the original share purchase agreement was fair, from a financial point of view, to Ameritrade. After deliberating on the foregoing, the board of directors determined that the proposed transaction with TD was fair to and in the best interests of the company and its stockholders, approved the share purchase agreement and related agreements, directed that the issuance of Ameritrade common stock to TD in accordance with the terms of the share purchase agreement and the amendment and restatement of the certificate of incorporation be submitted for consideration by Ameritrade stockholders at a special meeting of Ameritrade stockholders, and resolved to recommend that Ameritrade stockholders vote 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 the certificate of incorporation.

Following the meeting of the Ameritrade board of directors on June 22, 2005, Ameritrade and TD entered into the share purchase agreement and related agreements, each dated as of June 22, 2005, and the parties issued a joint press release on June 22, 2005, announcing that the parties had entered into a definitive agreement for Ameritrade to acquire TD Waterhouse.

On October 28, 2005, Ameritrade and TD executed amendment no. 1 to the share purchase agreement, pursuant to which the parties agreed to increase the number of shares of Ameritrade common stock to be issued to TD and its affiliates in connection with the transaction by 2,700,000 shares to 196,300,000 shares. In connection with the amendment of the share purchase agreement, Ameritrade did not request, and does not currently expect that it will request, an updated opinion from Citigroup. Citigroup has not updated its opinion in connection with the amendment to the purchase agreement to increase the number of shares of Ameritrade common stock to be issued to TD from 193,600,000 shares to 196,300,000 shares.

Ameritrade's Reasons for the Transaction

The Ameritrade board of directors has determined that the share purchase agreement, the amendment and restatement of our certificate of incorporation, the other agreements entered into in connection with the share purchase agreement and the transactions contemplated by all of these agreements are fair to, and in the best interests of, Ameritrade and its stockholders. In approving these agreements and the transactions contemplated by them, the Ameritrade board of directors consulted with its financial advisors with respect to the financial aspects and fairness of the acquisition of TD Waterhouse to Ameritrade from a financial point of view and with its legal counsel as to its fiduciary duties and the terms of the share purchase agreement and the other agreements entered into in connection with the share purchase agreement, including the stockholders agreement and the amendment and restatement of our certificate of incorporation. In reaching its determination to approve these agreements and the transactions contemplated by these agreements, the Ameritrade board of directors, with advice from the special committee of the Ameritrade board of directors, Ameritrade's executive officers and Ameritrade's financial and legal advisors, considered a number of factors, including the following material factors:

The board of directors' knowledge of Ameritrade's business, operations, financial condition and prospects and of TD Waterhouse's business, operations, financial conditions and prospects, taking into account the results of Ameritrade's due diligence review of TD Waterhouse, discussions with

Table of Contents

management of TD Waterhouse and TD and the presentations and evaluation of Ameritrade's financial advisor.

The board of directors' knowledge of the current and prospective environment in which Ameritrade and TD Waterhouse operate, including political and economic conditions, the competitive environment, the market for potential acquisitions and the likely effect of these factors on Ameritrade's and TD Waterhouse's potential growth, development, productivity, profitability and strategic options.

The board of directors' assessment that the acquisition of TD Waterhouse is reasonably likely to enhance Ameritrade's strategic goal of increasing the scale of Ameritrade's business and expanding its operations into the long-term investor market, which is expected to reduce volatility in Ameritrade's business, increase Ameritrade's exposure to higher-growth brokerage markets and fill out the suite of services Ameritrade offers to its clients so as to provide a more attractive comprehensive brokerage solution.

The work of the special committee of the board of directors and its views regarding the terms and financial aspects of the transaction provided to the board of directors;

The significant synergy opportunities identified by Ameritrade management in connection with the acquisition of TD Waterhouse, including expected cost savings and increased revenue opportunities, and the timeline for achievement of these synergies projected by Ameritrade management following its due diligence investigation of TD Waterhouse.

The experience of Ameritrade's management in implementing previous acquisitions and substantially achieving or surpassing projected integration and synergy targets and timelines, and the expectation that the combined company following the acquisition of TD Waterhouse would continue to be managed by Ameritrade's experienced senior executives.

The financial terms of the acquisition of TD Waterhouse, including the immediate liquidity to be provided to Ameritrade stockholders through the special dividend and the tender offer to be made by TD (and J. Joe Ricketts at his election), together with the realization of the synergy opportunities projected in connection with the acquisition of TD Waterhouse and the ability of Ameritrade's stockholders to continue to participate in any future growth of Ameritrade.

The premium on the dividend adjusted stock price as of the date of executing the share purchase agreement and possible liquidity provided to Ameritrade stockholders in connection with the tender offer to be made by TD (and J. Joe Ricketts at his election), subject to proration in the event the tender offer is oversubscribed.

The board of directors' understanding of the other strategic alternatives likely to be available to Ameritrade, including the terms of an alternative transaction proposed by E*TRADE following discussions between Ameritrade and E*TRADE.

The stockholder and regulatory approvals required in connection with the acquisition of TD Waterhouse and the other terms of the share purchase agreement, and the likelihood that, once the share purchase agreement had been entered into, the acquisition of TD Waterhouse would be completed if the issuance of Ameritrade common stock in accordance with the terms of the share purchase agreement and the amendment and restatement of our certificate of incorporation were approved by our stockholders and the acquisition of TD Waterhouse were approved by applicable regulatory agencies.

The terms of the stockholders agreement, including provisions providing for restrictions on the acquisition and transfer of Ameritrade common stock by TD and the Ricketts holders, and the requirements to be followed by TD

in seeking to effect certain going private transactions with respect to Ameritrade.

The financial analysis presented by Citigroup, as financial advisor to Ameritrade, and the opinion delivered by Citigroup to the effect that, as of June 22, 2005, and based upon and subject to the

Table of Contents

assumptions made, matters considered and limitations set forth in the opinion, the 193,600,000 shares of Ameritrade common stock to be paid by Ameritrade pursuant to the original share purchase agreement was fair to Ameritrade from a financial point of view. See The Transaction Opinion of Ameritrade's Financial Advisor beginning on page 55, including the board of directors' view that the results of Citigroup's analyses, described below, of indicative transaction multiples, comparable companies, precedent transactions, discounted cash flow, contribution, pro forma merger results, current equity value and present value of potential stock prices, all demonstrated that the transaction was financially favorable to Ameritrade stockholders. However, as noted below under The Transaction Opinion of Ameritrade's Financial Advisor, Citigroup made no attempt to assign specific weights to particular analyses or factors in rendering its opinion, and the board of directors therefore considered Citigroup's analyses as a whole in evaluating the financial aspects of the transaction and Citigroup's fairness opinion. **The opinion of Citigroup will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to completion of the transaction. Ameritrade did not request, and does not currently expect that it will request, an updated opinion from Citigroup. In particular, Citigroup was not requested to update, and has not updated, its opinion in connection with the amendment to the share purchase agreement to increase the number of shares of Ameritrade common stock to be issued to TD from 193,600,000 shares to 196,300,000 shares.**

In the course of its deliberations, the Ameritrade board of directors also considered a variety of risks and other potentially negative factors concerning the acquisition of TD Waterhouse, including the following:

The fact that TD would hold approximately 32% of the diluted shares outstanding of TD Ameritrade common stock upon consummation of the acquisition of TD Waterhouse and would be permitted to acquire, subject to certain qualifications, up to 39.9% of the outstanding TD Ameritrade common stock during the three years from the closing, up to 45% for the remainder of the term of the stockholders agreement (a maximum of 10 years following the closing) and an unlimited number of shares of TD Ameritrade common stock following the termination of the stockholders agreement. In this regard, the Ameritrade board of directors considered the impact this could have on the willingness of a third party to propose a strategic transaction with Ameritrade in the future.

The terms of the share purchase agreement restricting Ameritrade's solicitation of third party acquisition proposals and providing for Ameritrade's payment of a termination fee to TD in specified events and the terms of the voting agreement entered into by certain Ameritrade stockholders, all of which the Ameritrade board of directors understood, while required by TD as a condition to TD's willingness to enter into the share purchase agreement, could affect the willingness of a third party to propose a competing business transaction with Ameritrade.

The terms of the stockholders agreement imposing restrictions on the board composition and corporate governance of Ameritrade following the acquisition of TD Waterhouse and providing for certain rights of TD and the Ricketts holders to purchase Ameritrade securities to maintain their ownership percentage.

The possibility that the synergies and other financial and strategic benefits expected to be achieved in the acquisition of TD Waterhouse would not be obtained on a timely basis or at all.

The risks and costs that could be borne by Ameritrade if the acquisition of TD Waterhouse is not completed, including the diversion of management and employee attention during the period after the signing of the share purchase agreement, potential employee attrition and the potential effect on Ameritrade's business and client relations. In that regard, under the share purchase agreement, Ameritrade must conduct its business in the ordinary course and is subject to a variety of other restrictions on the conduct of its business prior to completion of the acquisition of TD Waterhouse or termination of the share purchase agreement, which may delay or prevent Ameritrade from undertaking business opportunities that may arise.

Table of Contents

The additional debt to be incurred by Ameritrade in connection with financing the special dividend.

The additional dilution to Ameritrade stockholders as a result of the issuance of Ameritrade common stock to TD in connection the acquisition of TD Waterhouse and the adjustments to outstanding options to reflect the payment of the special dividend.

The foregoing discussion of the information considered by Ameritrade's board of directors is not exhaustive, but includes the material factors that Ameritrade's board of directors considered in approving and recommending the issuance of Ameritrade common stock in accordance with the terms of the share purchase agreement and the amendment and restatement of our certificate of incorporation. In view of the wide variety of factors considered by Ameritrade's board of directors in connection with its evaluation of the acquisition of TD Waterhouse and the complexity of these factors, the Ameritrade board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign any specific or relative weights to the specific factors that it considered in reaching its decision. The board of directors discussed the factors described above, including asking questions of Ameritrade's senior management and legal and financial advisor, and unanimously determined that the acquisition of TD Waterhouse was in the best interests of Ameritrade and its stockholders. In considering the factors described above, individual directors may have assigned different weights to different factors. Ameritrade's board of directors relied on the experience and expertise of Ameritrade's financial advisor for quantitative analysis of the financial terms of the acquisition of TD Waterhouse. See below under "The Transaction" "Opinion of Ameritrade's Financial Advisor" beginning on page 55.

The above explanation of the reasoning of Ameritrade's board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 38.

For the reasons set forth above, Ameritrade's board of directors has approved the share purchase agreement, the other agreements entered into in connection with the share purchase agreement and the transactions contemplated by those agreements, has concluded that the transactions are advisable and in the best interests of Ameritrade and its stockholders and unanimously recommends that Ameritrade stockholders vote for 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.

Opinion of Ameritrade's Financial Advisor

Ameritrade and a special committee of the board retained Citigroup to act as financial advisor in connection with the acquisition of TD Waterhouse. Pursuant to Citigroup's engagement letter with Ameritrade and the special committee, Citigroup rendered to the Ameritrade board of directors and the special committee on June 22, 2005 an oral opinion, which was subsequently confirmed by delivery of a written opinion, to the effect that, as of the date of the opinion and based upon and subject to the considerations and limitations set forth in the opinion, Citigroup's work described below and other factors it deemed relevant, the 193,600,000 shares of Ameritrade common stock to be paid by Ameritrade in the acquisition of TD Waterhouse pursuant to the original share purchase agreement was fair, from a financial point of view, to Ameritrade.

The opinion of Citigroup will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to completion of the transaction. Ameritrade did not request, and does not currently expect that it will request, an updated opinion from Citigroup. In particular, Citigroup was not requested to update, and has not updated, its opinion in connection with the amendment to the share purchase agreement to increase the number of shares of Ameritrade common stock to be issued to TD from 193,600,000 shares to 196,300,000 shares.

The full text of Citigroup's opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Appendix B to this proxy statement and is incorporated into this proxy statement by reference. The summary of Citigroup's opinion

Table of Contents

set forth below is qualified in its entirety by reference to the full text of the opinion. **Holders of Ameritrade common stock are urged to read Citigroup's opinion carefully and in its entirety.**

Citigroup's opinion was provided for the information of the Ameritrade board of directors and the special committee in their evaluation of the proposed acquisition of TD Waterhouse and was limited solely to the fairness of the consideration to be paid by Ameritrade in the acquisition of TD Waterhouse from a financial point of view as of the date of the opinion. Neither Citigroup's opinion nor its related analyses constituted a recommendation of the acquisition of TD Waterhouse to the Ameritrade board of directors or the special committee. Citigroup makes no recommendation to any stockholder regarding how such stockholder should vote or act on any matters relating to the acquisition of TD Waterhouse, including whether any stockholder should tender shares of Ameritrade common stock in the tender offer to be made by TD following consummation of the acquisition of TD Waterhouse and in which J. Joe Ricketts may participate as a co-bidder.

In arriving at its opinion, Citigroup reviewed the share purchase agreement, the Canadian purchase agreement, the stockholders agreement and the voting agreement and held discussions with senior officers, directors and other representatives and advisors of Ameritrade and senior officers and other representatives of TD and TD Waterhouse concerning the business, operations and prospects of Ameritrade and TD Waterhouse. Citigroup examined publicly available business and financial information relating to Ameritrade and TD Waterhouse, as well as financial forecasts and other information and data relating to Ameritrade and TD Waterhouse which were provided to or otherwise reviewed by or discussed with Citigroup by the respective managements of Ameritrade, TD and TD Waterhouse, including information relating to the potential strategic implications and operational benefits anticipated by the managements of Ameritrade, TD and TD Waterhouse to result from the acquisition of TD Waterhouse, including adjustments to the forecasts and other information and data relating to TD Waterhouse discussed with Citigroup by the management of Ameritrade. Citigroup reviewed the financial terms of the acquisition of TD Waterhouse as set forth in the share purchase agreement in relation to, among other things:

current and historical market prices and trading volumes of Ameritrade common stock;

the historical and projected earnings and other operating data of Ameritrade and TD Waterhouse; and

the capitalization and financial condition of Ameritrade and TD Waterhouse.

Citigroup considered, based upon publicly available information and information provided by the management of Ameritrade, the financial terms of other transactions that Citigroup considered relevant in evaluating the acquisition of TD Waterhouse and analyzed financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Ameritrade and TD Waterhouse. Citigroup also evaluated the pro forma financial effects of the acquisition of TD Waterhouse on Ameritrade. In addition to the foregoing, Citigroup conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citigroup deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and upon the assurances of the managements of Ameritrade, TD and TD Waterhouse that they were not aware of any relevant information that was omitted or that remained undisclosed to Citigroup. With respect to financial forecasts and other information and data relating to Ameritrade and TD Waterhouse provided to or otherwise reviewed by or discussed with it, and, in the case of potential pro forma effects of, and strategic implications and operational benefits resulting from, the acquisition of TD Waterhouse, Citigroup was advised by the respective managements of Ameritrade, TD and TD Waterhouse that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Ameritrade, TD and TD Waterhouse as to the future financial performance of Ameritrade and TD Waterhouse and assumed, with the consent of the Ameritrade board of directors and the special

Table of Contents

committee, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the acquisition of TD Waterhouse) reflected in such forecasts and other information and data will be realized in the amounts and at the times projected. Citigroup assumed, with the consent of the Ameritrade board of directors and the special committee, that the acquisition of TD Waterhouse will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the acquisition of TD Waterhouse, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Ameritrade or TD Waterhouse or the contemplated benefits of the acquisition of TD Waterhouse. Citigroup also assumed that the Canadian share purchase will be consummated in accordance with the terms of the Canadian purchase agreement.

Citigroup's opinion relates to the relative values of Ameritrade and TD Waterhouse after giving effect to the Canadian share purchase and the Reorganization. Citigroup did not express any opinion as to the price at which the Ameritrade common stock will trade at any time. Citigroup did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Ameritrade or TD Waterhouse, nor did Citigroup make any physical inspection of the properties or assets of Ameritrade or TD Waterhouse.

Citigroup was familiar with the discussions that the management of Ameritrade engaged in with E*TRADE regarding a possible merger with E*TRADE. Citigroup expressed no view as to, and its opinion did not address, the relative merits of the acquisition of TD Waterhouse as compared to any alternative business strategies or transactions that might exist for Ameritrade or the effect of any other transaction in which Ameritrade might engage, including any transaction with E*TRADE. Citigroup's opinion relates solely to the fairness, from a financial point of view, as of June 22, 2005, of the consideration to be paid by Ameritrade in the acquisition of TD Waterhouse, and does not address any other matter, including the terms of the Canadian share purchase, the stockholders agreement or the tender offer to be made by TD following the consummation of the acquisition of TD Waterhouse and in which J. Joe Ricketts may participate as a co-bidder and Citigroup expressed no view as to the price per share of Ameritrade common stock to be paid pursuant to the tender offer or whether any Ameritrade stockholder should tender shares of Ameritrade common stock in the tender offer. Citigroup's opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of the date of its opinion.

In connection with rendering its opinion, Citigroup made a presentation to the Ameritrade board of directors and the special committee on June 22, 2005 with respect to the material financial analyses performed by Citigroup in evaluating the fairness of the consideration to Ameritrade as of the date of Citigroup's opinion. The following is a summary of that presentation. The summary includes information presented in tabular format. In order to understand fully the financial analyses used by Citigroup, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed at or prior to June 21, 2005, and is not necessarily indicative of current or future market conditions.

References to fiscal years refer to actual September fiscal years for Ameritrade and references to September fiscal years refer to twelve-month periods ended September 30 for each of TD Waterhouse, The Charles Schwab Corporation and E*TRADE.

Indicated Transaction Multiples

Citigroup calculated various multiples resulting from the acquisition of TD Waterhouse. These calculations were based on financial analyses and forecasts for TD Waterhouse prepared by Ameritrade management after giving pro forma effect to the Reorganization. Citigroup calculated the multiple of the implied transaction value based on the closing price of Ameritrade common stock on May 4, 2005 (the last trading day prior to press reports regarding E*TRADE's proposal to merge with Ameritrade) and

Table of Contents

June 21, 2005 to TD Waterhouse's September fiscal 2005 estimated revenue, pre-tax income prior to advertising expense and net income and to TD Waterhouse's September fiscal 2006 estimated net income. Citigroup also calculated the multiple of the implied transaction value to September fiscal 2005 and September fiscal 2006 estimated net income assuming fully phased-in pre-tax cost and revenue synergies of \$378 million and \$200 million, respectively.

The following table presents the results of these calculations:

	Closing Price	
	May 4, 2005	June 21, 2005
Stock Price	\$ 10.78	\$ 14.82
Transaction Value (in millions)	\$ 2,091	\$ 2,874
Price as a Multiple of:		
September Fiscal 2005 Estimated Revenue	2.6x	3.6x
September Fiscal 2005 Estimated Pre-Tax, Pre-Advertising Income	8.6x	11.8x
September Fiscal 2005 Estimated Net Income	20.6x	28.3x
September Fiscal 2006 Estimated Net Income	17.9x	24.6x
September Fiscal 2005 Estimated Net Income with Synergies	4.9x	6.7x
September Fiscal 2006 Estimated Net Income with Synergies	4.7x	6.5x

Comparable Companies Analysis

Citigroup reviewed market values and trading multiples for the following three publicly held companies in the on-line brokerage industry and compared them with financial data for TD Waterhouse prepared by Ameritrade management, which gave pro forma effect to the Reorganization:

The Charles Schwab Corporation

E*TRADE; and

Ameritrade.

All multiples were based on closing stock prices on May 4, 2005, the last trading day before press reports regarding E*TRADE's proposal to merge with Ameritrade. The forecasted financial information used by Citigroup for the selected comparable companies in the course of this analysis was based on information it obtained from Institutional Brokers Estimate System, or IBES, estimates. Given that the multiples derived from this comparable companies analysis for The Charles Schwab Corporation and E*TRADE were based on Wall Street consensus estimates, the forecasted financial information used by Citigroup for Ameritrade also was based on Wall Street consensus estimates. IBES is a database owned and operated by Thomson Financial, which contains estimated and actual earnings, cash flows, dividends, sales and pre-tax income data for companies in the U.S., Europe, Asia and emerging markets.

For each of the selected comparable companies, Citigroup derived and compared, among other things: the ratio of price to last twelve months earnings, September fiscal 2005 estimated earnings, next twelve months estimated earnings, and September fiscal 2006 estimated earnings;

the ratio of firm value to September fiscal 2005 and September fiscal 2006 estimated revenue; and

the ratio of firm value to September fiscal 2005 and September fiscal 2006 estimated earnings before interest, taxes, depreciation and amortization (EBITDA).

Table of Contents

The following table sets forth the results of this analysis.

	Comparable Companies at May 4, 2005 Closing Price	
	Range	Median
Ratio of Price to:		
Last Twelve Months Earnings	11.5x - 23.0x	14.5x
September fiscal 2005 Estimated Earnings	11.2x - 21.1x	13.6x
Next Twelve Months Estimated Earnings	10.7x - 19.0x	12.7x
September fiscal 2006 Estimated Earnings	10.3x - 17.6x	12.3x
Ratio of Firm Value to:		
September fiscal 2005 Estimated Revenue	2.8x - 4.2x	