

FT PARTNERS FINTECH INDUSTRY RESEARCH

October 27, 2016



TD Ameritrade Acquires Scottrade
for
\$4 billion



Overview of FT Partners

- Financial Technology Partners ("FT Partners") was founded in 2001 and is the only investment banking firm focused exclusively on FinTech
- FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 15 years of exclusive focus on Financial Technology

FT Partners' Advisory Capabilities



FT Partners' FinTech Industry Research

In-Depth Industry Research Reports

Proprietary FinTech Infographics

Monthly FinTech Market Analysis

FinTech M&A / Financing Transaction Profiles



The Information

Named Silicon Valley's #1 FinTech Banker (2016) and ranked #2 Overall by *The Information*



Ranked #4 Most Influential Person in all of FinTech in *Institution Investor's* "FinTech Finance 35"



Numerous Awards for Transaction Excellence including "Deal of the Decade"

Steve McLaughlin: *Founder & CEO*

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TD Ameritrade Acquires Scottrade for \$4 billion

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Transaction Summary



Transaction Summary

- On October 24, 2016, TD Ameritrade announced that it had entered into a definitive agreement to acquire Scottrade in a cash and stock transaction valued at \$4 billion
 - This acquisition will add significant scale to TD Ameritrade's retail business, extend its trading leadership and more than quadruple its branch network size
 - The transaction is subject to regulatory approval and is expected to close by September 30, 2017
- TD Ameritrade expects to realize around \$450 mm in combined annual expense synergies, with over \$300 mm in additional longer-term opportunities
 - The first 25% of the expense synergies are expected to materialize in the first year post transaction close, with the remainder realized in Year 2
 - The transaction is expected to yield double-digit EPS accretion post-conversion
- The transaction will happen in two concurrent steps
 - TD Ameritrade will first purchase Scottrade Bank for \$1.3 bn in cash consideration, which will be merged with TD Bank
 - TD Ameritrade will then acquire Scottrade Financial Services for \$2.7 bn net of proceeds from the sale of Scottrade Bank
- After the acquisition closes, Rodger Riney, Scottrade's Founder and CEO, will be appointed to TD Ameritrade's Board of Directors

Transaction Commentary

"For more than 40 years, TD Ameritrade has been committed to breaking down the barriers that stand between American investors and Wall Street. That means delivering an investing experience grounded in technology and innovation that educates and enables investors with all levels of ability and wealth to work toward their financial goals. We've found in Scottrade a partner with an equally-strong passion and a proven track record for delivering exceptional client experiences. This combination will allow us to leverage our strengths and increase our scale, further accelerate our asset gathering capabilities and introduce our award-winning line-up of trading tools, products and education services to millions of new investors."



Tim Hockey
President, CEO



"Since founding Scottrade in 1980, our mission has been to lower the cost of investing and trading while treating clients fairly and honestly. Over the last 36 years, thanks to the tireless efforts of our talented associates, we have expanded our services and evolved the business while maintaining our commitment to helping people overcome barriers to financial success. We are confident we have found a great partner in TD Ameritrade, who shares our client-first focus. Joining forces will enable us to offer clients an expanded array of trading tools, enhanced education resources and advanced option capabilities with broader geographic reach. Together, we will be well-positioned to compete in today's rapidly evolving financial services industry."



Rodger Riney
Founder, CEO



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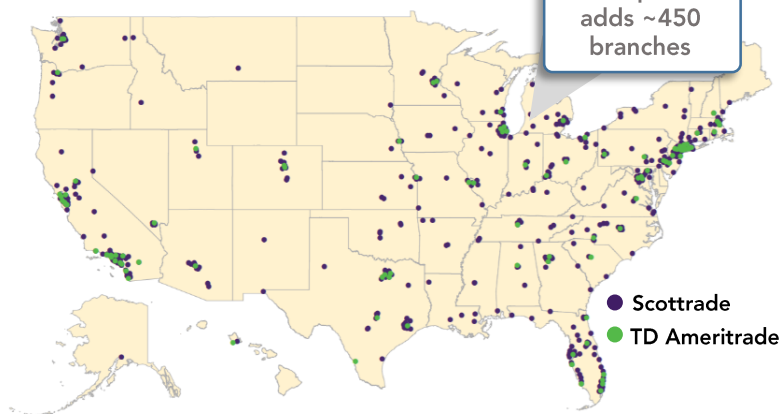
Transaction Summary (Cont.)



Pro-Forma Highlights

- For the 12 months ended September 30, 2016, TD Ameritrade and Scottrade had, on a pro-forma combined basis...
 - 600,000 average client trades per day
 - \$944 bn in total client assets
 - 10 mm funded client accounts
 - \$14 bn in margin balances
 - \$149 bn in cash balances
- After the acquisition, pro-forma ownership will consist of...
 - Approximately 565 mm basic shares outstanding
 - Public float of ~42%
 - TD Bank owning ~41%
 - Ricketts ~11%
 - Scottrade Shareholders ~4.9%

Combined National Footprint



Purchase Price Breakdown

\$4 bn

gross purchase price

\$1.3 bn

Scottrade Bank sale proceeds

\$2.7 bn

TD Ameritrade's net purchase price

funded with

\$1.3 bn equity

\$900 mm of cash from TD

Ameritrade

\$400 mm new debt offering

\$1.4 bn equity

28 mm shares to Scottrade
shareholders

11 mm shares to TD Bank

Transaction Multiples

- Scottrade's FY16 pro forma revenue
 - \$718 mm**
- The net purchase price of \$2.7 yields multiples of...
 - 3.8x** revenue
 - 3.0x** revenue (including NPV of tax benefit)⁽¹⁾

Source: Company press release, TD Ameritrade's Investor Relations Presentation

(1) Calculated based on \$2.2 bn net purchase price (including NPV of \$545 mm in tax benefits) over Scottrade's FY16 pro forma revenue

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Transaction Summary (Cont.)



Qualitative Benefits

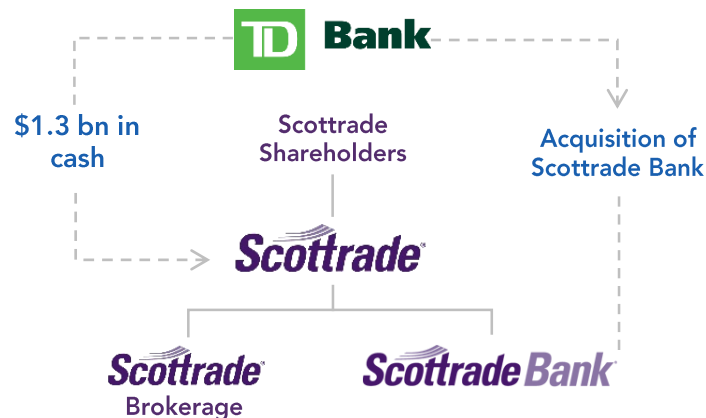
- The acquisition of Scottrade will provide TD Ameritrade with several *qualitative* benefits...
 - Immediately enhances TD Ameritrade's scale and client base, while also accelerating growth
 - Significantly increases TD Ameritrade's geographic footprint through an established branch network and enhances its presence in markets where Scottrade is already strong
 - Improves TD Ameritrade's asset gathering capabilities

Quantitative Benefits

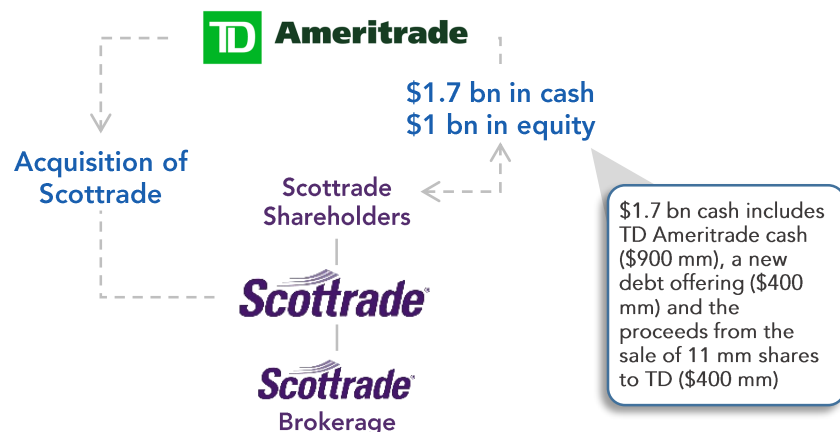
- The acquisition of Scottrade will provide TD Ameritrade with many *quantitative* benefits...
 - Generate double digit accretion post-conversion of 12 – 15% in years 2 and 3 (on a GAAP basis), and 15 – 20% in years 2 and 3 (on an adjusted basis)
 - Achieve double digit ROIC (IRR) post-conversion
 - Monetize \$36 bn in incremental client cash balances
 - Cost synergies of approximately \$450 mm, fully realized by Year 2
 - Long-term opportunistic synergies of around \$300 mm
 - Estimated 338(h)(10) tax benefits of approximately \$50 mm per year for 15 years

Transaction Structure

1. TD Bank acquires Scottrade Bank



2. TD Ameritrade acquires Scottrade



Scottrade Overview



Company Overview



CEO:	Rodger Riney
Headquarters:	St. Louis, MO
Founded:	1980

- Scottrade is a leading online brokerage firm that combines a large nationwide branch network with advanced online products and services
- Scottrade’s other lines of business include Scottrade Advisor Services, Scottrade Investment Management and Scottrade Bank
- The Company provides trading services and investment solutions to more than three million retail customers

Management



Rodger Riney
Founder,
CEO



Bob Ahern
Chief Audit
Executive



Drew Dennison
COO, CFO



Peter deSilva
President

Business Overview

Scottrade has four key business lines...



- Scottrade is the brokerage line of business, providing trading and investing services
- Scottrade Advisor Services serves RIAs by providing custodial and institutional services
- Scottrade Bank offers a variety of retail services, commercial lending and also equipment finance lending
- Scottrade Investment Management provides investment portfolio guidance, personalized financial advice and referrals to independent RIAs



- ✓ Transparent Pricing
- ✓ Mobile Trading
- ✓ Real-time Streaming Quotes
- ✓ More than 1,500 Investment Consultants

- \$7**
Trades
- \$0**
Account
Maintenance
Fees
- \$2,500**
Minimum Initial
Deposit
- 13,000+**
Mutual Funds
- 495**
Nationwide
Branches

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TD Ameritrade Overview



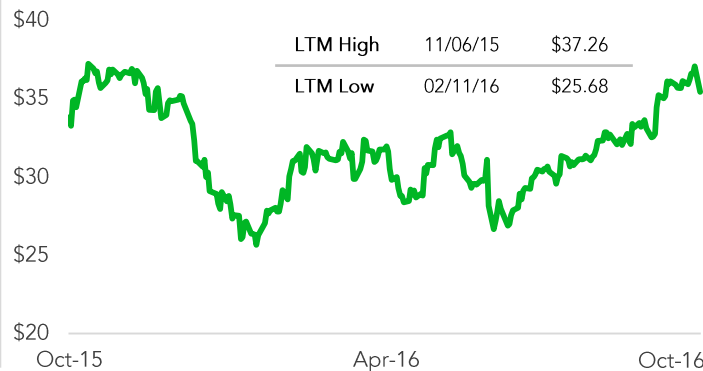
Company Overview



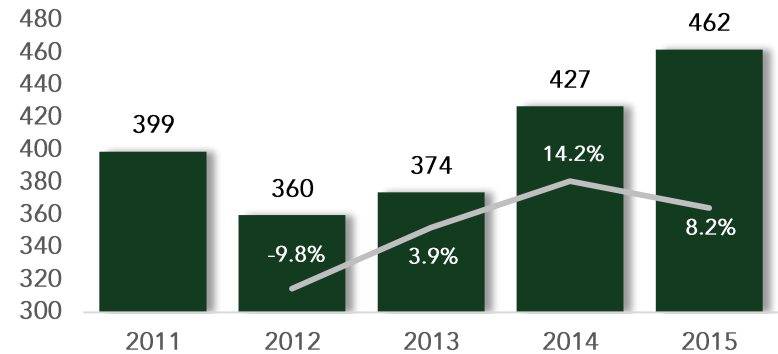
CEO: Tim Hockey
Headquarters: Omaha, NE
Founded: 1975

- TD Ameritrade provides trading and investing services to over 6 million client accounts, totaling more than \$750 bn in assets
- The Company also offers investor education services and custodial services for more than 4,500 independent RIAs
- TD Ameritrade works to achieve two primary strategic objectives
 - Maintain a leadership position in trading
 - Be a premier asset gatherer

Stock Performance



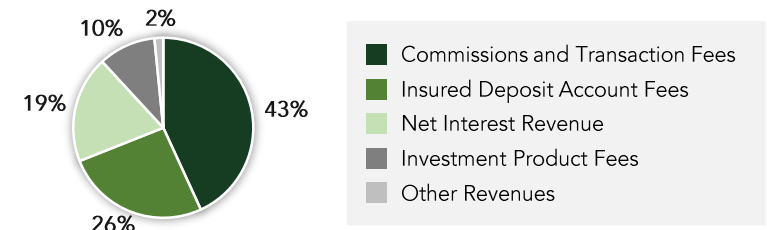
Average Client Trades per Day / % Growth



Strategy and Key Objectives

- TD Ameritrade intends to capitalize on growth and consolidation in the industry while leveraging its low-cost infrastructure to increase market share and profitability by...
 - Focusing on brokerage services
 - Providing a comprehensive long-term investor solution
 - Maintaining industry leadership and market share
 - Continuing to be a leader within the RIA industry
 - Evaluating opportunities for growth through acquisitions

2015 Revenues by Type



Source: Company press release, Company website, CapIQ, PitchBook

(1) As of September 30, 2016

(2) As of October 24, 2016

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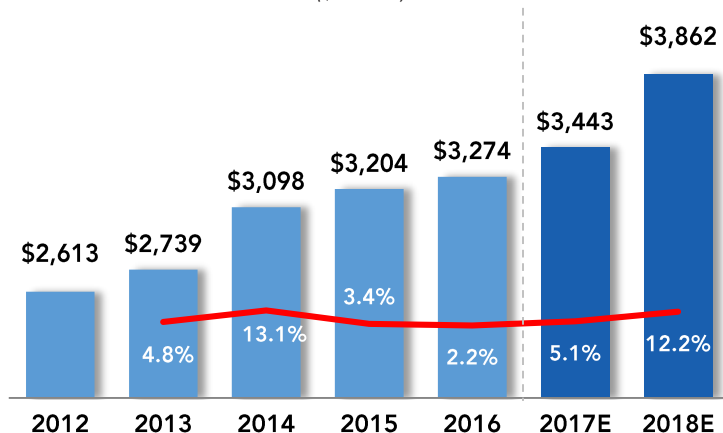
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TD Ameritrade Financial Overview



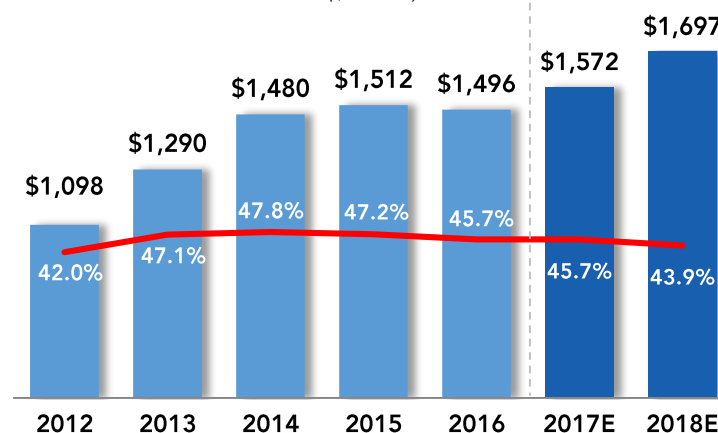
Revenue / % Growth*

(\$ in mm)



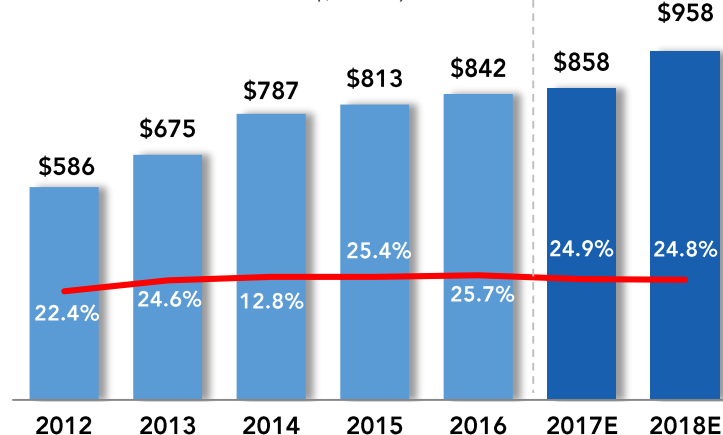
EBITDA / % Margin*

(\$ in mm)

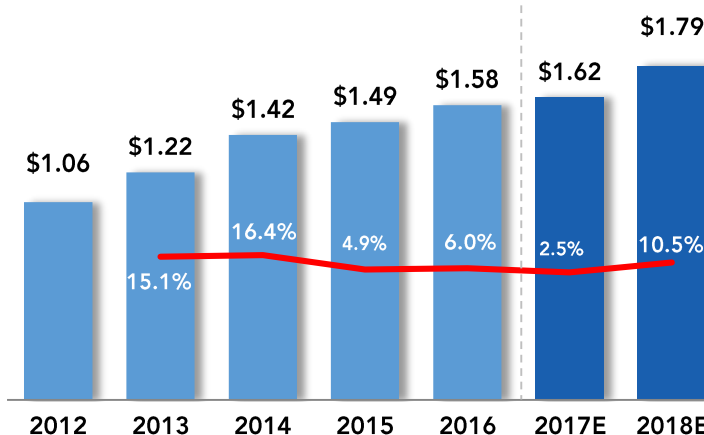


Net Income / % Margin*

(\$ in mm)



Diluted EPS / % Growth*



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FT PARTNERS RESEARCH

Consolidation in Online Brokerage – Selected M&A Transactions



Date	Deal Amount (\$ mm)	Target	Acquirer
10/24/16	\$4,000		
09/02/16	NA		
07/25/16	725		
04/05/16	275		
08/26/15	NA		
04/23/16	NA		
02/19/15	NA		
05/27/14	NA		
05/15/12	NA		
04/20/11	411		

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FT PARTNERS RESEARCH

Consolidation in Online Brokerage – Selected M&A Transactions



Date	Deal Amount (\$ mm)	Target	Acquirer
03/21/11	\$1,054	optionsXPRESS by charles SCHWAB	charles SCHWAB
06/16/10	28	Terra Nova Financial	Lightspeed trading
01/08/09	606	thinkorswim by TD Ameritrade	TD Ameritrade
12/10/07	NA	CyberTrader. A Charles Schwab Company	charles SCHWAB
11/06/07	220	shareBUILDER®	Capital One®
09/29/05	1,600	BROWN CO	E*TRADE®
06/22/05	2,869	TD Waterhouse	TD Ameritrade
11/06/03	55	Bidwell & Company	TD Ameritrade
04/06/02	1,300	DATEK	Ameritrade Holding Corporation
07/31/01	154	National Discount Brokers ndb.com	TD Ameritrade

Selected FT Partners' Research – *Click to View*



Research Report: Innovations in Capital Markets Technology



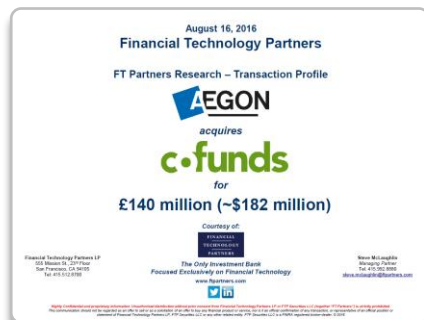
PENSICO Trust Company's Sale to Opus Bank



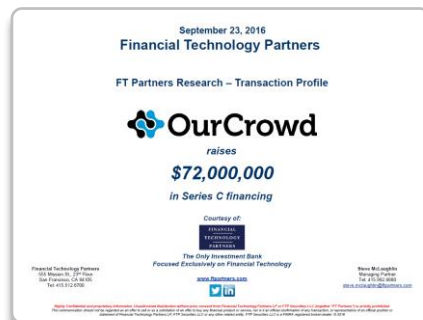
BlackRock's acquisition of FutureAdvisor



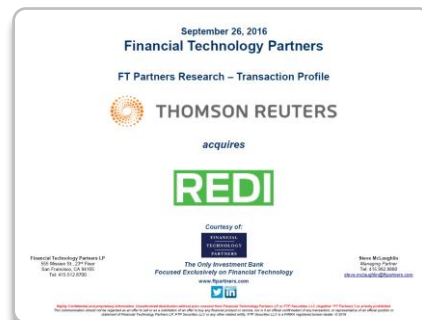
AlphaSense's \$33 mm growth financing



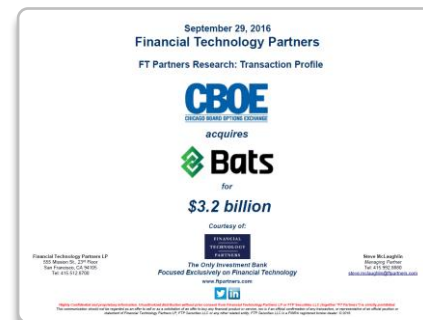
Aegon Acquires Cofunds



OurCrowd Raises \$72 mm in Series C Financing



Thomson Reuters Acquires REDI

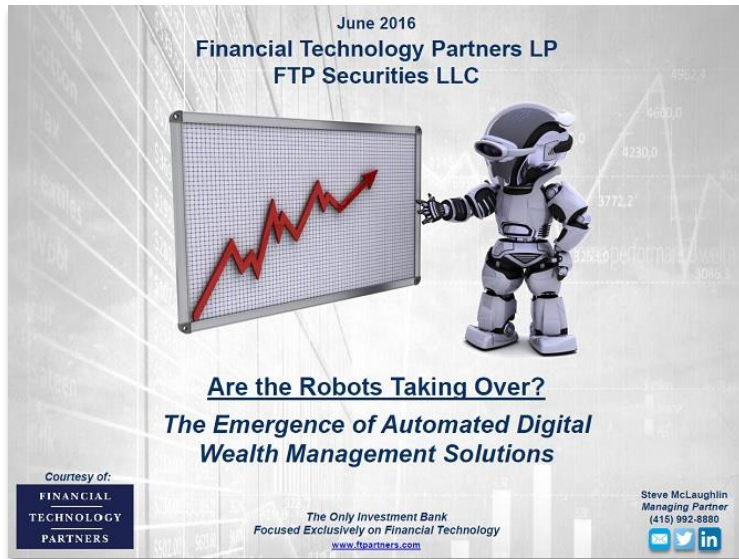


CBOE Acquires Bats for \$3.2 bn

VIEW MORE FT PARTNERS RESEARCH

Selected FT Partners' Research – Digital Wealth Management

Are the Robots Taking Over? The Emergence of Automated Digital Wealth Management Solutions



[Click to View](#)

FT Partners' 140-page report provides a comprehensive overview of key industry trends driving innovation in the wealth management space and how the industry is reacting to the emergence of Robo Advisors and other Digital Wealth Management disruptors.

Additional highlights of the report include:

- A discussion of the different Automated Digital Wealth Management platforms and business models
- The responses of incumbents in the wealth management space, including the innovations, partnerships and acquisitions being made to stay ahead of the game
- Interviews with eight CEOs of leading Digital Wealth pioneers including Betterment, Link Pacific Advisors, MyVest, NextCapital, Nutmeg, Riskalyze, SigFig and Vanare
- A detailed industry landscape of Digital Wealth Management providers as well as other innovative, tangential companies, profiles of 28 companies and a comprehensive list of private equity financing and M&A transactions in the space

FT Partners – Focused Exclusively on FinTech

FT PARTNERS RESEARCH

Selected Transactions – Superior Industry Knowledge and Execution History

Wealth Management

Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its exclusive role as
Capital Markets & IPO Advisor to*

ENVESTNET
in its

\$69,000,000
Initial Public Offering
valuing the equity at approximately

\$ 300,000,000

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Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

PENSCO
TRUST COMPANY
in its sale to

OpusBank
BUILD YOUR MASTERPIECE®
for total consideration of

\$ 104,000,000

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Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its
exclusive role as advisor to*

BLACKROCK
in its 100% acquisition of

FutureAdvisor

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Focused Exclusively on Financial Technology

Data / Analytics

Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

Zephyr
ASSOCIATES, INC.
in its sale to

informa
for total cash consideration of

\$ 62,000,000

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Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

ShareholderInSite
in its sale to

IPREO

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Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

alphasense
in its financing from

SOROS
Soros Fund Management

Triangle Peak **TVP**
TRIBECA VENTURE PARTNERS

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PARTNERS

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High Frequency Trading

Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

ATD
Automated Trading Desk, LLC
in its sale to

citi
*for cash and stock consideration of
approximately*

\$ 680,000,000

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Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

QUANTHOUSE
CAPITAL PARTNERS
in its growth financing with

ViewPoint.
Capital Partners

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Financial Technology Partners LP
FTP Securities LLC
*is pleased to announce its exclusive role as
sole strategic and financial advisor to*

WOMBAT
FINANCIAL SOFTWARE
in its sale to

NYSE Euronext.
for total consideration of approximately

\$ 225,000,000

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FT Partners – Focused Exclusively on FinTech

FT PARTNERS RESEARCH

Selected Transactions – Superior Industry Knowledge and Execution History

Trading Technology

Financial Technology Partners LP
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is pleased to announce its exclusive role as
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in the recapitalization of



for cash consideration of approximately

\$ 230,000,000



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Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its minority capital raise with



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Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its minority recapitalization for

\$ 110,000,000



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Trading Venues

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its financing for approximately

\$ 250,000,000

valued at approximately

\$ 1,800,000,000



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Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its sale of a minority stake to



The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in the sale of its stake in
CHI-X EUROPE
to



for total consideration of approximately

\$ 305,000,000



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Other Capital Markets Technology

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its sale to



for total consideration of approximately

\$ 56,000,000



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Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its sale to



A Division of Standard & Poor's

for total consideration of approximately

\$ 300,000,000



The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its sale to



The Only Investment Bank
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Award-Winning Investment Banking Franchise Focused on Superior Client Results

FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition



M&A Advisor Awards



Middle Market Financing Awards

2016	<ul style="list-style-type: none"> Investment Banking Firm of the Year Cross Border Deal of the Year
2015	<ul style="list-style-type: none"> Dealmaker of the Year Technology Deal of the Year
2014	<ul style="list-style-type: none"> Equity Financing Deal of the Year Professional Services Deal of the Year, Above \$100mm
2012	<ul style="list-style-type: none"> Dealmaker of the Year Professional Services Deal of the Year, Above \$100mm
2011	<ul style="list-style-type: none"> Boutique Investment Bank of the Year Deal of the Decade <i>10 Deal of the Year Nominations Across 9 Categories</i>
2010	<ul style="list-style-type: none"> Upper Middle Market Deal of the Year, Above \$500 mm IT Services Deal of the Year, Below \$500mm Cross-Border Deal of the Year, Below \$500mm
2007	<ul style="list-style-type: none"> Dealmaker of the Year – Steve McLaughlin Business to Business Services Deal of the Year Computer and Information Technology Deal of the Year, Above \$100mm Financial Services Deal of the Year, Above \$100mm
2015	<ul style="list-style-type: none"> Steve McLaughlin ranked #4 in Institutional Investor's FinTech 35 List
2006 - 2008	<ul style="list-style-type: none"> Consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology
2008	<ul style="list-style-type: none"> Equity Financing Dealmaker of the Year – Steve McLaughlin Information Technology Deal of the Year Financial Services Deal of the Year
2006	<ul style="list-style-type: none"> Financing Professional of the Year – Steve McLaughlin <i>Financing Deal of the Year - Equity</i> <i>Financing Deal of the Year - Debt</i>

The FT Partners Senior Banker Team

Name / Position	Prior Background	Experience / Education	Years of Experience
Steve McLaughlin <i>Founder, CEO and Managing Partner</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York and San Francisco from 1995-2002 Formerly Co-Head of Goldman Sachs' Financial Technology Group (#1 market share) Wharton M.B.A. 	21
Larry Furlong <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York, London and Los Angeles beginning in 1995 Wharton M.B.A. 	21
Greg Smith <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Sterne Agee Recent coverage included V, MA, TSS, GPN, HPY DST, ENV, FISV, FIS, JKHY, WU & EEFT among others 	20
Steve Stout <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with J.P. Morgan and UBS Formerly Global Head of Strategy at First Data 	18
Tim Wolfe <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. beginning in 2000 Started at FT Partners in 2002 40 Under 40 M&A Advisor Award Winner 2013 Harvard M.B.A. 	14
Andrew McLaughlin <i>Managing Director, Research & Business Development</i>		<ul style="list-style-type: none"> Leads FT Partners' Research and Business Development Team Formerly with Deloitte Consulting 	10