



## Growth • Retention • Yield

Analyst / Investor Day • May 23, 2006

Registered Investment Advisor  
Tom Bradley • President, TDA Institutional

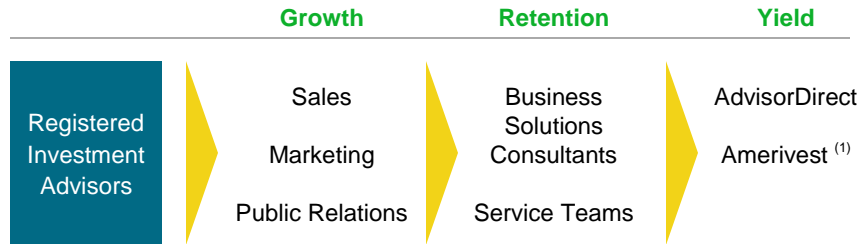
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## “A Comprehensive, Coordinated Execution Plan”



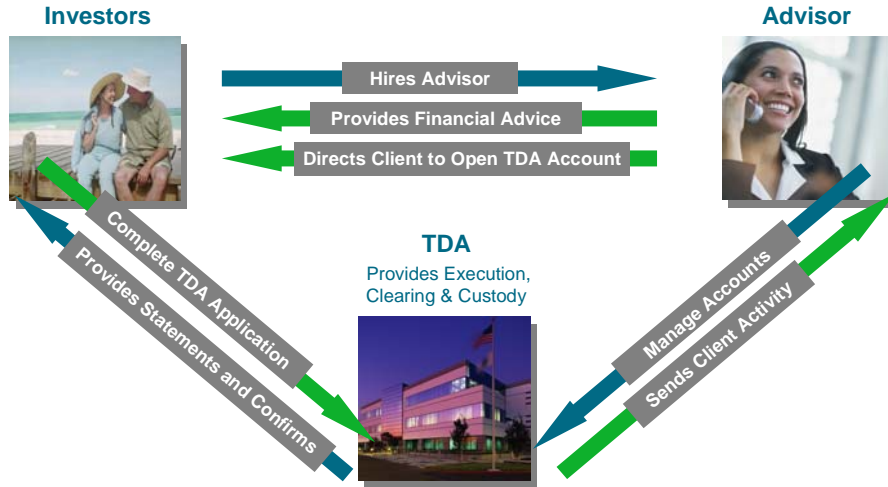
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## TD AMERITRADE Institutional

Typical Advisor Profile	Typical Advisor's Client
<ul style="list-style-type: none"> <li>• Independent Registered Investment Advisor (RIA) - former stockbroker, insurance salesman, etc.</li> <li>• Clients, not employees</li> <li>• Fiercely independent</li> <li>• Fee-based, charging a percentage of assets under management (1% average)</li> </ul>	<ul style="list-style-type: none"> <li>• High net worth individuals that are “delegators”</li> <li>• See value in advisor's fee and are willing to pay it</li> <li>• Will stay with advisor through market swings</li> </ul>

TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member NASD/SIPC.

## TDA Institutional Process & Offer

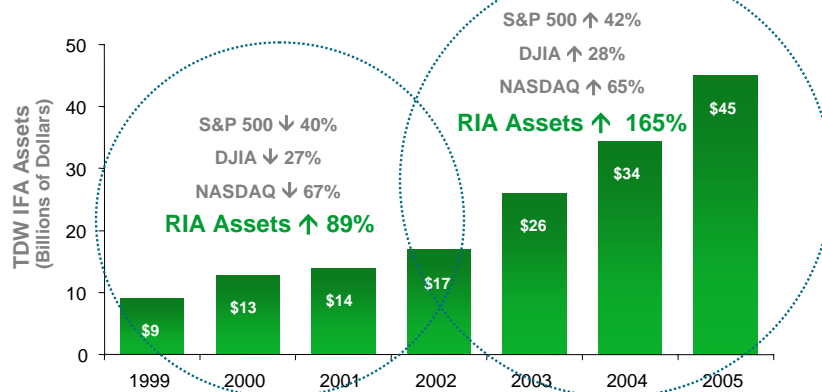


5

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## Historical Performance: Success in Up & Down Markets

- (4/30/05-4/30/06) [
- Combined TD AMERITRADE Institutional Y/Y asset growth: +36.5%
  - S&P 500: +13.3%



6

Source: Legacy TD Waterhouse Research

## Economics of Asset Gathering

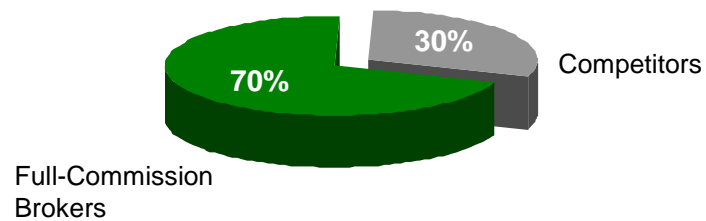
- Revenues are approximately:
  - 65% fee-based
  - 35% commission-based
- Profit margins are comparable to retail.
- Assets are acquired through a sales team and small marketing budget while leveraging the trading and custody platform of the retail business.
- Payback is less than one year.

7

Source: Legacy TD Waterhouse estimates, fiscal 2005

## Sources of Growth

Net New Assets Breakdown

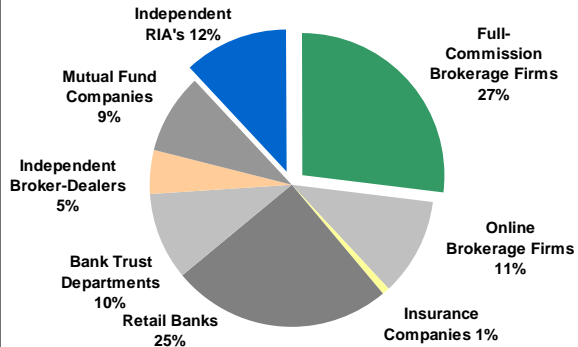


8

Source: Legacy TD Waterhouse estimates, fiscal 2005

## Landscape of the Industry

Market Share of U.S. Investable Assets, 2005



### Market Share has Shifted

- Full-Commission market share has declined 23% from 2001
- Independent RIA's market share has increased 71% during the same period

9

Source: Celent Communications, May 2004 and TD AMERITRADE Proprietary Research.

## Value Proposition

- Advocacy
- No Conflicts
- Service
- Technology

10

## Service and Technology

- Service
  - Small, personalized teams mean strong relationships
  - Flexible, responsive, intelligent and accessible
- Technology
  - Web-based, easy-to-use, open-architecture platform
  - Proprietary research has indicated that advisors working with TDA Institutional are more satisfied with our advisor platform

11

## Advocacy

### Broker-Dealer Exemption Rule

**What It Is:** The rule allows stock brokers to offer RIA-like services without being held to the same fiduciary standards.

- One service – Two sets of rules

**Our Position:** This creates confusion and exposes investors to potential harm.

- Action taken: Two SEC comment letters, one advisor and two investor surveys, media awareness campaign
  - 79% of investors said they'd be less likely to use a brokerage firm <sup>(1)</sup>
- Summer 2006: Turnkey educational toolkit

**Results:**

- TDA Institutional has received widespread recognition for efforts through awards, media coverage and advisor feedback.
- Builds advisor loyalty – contributing to growth and retention of assets.

12

(1) TD AMERITRADE Investor Perception Survey, 2006.

## Evidence of Advocacy

“TD Waterhouse said the fight should be decided in favor of investors, not planners or brokers.”

– *Dow Jones*, Nov. 22, 2004

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“Waterhouse ramps up fight on Merrill Rule”

– *Investment News*, Sept. 12, 2005

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“I think TD AMERITRADE is smart to draw attention to themselves by doing this,” said Stephen D. Johnson with Johnson & Marrotta Assets Management Inc. of Palo Alto, Calif., which manages \$140 million. “It will certainly cause advisers to look at them anew as a custodian.”

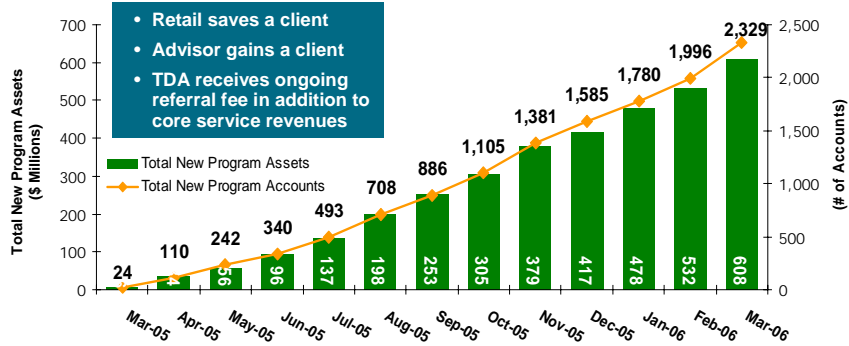
– *Investment News*, May 15, 2006

## No Conflicts

- Unlike competitors, only TDA can assert no conflicts of interest.
  - Our business model does not present direct competition for RIAs
  - No pressure to sell proprietary product
  - AdvisorDirect is primary solution for high net worth delegators

## AdvisorDirect Program has Experienced Significant Year over Year Growth

AdvisorDirect - # of Accounts & Total New Program Assets



15

## AdvisorDirect

The AdvisorDirect program appears to have a meaningful impact on asset growth and revenue generation

Key Total Client Metrics for AdvisorDirect Clients

Metric	AdvisorDirect <sup>(1)</sup> Conversion Period	Post AdvisorDirect <sup>(2)</sup> Conversion
Avg. Assets	+ 31%	+ 44%
Avg. Revenue (annualized)	+127%	+ 27%

Source: EIS Database & Client Analytics

(1) Definitions: "AdvisorDirect Conversion Period" is defined as the month of AND the one month after AD conversion.

(2) "Post AdvisorDirect Conversion" is defined as the months after the AD period.

Note: Only accounts with history of at least 3 months prior to and 3 months post AD conversion are included in evaluation (representing 923 accounts for the period Sep '04 to Jan'06).

16



## Conclusion

We believe the RIA business will play an important role in TDA'S future success.

- We are excited about this business.
  - Historically successful
  - Huge opportunities for growth
- We have a clear vision for how we will grow.
  - Target market – Independent Fee-based RIAs
  - How we will differentiate our offering – Advocacy, No Conflicts, Service and Technology
- We know what we need to succeed.
  - Maintain our service reputation
  - Continue to work on our offering
  - Continue to tell our story

17

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