PARTICIPANTS

Corporate Participants

Bill Murray – Managing Director, Investor Relations, TD Ameritrade Holding Corp
Timothy D. Hockey – President and Chief Executive Officer, TD Ameritrade Holding Corp
Stephen J. Boyle – Executive Vice President & Chief Financial Officer, TD Ameritrade Holding Corp.

Other Participants

Richard H. Repetto – Analyst, Sandler O'Neill & Partners LP
Conor Fitzgerald – Analyst, Goldman Sachs & Co.
Chris M. Harris – Analyst, Wells Fargo Securities LLC
Alex Kramm – Analyst, UBS Securities LLC
Michael Roger Carrier – Analyst, Bank of America Merrill Lynch
Chris Charles Shutler – Analyst, William Blair & Co. LLC
Christian Bolu – Analyst, Credit Suisse Securities (USA) LLC (Broker)
Brian Bedell – Analyst, Deutsche Bank Securities, Inc.
Chris Allen – Analyst, The Buckingham Research Group, Inc.
Patrick J. O'Shaughnessy – Analyst, Raymond James & Associates, Inc.
Devin P. Ryan – Analyst, JMP Securities LLC
Steven J. Chubak – Analyst, Nomura Securities International, Inc.
Macrae Sykes – Analyst, Gabelli & Company
Doug R. Mewhirter – Analyst, SunTrust Robinson Humphrey, Inc.
Michael J. Cyprys – Analyst, Morgan Stanley & Co. LLC
Rob Rutschow – Analyst, CLSA Americas LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, everyone. Thank you for joining the TD Ameritrade Holding Corporation's Scottrade Acquisition and September Quarter Earnings Results Conference Call. This call is being recorded. With us today from the company is President and Chief Executive Officer, Tim Hockey; and Chief Financial Officer, Steve Boyle.

At this time, I would like to turn the call over to Bill Murray, Managing Director of Investor Relations. Please go ahead, sir.

Bill Murray, Managing Director, Investor Relations, TD Ameritrade Holding Corp

Thank you, Operator. And good morning, everyone. This morning, we will be discussing two announcements – our agreement to acquire Scottrade and our fourth quarter earnings. Press releases supporting both announcements can be found in the Newsroom on amtd.com, and we will be referencing two presentation decks, both of which can be found in Investor Relations section of amtd.com under Events & Presentations.

These presentations include our Safe Harbor statement and reconciliation of certain non-GAAP financial measures to the most comparable GAAP financial measures. Descriptions of risk factors are included in our most recent financial reports, Forms 10-Q and 10-K. As usual, this call is intended for investors and analysts, and may not be reproduced in the media in whole or in part without prior consent of TD Ameritrade.

Because of the nature of this morning's news, we imagine that you have many questions. We are asking that you still limit your questions to two so that we can cover as many analyst questions as possible. If you'd like to focus your questions for the management team on the Scottrade transaction this morning, Jeff and I will be happy to take your calls later today to discuss the financial results in more detail.

Now, I'd like to turn the call over to TD Ameritrade President and CEO, Tim Hockey. Tim?

Timothy D. Hockey, President and Chief Executive Officer

Thanks, Bill, and good morning, everyone. First, thanks very much for joining us on such short notice this morning, but we're here today and we're very pleased to speak to you about our agreement to acquire Scottrade Financial Services.

It's a deal that adds significant scale to our retail business, extends our leadership in trading, and more than quadruples the size of our branch network. It's a strong strategic fit, one that aligns well with our client strategy and our growth, and it's a strategy that starts and ends with the client and our commitment to delivering a superior experience.

I'm a firm believer that you can't be all things to all people. You can either be really good at one thing or mediocre at everything. And the management team and I believe that TD Ameritrade is well positioned to compete and win on the client experience. It's a commitment to eliminate client friction points from every client touch point and make working with us easier and a more enjoyable than anywhere else.

It's the ultimate investment in client care and it requires an intense focus, a strong bias for action and a continuous state of evolution. It's a state we know and understand well at TD Ameritrade. We've been doing it for more than 40 years. We break down the barriers that stand between our clients and their financial goals.

And if we can win on the client experience, we can amass a client base of TD Ameritrade advocates. These are people who are more than likely to use our services to stay with us and tell others about us, all drivers of long-term organic growth. The winning client experience is a logical bridge to our organic growth strategy and our success is contingent on how we cross it.

We can't keep doing things the same way we've always done them. The world is changing too quickly. Scale, speed to market, simplifying and automating what we do, upping our innovation, these are the things that successful organizations must master in 2017. While what we are trying to accomplish hasn't changed, how we get there must continue to evolve and acquiring Scottrade helps us do that.

This transaction is a partnership with an organization that has a strong, if not one of the strongest, reputations for client service. Since Rodger Riney opened for business in 1980, Scottrade, like us, has been a pioneer in self-directed investing. I've had an opportunity to meet with Rodger and members of his management team several times over the last while. They've built a financial services firm whose mission for more than 35 years has included a promise to treat clients fairly and honestly. It does not get any more client-centric than that.

And when we think about what the Scottrade brand has meant to millions of investors over the years, we can appreciate how culturally compatible we are. That says a lot about the type of person Rodger is and we're pleased that he will be joining our board once the transaction closes.

As we've said many times, we pursue M&A opportunities that make the right strategic and financial fit for us – deals that complement or add to our existing growth strategy. And if there was ever a deal to do at this time, this is it.

Scottrade has award-winning client service. Their clients ranked them Highest in Investor Satisfaction with Self-Directed Services in the J.D. Power 2016 U.S. Self-Directed Investor Satisfaction Study. They are doing some things from the service perspective that are different and can add value to our existing models. They have more than 3 million client accounts that can benefit from a broader product and service offering. They have the largest branch network of any online broker with nearly 500 branches employing more than 1,000 investment consultants. They've proven themselves a capable asset gatherer with $170 billion under management and they have a relatively active client base. We see a lot of similarities between Scottrade's clients and our own clients prior to the acquisition of thinkorswim. This transaction fuses together our organizations in a highly compelling way.

I said earlier that scale and speed are important to our strategy. The acquisition of Scottrade directly addresses both. One, it immediately enhances our scale, bringing more than 3 million client accounts on to our platforms and extends our leadership in trading to approximately 600,000 trades per day. Our analysis shows no service gaps and the integration while large will not be nearly as technologically complex as others we have done.

Two, it accelerates our asset-gathering capabilities. We have an opportunity to more than quadruple the size of our branch network, extending into many markets where Scottrade already has a strong presence and add hundreds of investment consultants to our sales force.

Three, thanks to tremendous operating leverage, this deal has the potential to deliver significant synergies. We see total cost saves related to technology, back office and advertising expenses of $450 million to be realized in full by conversion.

There is also an upside in increasing client share of wallet and introducing a broader service offering to millions of new clients, which brings me to point number four. We expect the deal to drive compelling financial value, generating double-digit accretion once expense synergies are fully phased in post conversion. We are also expecting an incremental $36 billion in client cash balances that we should be able to monetize. Next, we expect to continue generating strong free cash flow. And finally, we've done this before. While it's been a few years since our last big deal, we have a long history of delivering shareholder value as an industry consolidator. In fact, this time, we have the added benefit of a strong organic growth engine to run parallel to our integration efforts. And because the technology impact of this conversion should be less complex in scope than other large integrations, we believe that we can run both tracks concurrently.

While we will stand up a strong capable team to focus on the Scottrade conversion, we expect it to have negligible impact on our organic growth plans for this year. If anything, it will accelerate our long-term growth strategy as it extends the reach of our client value proposition. We believe that the Scottrade clients in particular will benefit from more investor education, more advanced trading platforms and mobile apps, access to more products like complex options, futures and foreign exchange, and more investment guidance and advice solutions like Amerivest, goal planning, our soon-to-launch essential portfolios, robo-advisor, and even AdvisorDirect.

TD Ameritrade clients will benefit from more branch locations and more opportunities for one-to-one service and support in their communities. Expanding our distribution capabilities in such a significant way will help us expedite the delivery of new investment guidance and advice solution as we round out our offering. And when it comes to the conversion, we expect virtually no impact to our current clients. For Scottrade clients, our intent is to make the transition as seamless as possible.

Now, I'll turn the call over to Steve Boyle to discuss how we structure this transaction.

Stephen J. Boyle, Executive Vice President & Chief Financial Officer

Thank you, Tim, and good morning, everyone. We're very excited about this transaction. Not only is Scottrade a great strategic fit, but it's also a great investment that is highly accretive to our earnings per share. Let's dive into the financial aspects of the deal. If you're following along using the version of our slides posted to the website, we're on slide six.

The transaction will take place in two steps. On the left, step one, TD Bank will purchase Scottrade Bank including all of the applicable capital associated with the Bank for $1.3 billion. This then leaves the Scottrade brokerage business, which we'll purchase in step two of the transaction as shown on the right side of the page.

Moving to the next slide. Here are the transaction summary highlights. It's a $4 billion deal, but essentially $2.7 billion for TD Ameritrade net of the Bank sale. The $2.7 billion is split $1.4 billion in equity and $1.3 billion in cash. We will issue $1 billion in equity or 28 million shares of new common stock to Scottrade shareholders. And we'll sell 11 million shares to TD for $400 million. The cash will be sourced by $900 million of TD Ameritrade cash on hand and $400 million from a new debt offering. So, net-net, Scottrade shareholders will receive $3 billion of cash and $1 billion in equity. We are pleased that Rodger Riney will be joining our board.

Our total share count will rise to approximately 565 million shares with Scottrade shareholders owning slightly less than 5% of the company and the remaining ownership split roughly the same as it is currently. We expect to close the deal in fiscal 2017 with the integration in fiscal 2018. The exact timing of the close will be contingent upon the applicable regulatory approvals.

Let's move to the next slide. So, when you think about the deal, this visual should summarize it pretty well. First, TD will buy the Bank for $1.3 billion. Then, Ameritrade will buy the remainder for $2.7 billion. TD Ameritrade's $2.7 billion will be founded by cash and equity. The cash component will consist of two parts – cash on hand of $900 million and $400 million for new debt. Then on the right side of the page, we'll issue 39 million shares for the $1.4 billion equity piece split 28 million shares to Scottrade and 11 million shares to TD.

Let's move on to the next slide. This slide gets into more of the deal details that may help you with your models. Another way to view the purchase price is that TD Ameritrade pay $2.7 billion for the non-bank assets, which translates to a 3.8 purchase multiple on revenue. When including the NPV of the tax benefit, the net price would be $2.2 billion or a 3.0 purchase multiple on revenue.

Scottrade revenue was derived by taking their trailing 12 months' total revenue, but adjusting by assuming their cash was invested on our IDA ladder rather than at Scottrade Bank. Their addressable expense base is currently around $750 million. We believe we can cut that by 60% within three years following the deal's close, which is similar to the expense synergy percentage we realized in some of our prior acquisitions. There will be restructuring charges of approximately $550 million in year one post closing related to severance, ending contracts, retiring debt, and other fees.

There are tax benefits with the deal that impact cash flow only, not the effective tax rate. The benefit of this is approximately $50 million per year for 15 years, which enhances the value of the transaction. We are modeling $50 million to $100 million in opportunities over the next three years to be realized by introducing more complex trading products like derivatives to Scottrade clients and increasing their share of wallet. Longer term, we believe the opportunity could be as much as $300 million.

As a result, we are estimating year two or three GAAP accretion of 12% to 15% and 15% to 20% when adjusted to exclude Scottrade amortization.

Now, I'll turn the call back over to Tim.

Timothy D. Hockey, President and Chief Executive Officer

You can see on the next slide the scale that we're talking about. On a pro forma basis, we and Scottrade together will generate 10 million client accounts, nearly $1 trillion in client assets, 600,000 trades per day, nearly $150 billion in client cash, $14 billion in client margin balances, and approximately 450 branches across the country. And it's this expanded branch presence that is particularly attractive.

The map on this slide shows you where both firms have physical locations today. There's some overlap, but in general, Scottrade has a much broader distribution. They're in large markets like us, but they're also in many smaller, mid-sized markets, and they do very well in those areas. Expanding our physical footprint is attractive because it extends the distribution of our client offerings. It extends our relationship building capabilities, it extends our sales force, and it extends the reach of the TD Ameritrade brand and the commitment we have for today's investors. It's a compelling opportunity.

And as I said earlier, we have a long history of identifying the right opportunities at the right time for this company. Since 2001, we felt the reputation as a proven industry consolidator. We've acquired for scale, we've acquired for capability, we've acquired for strategic partnership and expertise, and we are proud to add Scottrade to that list.

Our agreement with Scottrade is the start of a process to acquire a culturally compatible industry peer that will help us extend our leadership position. It enhances our scale. It significantly expands our physical presence and will help us not only accelerate our growth strategy, but add to it over the next several years. The opportunity is financially attractive and should be a driver of shareholder value. It's also a driver of client value, bringing a broader client offering to millions of new clients and further enhancing our service capabilities for clients of both firms.

At the end of the day, TD Ameritrade plus Scottrade, in our opinion, is the start of an even stronger TD Ameritrade, one that's up to the task of addressing the needs of investors today and in the future as well. We couldn't be more excited to share this news with you and our associates today. 2017 is shaping up to be a very busy year, but we're up to the task. We thrive on it.

Now, before we open it up for Q&A, Steve is going to walk you through some of the highlights from this morning's earnings release. Steve, back to you.

Stephen J. Boyle, Executive Vice President & Chief Financial Officer

Thank you, Tim. Well, today's announcement is clearly overshadowing our normal quarterly earnings release, but I wanted to spend a few moments discussing the quarter, the year, and the guidance for next year. I'm sure you'll have lots of questions on the announcements, so I'll be brief.

We have our normal slides, but I won't be going through every one of them in my prepared remarks. Please contact our Investor Relations group if you have specific questions about the slides we will not be discussing.

Let's go to the summary of notable items for the quarter. If you're following along on the PDF version of our presentation, this is slide four. During the quarter, we took a number of actions to streamline our operations and free up funds for investments in growth and capabilities. These items total $46 million or $0.05 of earnings per share and include contract exit costs of $14 million, organizational changes impacting employment expense by $7 million, asset write-downs of $8 million, and acquisition-related costs of $6 million. After these expense items, we are better positioned to implement our strategic plans. Partially offsetting these items, we realized the prior period favorable tax items due to tax incentives on software development. These impacted results positively by $0.03 per share.

Let's now move to the IDA slide on slide 11. While IDA net yields were relatively stable this year, we did experience significant compression this quarter. IDA net yield compressed by 8 basis points sequentially including 4 basis points due to higher float balances and an additional 3 basis points due to FDIC fees. Floating balances were up $4 billion on average from the June quarter, as retail customers took money out of the market. We ended the quarter at $29 billion in float, and as a result, our overall consolidated duration is currently 1.9 years.

Now, let's skip ahead to slide 15 to discuss guidance. Our 2017 outlook is an earnings per share range of $1.50 to $1.80. Assumptions include strong organic growth and expense discipline, but the most impactful items to the near term will be trading levels and interest rate assumptions. See slide 22 in our deck for the interest rate assumptions.

Our detailed outlook statement is available at amtd.com. Please contact our Investor Relations with specific questions. We also updated our sensitivity disclosure to reflect the impact of the next two 25- basis-point moves. Each move would impact earnings by $0.08 to $0.10. We have brought down the high end of the range a bit, as we think zero sharing is unlikely.

Now, I'll turn the call back over to Tim for some closing comments.

Timothy D. Hockey, President and Chief Executive Officer

Well, we've obviously given you a lot of information this morning. We are pleased with our 2016 fiscal year. The basics of our strategy are sound and unchanged. This is what we are and it works. But in the interest of continuous improvement, we're reconsidering how we execute upon it. That's where our new work on speed and agility comes in.

This combined with our scale, which will enhance even further once we close on the Scottrade acquisition, will serve as core drivers of stronger organic growth. And no organic growth initiative is bigger for us in the near term than the build-out of our guidance and advice solutions. We've upgraded Amerivest. Soon, we will launch essential portfolios, our robo-advisor.

We're planning even more for later this year and into 2018. And it all dovetails nicely into the work we're doing to comply with the Department of Labor's fiduciary rule. This rule is already changing how many companies are approaching the management in support of retirement accounts for individual investors.

For us, we've approached this opportunity with a client-first focus. While we will be making some adjustments, we have tried to do so in a way that minimizes the impact of the client. That's important to us. In fact, given our plans for advice and guidance solutions, our client will have even more options to choose from than they had in a pre-DoL world. We have a big year ahead of us. We have ambitious goals. And, now, we have an integration to plan for as well. It's the beginning of a new phase at TD Ameritrade, one I am privileged to be part of. I look forward to sharing our progress with you over the coming quarters and years.

And, now, before we turn to Q&A, Steve has one final thing he'd like to say.

Stephen J. Boyle, Executive Vice President & Chief Financial Officer

Thanks, Tim. I'd like to take this moment to extend a special thank you to Bill Murray. This is Bill's last earnings call, as he will be retiring at the end of the year. Bill has had a distinguished 10-plus-year career at TD Ameritrade, guiding the IR function for all that time. We'll miss Bill's deep knowledge, sage advice and strong relationships with our management, analysts and investors. But I wish him a happy and well-deserved retirement. We're fortunate to have Bill's understudy, Jeff Goeser, waiting in the wings to replace him. Jeff and Bill will transition responsibilities over the next few months. Congratulations, Jeff.

And with that, I'll turn the call over to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Rich Repetto with Sandler O'Neill. Your line is open.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Yeah. Good morning. Good morning, Tim. Good morning, Steve. And congrats to Bill. So, firstly, congrats on the transaction, and the first question I have is on expenses. The $750 million expense base of Scottrade, I guess the – does that include the Bank? And can we assume that because TD is buying the Bank, that's 100% removal of expenses of the Bank? So, maybe a little bit of breakout of that $750 million, what's included Bank versus broker would help. Thank you.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. Sure, Rich. So, let me just say a few things on that. The $750 million is the whole expense base excluding depreciation and some items that we considered one-time in the expense base. Some of those would be bank regulatory-type expenses. The way that Scottrade looks at banking expenses is largely their lending functions. And you're right that all those banking expenses should go away as the Bank is taken over by TD Bank.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Okay. Okay. So, is there a lot of...

<A – Steve Boyle – TD Ameritrade Holding Corp.>: It's not a large...

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Go ahead.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: It's not a large expense base in their bank today.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Okay. That helps. Then my one follow-up would be on the revenue, the $713 million in pro forma, I understand how you're adjusting for cash balances in IDA. But if you add the IDA of $154 million – it comes up to about $154 million, and the DARTs – revenue from commissions which you can calculate, it leaves about $210 million, $211 million of other revenue that's not related to trading or IDA. I think it's from margin loans and other. So could you tell us what that $210 million, $211 million comes from?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. That's right, Rich. It especially is the other net interest revenue like margin loans and [ph] moving on free credit (24:35).

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Okay. Okay. Lastly, I just want to congratulate Rodger Riney as I bet he might be listening in here, too, and he has built a fantastic firm. I know he's working full time, and I continue to wish him great health.

<A – Tim Hockey – TD Ameritrade Holding Corp>: I agree. It's been great working with Rodger over the last sort of while, and we're both thrilled that he will be joining our board and help us grow this great franchise together.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Thanks, guys.

Operator: Your next question comes from the line of Conor Fitzgerald with Goldman Sachs. Your line is open.

<Q – Conor Fitzgerald – Goldman Sachs & Co.>: Good morning. First, just maybe talking about commissions, I think it's for Scottrade kind of pro forma with the IDA, it's about 50% of the revenue.

So, just curious, I guess, how you thought about that from a strategic perspective in terms of kind of diversifying back into that revenue mix. And then if you just could kind of talk about any assumptions you made around re-pricing some of the commissions for Scottrade customers?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Conor, it's Tim. What we did was we – first of all, as we go into integration planning, we'll make strategic decisions and tactical decisions on pricing a little later. But for purposes of the model, we use the pro forma revenue at the current pricing structure that Scottrade has. And, obviously, it continues to be a competitive marketplace and we'll make those types of decisions a little bit later.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: And I guess, just in terms of the future, I think we'll end up on a pro forma basis with a very similar mix of revenue to what we have today and we'll continue to emphasize growing our advice platform for the combined franchise and increasing that as a percent of our total revenue.

<Q – Conor Fitzgerald – Goldman Sachs & Co.>: That's helpful. And then, Tim, on the low end of your guidance, the negative 1% on the expenses kind of caught my eye given Ameritrade obviously has been a tremendously efficient company in the last couple of years. Can you talk about where you see kind of the expense opportunity coming to drive expenses negative?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Let me start and then I'll throw it over to Steve. Just generally, we continue to think that there are great opportunities to take advantage of technology, so this is ex-Scottrade we're talking about now, technology to continue to enhance our offering. As I wander around the organization and talk to our associates, they're full of ideas for efficiency improvements. And so we are upping – it's a bit ironic, we're upping our investments this year to continue to take advantage of those opportunities, and some of the one-time items we took in the quarter were frankly freeing up opportunities to do just that for next year. Steve?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Thanks. So, yeah, on expenses, I think the key thing, Conor, is that we had a lot of notable items in the fourth quarter. If you adjust that out, the guidance would be 1% to 5% for next year. So, pretty similar to the growth rate that we've had over the last couple of years. And I think, as Tim said, our emphasis is really on reducing our core expenses over the long term and making more investments in the near term. So we'll continue to do that.

<Q – Conor Fitzgerald – Goldman Sachs & Co.>: That's helpful. And I'm sorry, just one last housekeeping one if I could? Is there a breakup fee that you're disclosing?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: No breakup fee.

<Q – Conor Fitzgerald – Goldman Sachs & Co.>: Thanks. And congratulations to Bill.

Operator: Your next question comes from the line of Chris Harris with Wells Fargo. Your line is open.

<Q – Chris Harris – Wells Fargo Securities LLC>: Thanks. I appreciate the accretion guidance you guys are providing. Can you help us out with what years you guys are basing those accretion figures off of? Are they off of fiscal 2018 or 2017 or something else?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So, year one would be the first year immediately post close. So, if we close in 12 months, think sort of our fiscal 2018 and then you can go on from there.

<Q – Chris Harris – Wells Fargo Securities LLC>: Got it. Okay. And then if you look at the Scottrade business, definitely much lower operating margin than where you guys run. What is it about their business that was so inefficient and what do you guys envision the pro forma margin of the company being over time?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So, I think, when you look at it, it's really a scale play. I think that as we bring the two organizations together, we'll be able to reduce expenses significantly. We'll have a very similar operating margin to what we have with TD Ameritrade today, and we'll be able to, I think, have a similar, or even lower marginal cost as we move forward.

<Q – Chris Harris – Wells Fargo Securities LLC>: Thank you.

Operator: Your next question comes from the line of Alex Kramm with UBS. Your line is open.

<Q – Alex Kramm – UBS Securities LLC>: Yeah. Hey, good morning, everyone. Just starting, I guess, on the revenue side, I think if I heard you correctly, you talked about $50 million to $100 million in opportunities. I assume that's another term for revenue synergies. Did you mention at all what kind of attrition or revenue dissynergies you're assuming here? I mean, you've obviously seen client losses in prior acquisitions that you've done. So, any help or color would be great there.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Sure. So we've modeled a 5% attrition. That's higher than we would normally see, but we want to be a little bit conservative as we look back over the years. These are very sticky clients that we think are going to be very happy with our products and services, and we'd expect to have a very modest amount of customer attrition.

<Q – Alex Kramm – UBS Securities LLC>: Right. Great. And then just secondly, you talked a lot about the opportunities around upselling and advice solutions. But I guess what you didn't talk about is how much of advice solutions if any or any sort of investment product the client base of Scottrade has today already? And then maybe ask a different way the same question, like, what gives you confidence that that client base is receptive to kind of the asset gathering or the upselling that you've been so successful with on the Ameritrade side? Thank you.

<A – Tim Hockey – TD Ameritrade Holding Corp>: I'll take this one, Alex. It's Tim. When we analyze the client base in our discussions during due diligence, it was pretty clear that the actual profile of the clients themselves was very similar to TD Ameritrade. On the other hand, the average account size, for example, was probably 80%, something like that. And interestingly, the average trade that that client base does was probably two-thirds of what the average TD Ameritrade retail client does, maybe even a little less.

And so, when we dug a little deeper, it turns out that our additional products, services, platforms and probably more importantly education offerings really make a difference. All of that wraps up to the fact that the penetration of the client wallet at Scottrade is only about two-thirds what it is at TD Ameritrade. And we believe there's significant upside to our own penetration of our clients' wallet. So when we put all that together, we think there's a great, great opportunity.

And I guess one last proof point that gave us comfort is when we think all the way back to our thinkorswim integration many years ago, we found one year after integration that we actually had more TD Ameritrade clients using the thinkorswim platforms than we actually bought with the TD Ameritrade acquisition. So, clearly, when we provide better products, services, education to our clients and give them great service, then they start using them.

<Q – Alex Kramm – UBS Securities LLC>: It's helpful. Thank you.

Operator: Your next question comes from the line of Mike Carrier with Bank of America. Your line is open.

<Q – Mike Carrier – Bank of America Merrill Lynch>: Right. Thanks, guys. Steve, maybe, just on the IDA outlook, I guess, maybe core and then with the transaction, can you kind of just run through – you mentioned what happened in the quarter in terms of the balances up and that weighing on the NIM, but just when we kind of look throughout the coming year, what are kind of the puts and takes, the reinvestment rates, what you're looking to do with the portfolio? Just trying to get a better understanding of where the spread or the NIM can go in different environments.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Sure. Yes. So we provided a guidance in the slides that, I think, says the IDA yield is going to be between 95 basis points and 100 basis points. The components that go into that really are, we've seen very, very strong deposit growth recently. So, that's increasing the percentage of float balances that we have. So, while that's a revenue positive to us, that drives the IDA yield down, so there're sort of puts and takes there.

We put together a range of assumptions for interest rates, but obviously the yield on the IDA is going to be quite sensitive to where we are in interest rates, more so to the short-term rates in 2017 and then in future years, more leverage to the level of long-term rates. And I think we've got some fairly conservative assumptions in our guidance where we've used especially about what we used at the Global Insight low forecast. It was essentially a flat rate forecast for the low end of the range.

The Global Insight's base is the high end of our range. We didn't use the high this year. And then, the midpoint is roughly the forward curve, so I think you got a pretty good idea of where things are coming on and off. If we stay in this kind of rate environment, we are seeing a bit of a grind down as the ladders roll off and are reinvested at slightly lower rates, but rates have picked up pretty nicely in the last month or so, so hopefully that will improve.

<Q – Mike Carrier – Bank of America Merrill Lynch>: Okay. Thanks. And then, Tim, just as a follow-up. Just on the branch network that you do get with Scottrade, do you have any, I don't know, I guess, color on – when you look at your branches and clients that are involved there and like either the type of activity that you see, the type of revenues that you see, and then maybe what the potential is to keeping the branch network particularly as we kind of go through like the DoL and if there's some assets that are up for grabs in the industry?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Sure. Well, as I've said earlier, the branch network itself is really, I think, a jewel at Scottrade, and we're just pleased to integrate it into our own offering. There's a lot of conversations about technology and what it will do these days, but we're pretty clear that having great cutting-edge technology and platforms that we can invest in through our larger scale is one thing, but clearly financial decisions are very important to people and they like dealing with someone they know and they can talk to in their community. So, not only is this important for the Scottrade client base for continued great service, but, frankly, it'll be hugely additive for the TD Ameritrade client base as we literally quadruple our branch system.

Now, on the other hand, as we move out to more advice and guidance, then clearly taking the what we now have is about 100 branches and moving to about 450 branches, we're on a journey there to make sure that we have the right products and services to better serve our clients. And so we'll be taking the Scottrade clients along with us on that journey.

<Q – Mike Carrier – Bank of America Merrill Lynch>: Okay. Thanks a lot.

Operator: Your next question comes from the line of Chris Shutler with William Blair. Your line is open.

<Q – Chris Shutler – William Blair & Co. LLC>: Hey, guys. Good morning. Maybe first, can you just talk about what makes you comfortable doubling down on the trading business at a time when if a much smaller portion of other's business models and others could maybe use pricing as a lever to drive share?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: So, why don't I start with that one? First, we took a look at what our mix of the business was versus what Scottrade's was and it's comparable. So, what we get in this transaction is significantly increased scale and, at the same time, a greater cash generation in order to respond if in fact there is an acceleration of the commission pricing.

I guess the other thing that when we looked at the price difference between ourselves and Scottrade, it's obviously a couple dollars difference in the marketplace. It's a big difference between $2 per trade price differential and many years ago when our firms were founded when it was many hundreds of dollars of difference. And, in fact, as I said earlier, we find our clients trade literally 50%-plus more often because of the additional services and platforms that we make them available to.

So we've also seen that the price is just less of a driver of client transition between firms than it ever used to be. So, with that, we felt it was comfortable to combine, add our offerings to the Scottrade client base, and we're certainly no more susceptible to a further commission price war than we would have been in the past, and we get the benefit of the scale to continue to grow out of that.

<Q – Chris Shutler – William Blair & Co. LLC>: Okay. And then, secondarily, Tim, you mentioned that Ameritrade, yourself as a management team, you're reconsidering how the company executes, focusing more on speed and agility. Maybe just walk us through some specifics of what you're doing today and how that's different from a year ago.

<A – Tim Hockey – TD Ameritrade Holding Corp>: Sure. Well, as we said in the quarter, we made some decisions that were designed to help the organization speed up a little bit. We flattened the organization structure itself. Technology now reports directly into me. We took a much more, let's call, a surgical approach to deciding where we're going to invest. We will increase our investment in technology-based solutions. So there's a series of things, some of which are, call it, tonal more so than they are specific initiatives.

I firmly believe that TD Ameritrade has its roots in being, what I like to call, one of the original fin-techs. Back in literally May Day in 1975 when we were founded, we were the original wealth management disruptor with others in our space. And frankly, there's an opportunity to continue to do that now with the combination of our national brand, our large marketing spend, our great client service, now are with this deal 10 million client accounts. It's a great opportunity to take the right balance between being nimble and yet, at the same time, being upscale and being a big player in our industry. I think there's a unique opportunity for TD Ameritrade to go right down the middle.

<Q – Chris Shutler – William Blair & Co. LLC>: All right. Thank you.

Operator: Your next question comes from the line of Christian Bolu with Credit Suisse. Your line is open.

<Q – Christian Bolu – Credit Suisse Securities (USA) LLC (Broker)>: Good morning, guys. Thanks for taking my question. So the first question is on Scottrade cash monetization. So, firstly, I think you mentioned $36 billion of client cash that's in $170 billion of client assets just about 20%. So, that's pretty high relative to industry standards. So, first of all, curious kind of how sticky, how yield insensitive these cash balances are.

And then also I believe you're assuming an IDA yield of 55 basis points, which is quite a bit lower than where you are today. So is that just where new money yields are for the IDA or there's something specific about this deal that makes it so low?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So, when we look at the Scottrade base, it's actually quite similar to our own retail base, so a little bit higher cash than our overall numbers, but pretty similar to our retail client base. When we think about trying to do a pro forma of the IDA, we did use current rates as opposed to historical rates, which would have allowed us to lock in some higher yields in the past. And so it is sort of a lower starting point. And as rates go up, we should see those IDA yields move.

<Q – Christian Bolu – Credit Suisse Securities (USA) LLC (Broker)>: Okay. And then can you just talk about the 60% of Scottrade's cost base you're taking out? It, I mean, just seems for – relative to historic deal, just given that you'd be keeping – I believe you're keeping most of the branch network and the support staff. So maybe a bit more detail, a little bit more color on what exactly you're going to be taking out from a cost perspective and what should we keep in.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Sure. So why don't we start with the branch network. So we'll end up at the end of the day with about 450 branches. So we'll have a net reduction, if you said that they have 500 branches today and we have 100 branches, we have a net reduction of about 150 branches. So there are some synergies there. But the biggest synergies will come in in advertising. We'll be able to, we think, leverage our existing advertising base to continue to drive good growth in some back office operations and technology. There's a fair amount of redundancy as you put two very similar firms together, and that's where we think most of the head count savings will come.

<Q – Christian Bolu – Credit Suisse Securities (USA) LLC (Broker)>: Okay. If you don't mind, let me just sneak one in here also. Can you just talk about Scottrade's growth over the last couple of years? Best we can tell, it looks like they've had kind of a nice amount of commission growth. But if you can just maybe confirm that and just talk about maybe DARTs and account trends over the last couple of years.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So, as Tim mentioned, Scottrade has had a good history of growing. I think the growth has leveled off a little bit in the last year or so, and we think that's natural with a lot of the transitions that they had to make with being a bank and some of the issues that come there. So we're confident as we move to our capital-light model. We're focused solely on the customers and the brokerage business that we'll be able to reinvigorate the growth there.

<Q – Christian Bolu – Credit Suisse Securities (USA) LLC (Broker)>: Great. Thank you so much and congrats, and also wish Bill all the best.

Operator: Your next question comes from the line of Brian Bedell with Deutsche Bank. Your line is open.

<Q – Brian Bedell – Deutsche Bank Securities, Inc.>: Great. Thanks. Good morning and congrats also, and also wishing Bill the best. Maybe just starting with the – Tim, a question for you on the banking strategy in terms of if you look at what the Scottrade customer base has experienced and to what extent that will be used by TD Bank.

And then, as you think more broadly about Ameritrade's banking strategy and the growth in wallet share that you're targeting, just moving beyond trading and some investment products such as the robo and Amerivest products and the banking strategy, can you talk a little bit more about what your game plan is there to expand the wallet share and what kind of targets do you have in mind for that wallet share growth?

<A – Tim Hockey – TD Ameritrade Holding Corp>: So, first of all, you sort of have to ask the Bank what their plans were or their plans are. But, generally, if you look at our overall offering and our partnership with TD Bank, the great news is we now have even more scale and even more clients, and our IDA offering continues to be a real strategic benefit for us as well as the Bank.

Going forward, we've been having some great conversations with the leadership team at the Bank to try and say, okay, how can we take advantage? And this was even before the Scottrade opportunity came up.

So you can imagine how excited we are about moving forward with our greater expanded physical footprint, the offerings that they might be able to put on our shelf and frankly how we can integrate better our own offerings into their current offering today. So, as part of the acceleration that I was talking about in our organic growth strategy, we're hoping that our partnership with the TD Bank will get even stronger.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. And maybe just to level set, Brian, the Scottrade Bank is largely an investment vehicle. So most of the loans in there would be to not just Scottrade Bank customers but it'd be wholesale loans. So, not a huge amount of integration. So, as Tim said, we think we have the opportunity to introduce new products and services and build the banking products for our customers.

<Q – Brian Bedell – Deutsche Bank Securities, Inc.>: Okay. Okay, great. And then just maybe even longer term picture, obviously there's a lot of consolidation speculation going on in this space. You guys will be busy, obviously, in the next couple of years. But how do you view yourselves as a future consolidator? Does this take you out of any other major deals for another couple of years or do you think you could be back in finishing up this consolidation and potentially in the market to do another one?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Well, our position on that has always been fairly consistent which is we will look at those deals that make both strategic and financial sense then I don't think that this deal changes that at all.

<Q – Brian Bedell – Deutsche Bank Securities, Inc.>: Okay. Okay, great. Thank you.

Operator: Your next question comes from the line of Chris Allen with Buckingham. Your line is open.

<Q – Chris Allen – The Buckingham Research Group, Inc.>: Good morning, guys. I was just wondering if you could – following up on Christian's question just on some granularity around the expenses, whether you could actually break down the $450 million into the different buckets. I think you noted $100 million from pre-conversion, which I'm guessing has mostly to do with advertising. But if there's any way to get incremental color on that in terms of the different buckets it would be very helpful.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So we're not going to provide a lot of detail on that. But you're right that our advertising expenses is around $100 million. We'd expect a fairly significant synergy from that number. Most of the other synergies are going to come post conversion as we consolidate our operations.

<Q – Chris Allen – The Buckingham Research Group, Inc.>: Got it. Okay. And then just on Scottrade's customer base, you've noted a couple of times it's very similar to Ameritrade's. I was wondering if you could provide any metrics in terms of the demographics, maybe average age, average customer wealth and/or even just how that brackets relative to Ameritrade.

<A – Tim Hockey – TD Ameritrade Holding Corp>: Well, it's Tim. Let me just, first of all, be clear, they are still competitors of yours until we close. And so, I think I've disclosed enough information to say we're quite confident that we can work together when they come on our platform to be able to grow. And so I don't think I should go in any more detail about their client base at that time on their behalf.

<Q – Chris Allen – The Buckingham Research Group, Inc.>: Good. Thanks, guys.

Operator: Your next question comes from the line of Patrick O'Shaughnessy with Raymond James. Your line is open.

<Q – Patrick O'Shaughnessy – Raymond James & Associates, Inc.>: Hey. Good morning, guys. So I was hoping you could talk a little bit about the negotiations that took place with TD Bank and how excited they were to participate in this and how you kind of came up with the terms, the $1.3 billion that they pay for Scottrade Bank and how all that played out?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Well, I won't go into details, but I can tell you they're very excited to participate in this transaction with us. They're a great partner and as you can imagine, over the last number of weeks, we were working pretty closely to make sure that we can get this deal to close. It's obviously a little more complex than the average deal, given it's really a tri-party agreement, but we're thrilled that we're here today to announce it and to move forward.

<Q – Patrick O'Shaughnessy – Raymond James & Associates, Inc.>: All right. Great. And then follow-up question. Can you talk a little bit about the structure that you used to pay for the deal and the component that TD Ameritrade is paying for? Obviously, given the low cost of borrowing, it could potentially make sense for you to use more debt, more cash and not use as much stock. So how do you kind of come down to your decision to mostly pay for this through stock?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So, Patrick, when you think about it, it's $4 billion. TD Bank's going to buy the Bank. We're down to $2.7 billion. And then, in terms of how we funded that deal, it's roughly 50/50 – $1.4 billion equity, $1.3 billion cash. We're a pretty conservative company, and we want to make sure that we keep strong, tangible capital as well as very low leverage going forward. In fact, on a pro forma basis, we'll actually reduce our debt-to-EBITDA ratio just slightly. So, maybe a little on the conservative side, but I think it gives us plenty of opportunity as we move forward to continue to be a growth company, and we can always return more money to the shareholders as we've been pretty good about doing over the last few years as we move forward.

<Q – Patrick O'Shaughnessy – Raymond James & Associates, Inc.>: Great. Thank you.

Operator: Your next question comes from the line of Devin Ryan with JMP Securities. Your line is open.

<Q – Devin Ryan – JMP Securities LLC>: Hey. Thanks. Good morning, everyone, and congratulations. Most of my questions were asked here. Just a couple clarification questions. So, just first on the mechanics of TD, you're taking over the Bank and the $28 billion of customer cash that's going to be available to Ameritrade for the IDA. Is the securities portfolio going to be collapsed immediately to free up the customer cash? Just want to make sure that I'm thinking about the moving parts of exactly how that Bank transaction will occur.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So TD Bank will buy the balance sheet of the Bank. We are going to take a few of the assets to continue to do the servicing. But, largely, you should think about TD Bank buying the Scottrade Bank balance sheet.

<Q – Devin Ryan – JMP Securities LLC>: Okay. Understood. Okay. And then Scottrade has a small IRA custodian business, but just curious kind of how that fits in with Ameritrade today. Is it additive? Are there redundancies within – who your clients are there?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. You're right. It's a small part of the Scottrade business, but we're quite excited because of our leading platform to be able to integrate those clients that wish to join us and the IRAs onto our broader capabilities post close.

<Q – Devin Ryan – JMP Securities LLC>: Okay. All right. Great. Thank you very much.

Operator: Your next question comes from the line of Steven Chubak with Nomura. Your line is open.

<Q – Steven Chubak – Nomura Securities International, Inc.>: Hi. So I wanted to start with a follow-up to an earlier question on the commission landscape. And Tim, you answered my question in part, noting that the pro forma revenue mix is comparable to your mix as a standalone, but your appetite for this deal, at least from a signaling standpoint, suggests that you do see a muted or a little risk of more aggressive commission price wars on the horizon. And one of your competitors very recently highlighted the potential or possibility for increased pressure on industry commissions as rates begin to rise, and I'd say that the commentary there sounded fairly aggressive or hawkish. And can you speak to you how you're thinking about this risk, and how you expect the commission landscape to evolve over the next couple of years?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Yeah. Obviously, the management team and I have spent a lot of time thinking about that combination of competitive factors that might play out in the next few years. Look, this is a competitive industry. It has been forever and there has been risk of aggressive price competition. As I said earlier, when we look at that, we noted that it actually doesn't drive much share shift, and in fact it can impact pretty significantly all players' revenue streams.

Having said that, scale really matters in this business. And so the combination of having clients by which you can improve your wallet share, if you will, by offering them better services on the advice side, consolidate their assets, that's been our strategy all the way along to reduce the reliance we have on commission trades. This deal doesn't necessarily make our percentage dramatically better when it comes to protection on the commission side, nor does it make it worse. And the scale does make a difference and the addition of 3 million plus accounts to our base gives us a real opportunity for accelerated growth to move away from that exposure we have to price.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: I think too, we talk a lot about commission compression, but we're certainly seeing a lot of pressure on the advice fee side as well. So I think it's just a competitive industry, and we're focused on being very efficient as we move forward and providing great solutions for our clients.

<Q – Steven Chubak – Nomura Securities International, Inc.>: Thanks, guys. It's a very helpful color. And just a follow-up from me. It's really more of a cleanup question on just a couple of items relating to the financing terms. What interest rate are you assuming on the debt that you plan to issue? And how are you thinking about the potential for – or how should we be thinking about lost interest revenue you're assuming on cash being deployed?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So we're assuming that we'll be able to issue at current spreads maybe around 3% on long-term debt. And what was the second question?

<Q – Steven Chubak – Nomura Securities International, Inc.>: What is the amount of lost interest revenue, if you can quantify that given that you're – on the $900 million of cash that you're deploying?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. No. Very, very small. Few basis points.

<Q – Steven Chubak – Nomura Securities International, Inc.>: Okay. Got it.

Operator: Your next question comes from the line of Mac Sykes with Gabelli. Your line is open.

<Q – Mac Sykes – Gabelli & Company>: Good morning, everyone, and congratulations, Bill. Obviously, some good timing here for retirement. I have two questions. I'll just ask them together and if you could answer them. First is, can you provide some color on the NOL? How does that materialize? And then secondly, as we think about this new level of scale coming out, how are you thinking on or how should we think about the NNA growth going forward?

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. So, maybe I'll start with the tax one. So it's not an NOL that we're buying here. It's the fact that the way the transaction is structured. Since it's taxable to Scottrade shareholders, we're going to file a 338(h)(10) election, which allows us to get step-up basis on the assets and allows us to deduct the goodwill of the transaction over 15 years and it's really that goodwill amortization that you're seeing in the $50 million there a year – $50 million a year.

<A – Tim Hockey – TD Ameritrade Holding Corp>: And on the NNA growth, I'll take that one. Well, first, when we put the pro forma of our client assets together, becomes to about $940 billion. I expect over the next year, Rodger's team and our team here should be able to get that number so that on close, we should be closer to $1 trillion, if not over. And when we think about the combination of all the factors I talked about earlier, the penetration of clients' wallet, the additional offerings that we will have not only to offer to the Scottrade client base, but also to our own client base. You can rest assured that Tom Bradley and our retail team is quite excited about the opportunity to accelerate our NNA growth going forward especially with the integration of the retail platform and all of our new points of presence in communities across America.

<Q – Mac Sykes – Gabelli & Company>: Great. Thank you very much and congratulations.

<A – Tim Hockey – TD Ameritrade Holding Corp>: Thank you.

Operator: Your next question comes from the line of Doug Mewhirter with SunTrust. Your line is open.

<Q – Doug Mewhirter – SunTrust Robinson Humphrey, Inc.>: Hi. Good morning. Just two quick clarifications. First, on the client cash you're modeling to bring over, does that also include, I guess, third-party money market funds or third-party IDAs outside of Scottrade Bank that would be migrating over or is it all that sort of already propels within Scottrade Bank?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Yeah. So it would be very similar to what we have today. If you look at Scottrade Bank today, they've only got about half of the deposits. The other half are swept directly from Scottrade brokerage to other banks. Those deposits will now just be generally after the transition period swept to TD Bank. And then anything that's in Scottrade Bank, they will be swept to TD Bank as well.

<Q – Doug Mewhirter – SunTrust Robinson Humphrey, Inc.>: Okay. Thanks a lot. And my follow-up, very quick follow-up, I think I know the answer. Your outlook – your fiscal year 2017 outlook is not including any Scottrade assumptions. Is that correct? That's just the baseline TD Ameritrade assumption.

<A – Tim Hockey – TD Ameritrade Holding Corp>: That's right. We've assumed that the deal closes right at the end of our fiscal year. So it won't have any impact on 2017.

<Q – Doug Mewhirter – SunTrust Robinson Humphrey, Inc.>: Great. Thanks. That's all my questions.

Operator: Your next question comes from the line of Michael Cyprys with Morgan Stanley. Your line is open.

<Q – Michael Cyprys – Morgan Stanley & Co. LLC>: Hi. Good morning. Thanks for taking the question, and congratulations on the deal announcement. Just curious on the branches, how you think about the benefits of that versus potential cost that could be taken out particularly in a world that is increasingly more digital? So, I guess, just ultimately, how many branches do you think you'll have and in what scenario you think you take out most of the branches and just generally how you're thinking about branches in a world that's more digital?

<A – Tim Hockey – TD Ameritrade Holding Corp>: So I'll take that one. So, as we said earlier, TD Ameritrade today has about 100 branches, and Scottrade has about 500 branches. So, pro forma combined, you've got 600 branches. Once we're done the careful planning of where there are overlaps between current locations, we expect to settle out at around 450 branches. In balance, the Scottrade branches are smaller than ours with smaller numbers of investment consultants, and they're in some smaller communities. I actually like that. I think that's actually been a very compelling strategy for Rodger and his team, and it's got them to the growth where they are now.

If you then layer on the clients we already have in those communities, we think that's really additive. And as I said earlier, I'm quite a believer that fantastic technology platforms and capabilities can only be augmented by the ability to have a conversation with a human advisor to help with what is often some of the most important questions that a client has about their financial future. So, in that particular strategy, to your point about the cost of it, I see that as being a relatively low cost for a great opportunity.

<Q – Michael Cyprys – Morgan Stanley & Co. LLC>: Great. And if I could just follow up on – curious how you're thinking about DoL these days in terms of how you're seeing it impact the business and then also on the combined entity with Scottrade. And then if you could just also comment on retirement mix that Scottrade has and how that compares versus yours.

<A – Tim Hockey – TD Ameritrade Holding Corp>: On the DoL front, what we are finding obviously is the competitors are starting to make the changes that they need to make in their models to comply with the rule that's coming up in April. Obviously, Scottrade will still be an independent firm in April of next year, so they are fully planning to be compliant. And so we continue to see the opportunity for a greater amount of money in movement. In fact, in our institutional business, we're seeing this great growth from an increase in things like breakaway brokers and asset gathering. It's on a real pair, and we expect that to continue.

<A – Steve Boyle – TD Ameritrade Holding Corp.>: Yeah. And I think IRAs contribute roughly the same percentage of their accounts as ours.

<Q – Michael Cyprys – Morgan Stanley & Co. LLC>: Great. Thank you.

Operator: Your next question comes from the line of Rob Rutschow with CLSA. Your line is open.

<Q – Rob Rutschow – CLSA Americas LLC>: Hi. Good morning. It looks like you're targeting about 25% reduction in your branches and you talked about 5% client attrition. So, just a clarification. Is that 5% just for Scottrade or is it for the combined firm and client base?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Yeah. So it's 5% of the Scottrade client base. And remember, the reduction in branches will often happen as a result of taking a location where we have both a TD Ameritrade branch and a Scottrade branch and merging the two together to the best of each.

<Q – Rob Rutschow – CLSA Americas LLC>: And you also mentioned that their branches tend to be smaller. Do you anticipate closing more legacy Ameritrade branches or more Scottrade branches? And then I think you mentioned 1,000 advisors. Is that number going to stay constant through the branch closures?

<A – Tim Hockey – TD Ameritrade Holding Corp>: Well, we'll certainly have many more advisors than TD Ameritrade has today, but a little less than our combined pro forma when we're done. And in terms of the branch locations, our intent would be to do market-by-market planning, and we'll choose the best location that makes sense. Because the TD Ameritrade branches are a little larger than when we combine in the operations we make, I assume we're probably going to be defaulting to the larger locations to house the investment consultants in that market.

<Q – Rob Rutschow – CLSA Americas LLC>: Okay. Thanks a lot.

Operator: There are no further questions. I'll turn the call back over to Tim Hockey.

Timothy D. Hockey, President and Chief Executive Officer

Well, great. Thanks, everybody. I appreciate you, again, as I said, starting your week off with our news today. We're thrilled that we're sitting here announcing this deal, and we're so excited about what we're going to do moving forward with Rodger and his team. And with that, we'll end the call. And have yourself a great day.

Operator: This concludes today's conference call. You may now disconnect.