

AMERITRADE HOLDING CORP

Form DEF 14A

January 24, 2005

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
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Ameritrade Holding Corporation

(Name of Registrant as Specified in its Charter)

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(AMERITRADE HOLDING CORPORATION LOGO)

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

February 16, 2005

The Annual Meeting of Stockholders of Ameritrade Holding Corporation (the Company) will be held at the Joslyn Art Museum, 2200 Dodge Street in Omaha, Nebraska on Wednesday, February 16, 2005, at 10:30 a.m., Central Standard Time, for the following purposes:

- 1) To elect two Directors to the Board of Directors;
 - 2) To ratify the appointment of Deloitte & Touche LLP as independent auditors for the Company for the fiscal year ending September 30, 2005;
 - 3) To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.
- Only stockholders of record at the close of business on December 20, 2004 will be entitled to notice of and to vote at the meeting.

Stockholders, whether or not they expect to be present at the meeting, are requested to sign and date the enclosed proxy, which is solicited on behalf of the Board of Directors, and return it promptly in the envelope enclosed for that purpose. If you elected to receive the Annual Report and Proxy Statement electronically over the Internet, you will not receive a paper proxy card, unless you request one, and we encourage you to vote online. If you did not elect to receive the materials through the Internet, you may still vote your shares electronically or telephonically by following the procedures described in the Company's Proxy Statement. Any person giving a proxy has the power to revoke it at any time prior to the meeting and Stockholders who are present at the meeting may withdraw their proxies and vote in person.

By Order of the Board of Directors

/s/ J. Peter Ricketts

J. Peter Ricketts, Secretary

Omaha, Nebraska
January 24, 2005

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Ameritrade Holding Corporation

**4211 South 102nd Street
Omaha, Nebraska 68127**

PROXY STATEMENT

**for
ANNUAL MEETING OF STOCKHOLDERS**

This Proxy Statement is furnished in connection with the solicitation of proxies to be voted at the 2005 Annual Meeting of Stockholders of Ameritrade Holding Corporation (the Company). The 2005 Annual Meeting will be held on Wednesday, February 16, 2005 at 10:30 a.m., Central Standard Time, at the Joslyn Art Museum, 2200 Dodge Street in Omaha, Nebraska. This Proxy Statement and the accompanying proxy card are first being sent to stockholders on or about January 24, 2005.

GENERAL INFORMATION ABOUT THE MEETING

Quorum and Voting Requirements

The Company has one class of Common Stock. Each share of Common Stock is entitled to one vote upon each matter to be voted on at the Annual Meeting. Stockholders do not have the right to cumulate votes in the election of Directors. Only stockholders of record at the close of business on December 20, 2004 (the Record Date) will be entitled to vote at the Annual Meeting. As of the Record Date, there were 404,598,009 shares of Common Stock issued and outstanding.

The accompanying proxy is solicited from the holders of the Common Stock on behalf of the Board of Directors of the Company and is revocable at any time by giving written notice of revocation to the Secretary of the Company prior to the Annual Meeting or by executing and delivering a later-dated proxy via the Internet, telephone or mail prior to the Annual Meeting. Furthermore, the stockholders who are present at the Annual Meeting may revoke their proxies and vote in person. All shares of the Company's Common Stock represented by properly executed and unrevoked proxies will be voted by the Board of Directors of the Company in accordance with the directions given therein. Where no instructions are indicated, properly executed proxies will be voted FOR the proposals set forth in this Proxy Statement for consideration at the Annual Meeting. The Directors expect shares of the Common Stock held by executive officers and Directors of the Company will be voted FOR such proposals. Such shares represent approximately 32 percent of the Common Stock outstanding as of December 20, 2004.

A quorum consisting of at least a majority of shares of Common Stock issued and outstanding must be present at the meeting for any business to be conducted. Shares of Common Stock entitled to vote and represented by properly executed, returned and unrevoked proxies, including shares with respect to which votes are withheld, abstentions are cast or there are broker non-votes, will be considered present at the meeting for purposes of determining a quorum.

Voting Electronically

In order to vote online or via telephone, go to the **www.ProxyVote.com** Web site or call the toll-free number reflected on the enclosed proxy card, and follow the instructions. If you would like to receive future stockholder materials electronically, please enroll at **www.investordelivery.com**. Please have the proxy card you received in hand when accessing the site.

Please refer to the proxy card enclosed herewith or to the e-mail announcement that you may have received for voting instructions. If you choose not to vote electronically, please complete and return the paper proxy card in the pre-addressed, postage-paid envelope provided herewith.

If you elected to receive this Proxy Statement electronically over the Internet and would now like to receive a paper copy of this Proxy Statement so that you may submit a paper proxy in lieu of an electronic proxy, please notify the Secretary of the Company of this request in writing at the address set forth at the top of this page.

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PROPOSAL 1

ELECTION OF DIRECTORS

Board of Directors

The Company's restated certificate of incorporation divides the Company's Board of Directors into three classes, with three Directors per class and with each class being elected to a staggered three-year term. Currently the Company has eight Directors. J. Joe Ricketts, the Company's Chairman and Founder, certain members of his family and trusts established for their benefit (collectively, the Ricketts holders) owned approximately 25.9% of our Common Stock as of the Record Date. Investment funds affiliated with Silver Lake Partners and TA Associates (collectively, the Datek holders) collectively owned approximately 7.5% of our Common Stock as of the Record Date. In connection with the merger of Ameritrade Online Holdings Corp. (AOH) (formerly Ameritrade Holding Corporation) and Datek Online Holdings Corp. (Datek) on September 9, 2002, the Ricketts holders and the Datek holders entered into a stockholders agreement (the Stockholders Agreement), effective September 9, 2002, that obligates the parties to vote their shares in favor of a Board of Directors consisting of nine members, of which three were to be designated by the Ricketts holders, three were to be designated by the Datek holders and three, who are neither affiliates of the Ricketts holders or the Datek holders nor employees of the Company (the Non-affiliated Directors), were to be selected with the agreement of the Ricketts holders and the Datek holders. Under the Stockholders Agreement, the original Datek holders, which included investment funds affiliated with Bain Capital, and the Ricketts holders each had the right to designate three Directors as long as their aggregate ownership of Company Common Stock exceeded a specified threshold. Prior to the Record Date, the original Datek holders' aggregate ownership decreased below the threshold, which has resulted in a reduction in the number of Directors they may designate from three to two. Accordingly, one of the designees of the Datek holders, Stephen G. Pagliuca, will resign as a Director effective immediately prior to the 2005 Annual Meeting and the Datek holders will not have the right to designate a Director for election at the 2005 Annual Meeting. In addition, Bain Capital is no longer a Datek holder under the Stockholders Agreement.

The Board has nominated J. Joe Ricketts and Dan W. Cook III as Class III Directors to be voted upon at the 2005 Annual Meeting, to serve terms ending at the 2008 Annual Meeting. J. Joe Ricketts is a designee of the Ricketts holders and Dan W. Cook III was referred by J. Joe Ricketts, evaluated by a professional search firm and evaluated and recommended by the Nominations Committee. A third Non-affiliated Director has not yet been selected as a Class III Director and the Board is not soliciting proxies for the election of a nominee for such seat at the 2005 Annual Meeting. Proxies cannot be voted for a greater number of persons than the two nominees named.

Michael D. Fleisher, Glenn H. Hutchins and Thomas S. Ricketts are Class I Directors serving terms ending at the 2006 Annual Meeting. J. Peter Ricketts, C. Kevin Landry and Mark L. Mitchell are Class II Directors serving terms ending at the 2007 Annual Meeting. The Board of Directors has determined that Messrs. Cook, Fleisher, Hutchins, Landry and Mitchell are independent as defined in NASD Rule 4200.

This Proxy Statement relates only to the solicitation of proxies from the stockholders with respect to the election of two Class III Directors to be elected by them and the other matters described herein. The Board of Directors knows of no reason either of J. Joe Ricketts and Dan W. Cook III might be unavailable to serve as the Class III Directors, and each has expressed an intention to serve, if elected. If either of J. Joe Ricketts and Dan W. Cook III is unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute nominee as the Board of Directors may recommend. With the exception of the Stockholders Agreement, there are no arrangements or understandings between either of the persons nominated to be a Class III Director and any other person pursuant to which any of such nominees was selected.

The election of a Director requires the affirmative vote of a plurality of the shares of Common Stock present in person or represented by proxy at the meeting and entitled to vote; provided that a quorum of at least a majority of the outstanding shares of Common Stock are represented at the meeting. Shares of Common Stock held by stockholders electing to abstain from voting and broker non-votes will be counted towards the presence of a quorum but will not be considered present and voting. Therefore, abstentions and

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broker non-votes will have no impact on the election of Directors. Proxies submitted pursuant to this solicitation will be voted for the election of each of J. Joe Ricketts and Dan W. Cook III as Class III Directors, unless specified otherwise.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE **FOR** THE ELECTION OF J. JOE RICKETTS AND DAN W. COOK III AS CLASS III DIRECTORS.

The tables below set forth certain information regarding the Directors of the Company.

Nominees to Board of Directors

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Class and Year in Which Term Expires</u>
J. Joe Ricketts	63	Chairman and Founder of the Company	1981	Class III 2008
Dan W. Cook III	70	Senior Advisor, MHT Partners, L.P.	N/A	Class III 2008

J. Joe Ricketts is currently Chairman of the Company's Board of Directors. He also held the position of Chief Executive Officer from 1981 through February 2001, except for the period from March 1999 to May 2000, during which he was Co-Chief Executive Officer, and the period from May 2000 to August 2000, during which he did not hold the position of Chief Executive Officer. In 1975, Mr. Ricketts became associated with the Company and served as a Director and officer. By 1981, Mr. Ricketts acquired majority control of the Company. Prior to 1975, Mr. Ricketts was a registered representative with a national brokerage firm, an investment advisor with Ricketts & Co. and a branch manager with The Dun & Bradstreet Corporation, a financial information firm. Mr. Ricketts served as a member of the District Committee for District 4 of the NASD from 1996 to 1999. Mr. Ricketts received a B.A. in economics from Creighton University. Mr. Ricketts is the father of J. Peter Ricketts and Thomas S. Ricketts.

Dan W. Cook III has been a senior advisor to MHT Partners, L.P., an investment banking firm, since 2001. Mr. Cook is a retired partner of Goldman Sachs & Co., a leading global investment banking firm. Mr. Cook was a general partner with Goldman Sachs from 1977 to 1992 and served as a senior director from 1992 to 2000. Mr. Cook serves on the boards of directors of Centex Corporation and Brinker International, Inc. He also serves on the Executive Board of the Edwin L. Cox School of Business at Southern Methodist University. Mr. Cook received an M.B.A. from Harvard Business School and a B.A. from Stanford University.

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Name	Age	Principal Occupation	Director Since	Class and Year in Which Term Expires
Michael D. Fleisher	40	Executive Vice President and Chief Financial Officer, Warner Music Group Inc.	2002	Class I 2006
Glenn H. Hutchins	49	Managing Director, Silver Lake Partners	2002	Class I 2006
C. Kevin Landry	60	Managing Director and Chief Executive Officer, TA Associates, Inc.	2002	Class II 2007
Mark L. Mitchell	44	Principal, CNH Partners, LLC	1996	Class II 2007
J. Peter Ricketts	40	Executive Vice President, Chief Operating Officer; Vice Chairman and Corporate Secretary of the Company	1999	Class II 2007
Thomas S. Ricketts	39	Chairman and Chief Executive Officer, Incapital LLC	2002	Class I 2006

Michael D. Fleisher was named Executive Vice President and Chief Financial Officer of Warner Music Group Inc., a large privately held independent music company, in January 2005. From August 2004 to January 2005, he was an Executive in Residence at Bain Capital Ventures, where he was involved in sourcing, evaluating, transacting and overseeing investments. Bain Capital Ventures is the venture capital arm of Bain Capital, a private investment firm. Mr. Fleisher was Chairman of the Board of Gartner, Inc., a leading provider of research and analysis on the global information technology industry, from October 2001 to August 2004, and a director and Chief Executive Officer of Gartner from October 1999 to August 2004. From February 1999 to October 1999, he served as Gartner's Chief Financial Officer and Executive Vice President, Finance and Administration. Mr. Fleisher joined Gartner in April 1993. Prior to joining Gartner, Mr. Fleisher worked at Bain Capital, Inc. where he was involved in the buyout of Gartner by management and Bain Capital from Saatchi & Saatchi in October 1990. Prior to working at Bain Capital, Mr. Fleisher was a consultant with Bain & Company, a global business consulting firm. Mr. Fleisher is on the board of NYC 2012, Inc. Mr. Fleisher holds a B.S. in economics from the Wharton School of the University of Pennsylvania.

Glenn H. Hutchins is a Managing Director of Silver Lake Partners, a private equity firm which he co-founded in January 1999. From 1994 to 1999, Mr. Hutchins was a Senior Managing Director of The Blackstone Group, where he focused on private equity investing. Mr. Hutchins is a director of Gartner, Inc. and Seagate Technology. Mr. Hutchins holds an A.B. from Harvard University, an M.B.A. from Harvard Business School and a J.D. from Harvard Law School.

C. Kevin Landry has served as a Managing Director and Chief Executive Officer of TA Associates, Inc., a private investment firm, since its incorporation in 1994. From 1982 to 1994, Mr. Landry served as a Managing Partner of its predecessor partnership. Mr. Landry also is a director of Instinet Group Incorporated. He is a member of the Private Equity Hall of Fame. He is a trustee of the Middlesex School, an Overseer of the Museum of Fine Arts, a member of the Executive Committee of Harvard University's Committee on University Resources and Co-Chairman of the Harvard Boston Major Gifts Committee. Mr. Landry received an M.B.A. from The Wharton School of Finance and a B.A. in Economics from Harvard University.

Mark L. Mitchell has served as a Director of the Company since December 1996 and served as a member of the Company's Board of Advisors in 1993. Mr. Mitchell is a Principal at CNH Partners, LLC, an investment management firm, which he co-founded in 2001. He was a finance professor at Harvard University from 1999 to 2003 and was a finance professor at the University of Chicago from 1990 to 1999. Mr. Mitchell was a Senior Financial Economist for the SEC from 1987 to 1990. He is a member of the Nasdaq Quality of Markets Committee. He was a member of the Economic Advisory Board of NASD from 1995 to 1998.

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Mr. Mitchell received a Ph.D. in Applied Economics and an M.A. in Economics from Clemson University, and received a B.B.A. in Economics from the University of Louisiana at Monroe.

J. Peter Ricketts was named Executive Vice President and Chief Operating Officer of the Company in February 2004. He is also one of three members of the Company's executive management team serving in the Office of the CEO, a consultative group that works closely with the CEO in developing and implementing corporate-wide initiatives. He has served as a Director since 1999, has been Secretary of the Company since May 2001 and also served as Secretary from November 1996 to October 1999. Since joining the Company in 1993, Mr. Ricketts has held various leadership positions, including President of the Private Client Division, Senior Vice President of Strategy and Business Development, Senior Vice President of Product Development and Senior Vice President of Marketing. Mr. Ricketts received an M.B.A. in marketing and finance and a B.A. in biology from the University of Chicago. J. Peter Ricketts is the son of J. Joe Ricketts and the brother of Thomas S. Ricketts.

Thomas S. Ricketts is the Chairman and Chief Executive Officer of Incapital LLC, a company he co-founded in 1999. Incapital is a technologically oriented investment bank focused exclusively on the underwriting and distribution of fixed income products to individual investors. Incapital underwrites for several major U.S. corporations through its InterNotesSM product platform. From 1996 to 1999, Mr. Ricketts was a Vice President and an investment banker for the brokerage division of ABN AMRO. From 1995 to 1996, he was a Vice President at Mesirow Financial. From 1988 to 1994, Mr. Ricketts was a market maker on the Chicago Board Options Exchange. Mr. Ricketts holds an M.B.A. and a B.A. from the University of Chicago. Thomas S. Ricketts is the son of J. Joe Ricketts and the brother of J. Peter Ricketts.

Executive Officers

The Company's executive officers are as follows:

Name	Age	Position
J. Joe Ricketts	63	Chairman and Founder
Joseph H. Moglia	55	Chief Executive Officer
Phylis M. Esposito	53	Executive Vice President, Chief Strategy Officer
Michael R. Feigeles	48	Executive Vice President
Kenneth I. Feldman	40	President, Private Client Division
Kurt D. Halvorson	42	Executive Vice President, Chief Administrative Officer
Asiff S. Hirji	38	Executive Vice President, Chief Information Officer
Ellen L.S. Koplou	45	Executive Vice President and General Counsel
John R. MacDonald	49	Executive Vice President, Chief Financial Officer and Treasurer
Anne L. Nelson	51	Executive Vice President and Chief Marketing Officer
J. Peter Ricketts	40	Executive Vice President, Chief Operating Officer; Vice Chairman and Corporate Secretary

See [Nominees to Board of Directors](#) for information regarding the business experience of J. Joe Ricketts and [Directors Not Standing For Election](#) for information regarding the business experience of J. Peter Ricketts.

Joseph H. Moglia joined the Company as Chief Executive Officer in March 2001. Mr. Moglia joined the Company from Merrill Lynch & Co., Inc., a leading financial management and advisory company, where he served as Senior Vice President and head of the Investment Performance and Product Group for Merrill's Private Client division. He oversaw all investment products, as well as the firm's insurance and 401(k)

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businesses. Mr. Moglia joined Merrill Lynch in 1984 and, by 1988, was the company's top institutional sales person. In 1992 he became head of Global Fixed Income Institutional Sales and in 1995 ran the firm's Municipal division before moving to its Private Client division in 1997. Prior to entering the financial services industry, Mr. Moglia was the defensive coordinator for Dartmouth College's football team. He coached various teams for 16 years, authored a book on football and wrote 11 articles that were published in national coaching journals. Mr. Moglia serves on the boards of directors of AXA Financial, Inc. and of its subsidiary, The Equitable Life Assurance Society of the U.S. Mr. Moglia received an M.S. in economics from the University of Delaware and a B.A. in economics from Fordham University.

Phylis M. Esposito joined the Company as Chief Strategy Officer in July 2001. Ms. Esposito is responsible for corporate strategy, focusing on the promotion and protection of the interests of the Company and its clients as may be affected by industry, regulatory and legislative issues. Ms. Esposito also oversees Investor Relations. From July 2001 to August 2003, Ms. Esposito oversaw mergers and acquisitions, strategic alliances, marketing, business development and corporate communications for the Company. Ms. Esposito has over 25 years of financial markets experience. From 1998 until joining the Company, she served as senior partner and project manager for Mathias & Company, Management Consultants. In that role, she provided strategic advice and business plan implementation to global financial institutions, professional financial service firms and multi-national corporations. Prior to that, she was a Senior Managing Director for Bear Stearns & Company. She was also a founding Partner and Chief Financial Officer for Artemis Capital Group, and a Vice President for Goldman Sachs. Ms. Esposito received an M.B.A. from Columbia University and holds a B.A. from Fordham University.

Michael R. Feigeles joined the Company as Executive Vice President in February 2003. His duties include planning new initiatives for individual investors, including Amerivest™, as well as developing relationships with Ameritrade institutional distribution channels, including financial advisors and institutions. Mr. Feigeles has over 25 years experience in the financial services industry, spent principally with Merrill Lynch from 1978 to 2001. Mr. Feigeles served as a first vice president and senior director of Merrill's Managed Asset Group from 2000 to 2001 and of the Debt Marketing Group from 1999 to 2000. He was a first vice president in Merrill's Global Equity Marketing division from 1990 to 1999. He received an M.B.A. from Pace University in New York and a B.S. in accounting from the University of Maryland.

Kenneth I. Feldman joined the Company as President of the Company's Private Client Division in June 2004. His responsibilities include overseeing and developing the Company's retail client business including its Ameritrade, Ameritrade Ape™, Ameritrade Plus™ and Accutrade products. Mr. Feldman previously served as vice president of marketing at America West Airlines, Inc. from 2002 to 2004, where he was responsible for customer loyalty programs, advertising, business partner development, promotions, creative services and product and consumer marketing. He also held senior management positions in marketing, distribution and market development from 1996 to 2001 for the airline. Prior to America West, Mr. Feldman held various planning, performance management and finance positions with the Frito-Lay division of PepsiCo, as well as financial management positions with General Mills. Mr. Feldman earned a B.A. in economics from Rollins College and an M.B.A. with an emphasis in finance from the University of Chicago.

Kurt D. Halvorson has served as Chief Administrative Officer since June 2001. He is responsible for communication and coordination of the Company's Executive Management Team. In addition, he oversees human resources, corporate communications and facilities and administers corporate audit. Mr. Halvorson served as President of Advanced Clearing, Inc., a subsidiary of the Company, from 1997 to June 2001. He has been with the Company since 1987, also serving as Vice President and General Manager, and Vice President and Controller of Advanced Clearing. Before joining the Company, Mr. Halvorson was a Certified Public Accountant for Deloitte & Touche from 1984 to 1987. Mr. Halvorson is a former industry governor on the board of the Chicago Stock Exchange. He is a past member of the Securities Industry Association Membership Committee and Firm and Industry Analysis Committee (FIAC), and United Way Young Leaders Society. Mr. Halvorson earned his B.S.B.A. from the University of Nebraska in 1983 and is a Certified Public Accountant. In 2000, he graduated from the Securities Industry Institute at the Wharton School at the University of Pennsylvania.

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Asiff S. Hirji joined the Company as Chief Information Officer in April 2003. He is responsible for developing and implementing all Information Technology initiatives at Ameritrade, including business technology planning, application development as well as IT infrastructure and architecture. He is also one of three members of the Company's executive management team serving in the Office of the CEO, a consultative group that works closely with the CEO in developing and implementing corporate-wide initiatives. He joined the Company from Bain & Company, where he led the IT Strategy practice for the company's New York office from 2002 to 2003. Prior to that Mr. Hirji was, from 2000 to 2001, President and Chief Technology Officer for New York-based Netfolio, Inc., an online investment advisor that he took through the entire lifecycle from initial inception to growth and sale. He was also a founding member of the Mitchell Madison Group from 1992 to 2000, the second largest financial services strategic consultancy in the world. Mr. Hirji received an M.B.A from The University of Western Ontario and a B.S. in computer science from The University of Calgary.

Ellen L.S. Koplou has served as General Counsel since June 2001. She oversees the Company's Legal Department. She joined the Company in May 1999 as Deputy General Counsel and was named Acting General Counsel in November 2000. Prior to joining the Company, Ms. Koplou was managing principal of the Columbia, Maryland office of Miles & Stockbridge P.C. where she was responsible for the operations of attorneys and staff and concentrated her practice in the areas of corporate law, e-commerce, technology law, media and commercial contracts. Ms. Koplou graduated cum laude from the University of Baltimore Law School in 1983 where she was a member of the Heusler Honor Society, a Scribes Award winner and a Comments Editor for the Law Review. She earned a B.A. in Government and Politics from the University of Maryland. She has been a member of the Maryland High Technology Council and has lectured extensively on technology-related issues. In 1998, she was selected by The Daily Record as one of Maryland's Top 100 women.

John R. (Randy) MacDonald has served as Chief Financial Officer since March 2000. He oversees all financial operations of the Company, including developing and planning financial transactions and Company-wide fiscal management. He is also responsible for risk management, tax planning and mergers and acquisitions. He is also one of three members of the Company's executive management team serving in the Office of the CEO, a consultative group that works closely with the CEO in developing and implementing corporate-wide initiatives. Recently, he led the integration of Ameritrade and Datek into one company. Prior to joining the Company in March 2000, Mr. MacDonald served in a similar capacity with New York City-based Investment Technology Group, Inc., a leading provider of technology-based equity-trading services and transaction research to institutional investors and brokers. Mr. MacDonald has also held executive positions at Salomon Brothers and Deloitte & Touche. He graduated cum laude from Boston College with a B.S. in accounting.

Anne L. Nelson joined the Company as Vice President of Marketing in November 1999 and was promoted to Chief Marketing Officer in August 2001. As Chief Marketing Officer, Ms. Nelson oversees marketing strategy including television, print and online advertising, brand management, client marketing and database management and acquisition. Previously, she served for six years as the executive vice president of marketing for HSBC Bank USA, where she headed retail, corporate and investment marketing for the United States. Prior to joining HSBC, Ms. Nelson spent 10 years with CoreStates Financial Corp. in a number of senior level positions in their retail marketing, credit card and acquisition divisions. Ms. Nelson received an M.B.A. from Temple University and holds a B.A. from LaSalle College. She completed additional post-graduate studies at the Wharton School of the University of Pennsylvania. In 2000, she was named one of the Top 100 Advertising Executives by *Advertising Age*, and one of the Top 10 Marketers by *Financial Services Marketing*.

Board Meetings and Committees

The Board of Directors conducts its business through meetings of the Board, actions taken by written consent in lieu of meetings and by the actions of its Committees. During the fiscal year ended September 24, 2004, the Board of Directors held six meetings and took action by written consent 12 times. During fiscal year 2004, each Director attended at least 75 percent of the aggregate number of meetings of the Board of

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Directors and meetings of the Committees of the Board of Directors on which he served. Although the Company does not have a formal policy regarding Director attendance at our Annual Meeting of Stockholders, we encourage Directors to attend. Seven of the eight Directors attended the 2004 Annual Meeting of Stockholders.

The Board of Directors has established three Committees: Audit, Compensation and Nominations.

Audit Committee. The functions performed by the Audit Committee are described in the Audit Committee Charter and include (i) overseeing the Company's internal accounting and operational controls as well as its financial and regulatory reporting, (ii) selecting the Company's independent auditors and managing director of corporate audit, and assessing their performance on an ongoing basis, (iii) reviewing the Company's financial statements and audit findings, and taking any action considered appropriate by the Audit Committee and the Board of Directors, (iv) performing other oversight functions as requested by the full Board of Directors and (v) reporting activities performed to the full Board of Directors. The Audit Committee Charter was adopted by unanimous written consent of the Board of Directors on September 5, 2002 and subsequently adopted by the Audit Committee at the October 3, 2002 Audit Committee meeting. The Charter was reviewed and reaffirmed by the Audit Committee at the November 16, 2004 Audit Committee meeting. The Audit Committee Charter is available on the Company's Web site at www.amtd.com. The Audit Committee is currently composed of Messrs. Fleisher, Landry and Mitchell. Mr. Fleisher serves as the Audit Committee's chairman. All current Audit Committee members are independent as defined in the applicable listing standards of The Nasdaq Stock Market. The Board of Directors has determined that each Audit Committee member has sufficient knowledge in financial and auditing matters to serve on the Committee. The Board of Directors has also designated Mr. Fleisher as an audit committee financial expert as defined by the SEC. The Company's Audit Committee met 10 times during fiscal year 2004. The Report of the Audit Committee for the fiscal year ended September 24, 2004 appears under PROPOSAL 2 RATIFICATION OF APPOINTMENT OF AUDITOR .

Compensation Committee. The Compensation Committee reviews and approves broad compensation philosophy and policy and changes in executive salary levels, bonus payments and stock option awards pursuant to the Company's management incentive plans as outlined below. The Compensation Committee is currently composed of Messrs. Hutchins, Mitchell and Pagliuca. Mr. Hutchins serves as the Compensation Committee's chairman. Mr. Pagliuca will resign from the Board of Directors immediately prior to the 2005 Annual Meeting. If elected as a Director at the 2005 Annual Meeting, Mr. Cook will be appointed to replace Mr. Pagliuca on the Compensation Committee. The Compensation Committee Charter is available on the Company's Web site at www.amtd.com. The Company's Compensation Committee met three times during fiscal year 2004. The Report of the Compensation Committee on Executive Compensation appears under EXECUTIVE COMPENSATION .

Nominations Committee. On December 10, 2004, the Board of Directors established a Nominations Committee. The Nominations Committee's purpose is to assist the Board of Directors in fulfilling the Board's oversight responsibilities by (1) identifying individuals qualified to serve on the Board; (2) reviewing the qualifications of the members of the Board and recommending nominees to fill vacancies on the Board; and (3) recommending a slate of nominees for election or reelection as directors by the corporation's stockholders at the annual meeting to fill the seats of directors whose terms are expiring. The Nominations Committee's Charter provides that its members will be independent as defined under applicable Nasdaq Stock Market rules and will not include any Director designated by the Datek holders or the Ricketts holders pursuant to the Stockholders Agreement. The Nominations Committee is currently composed of Messrs. Fleisher and Mitchell. Both current Nominations Committee members are independent as defined in the applicable listing standards of The Nasdaq Stock Market. Mr. Mitchell serves as the Nominations Committee's chairman. The Nominations Committee Charter is available on the Company's Web site at www.amtd.com. Written communications submitted by stockholders pursuant to the Company's Stockholder Communications Policy, recommending the nomination of a person to be a member of the Company's Board of Directors, will be forwarded to the chair of the Nominations Committee for consideration. The Nominations Committee will consider Director candidates who have been identified by other Directors or the Company's stockholders but has no obligation to recommend such candidates for nomination except as may be required by contractual

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obligation of the Company. Stockholders who submit Director recommendations must include the following: (a) a detailed resume outlining the candidate's knowledge, skills and experience, (b) a one-page summary of the candidate's attributes, including a statement as to why the candidate is an excellent choice for the Board, (c) a detailed resume of the stockholder submitting the Director recommendation and (d) the number of shares held by the stockholder, including the dates such shares were acquired. The Company has retained a professional search firm to assist in identifying candidates, performing background research and conducting the interview process.

The Nominations Committee Charter establishes guidelines for identifying and evaluating candidates for selection to the Board as follows:

1. Decisions for recommending candidates for nomination shall be based on merit, qualifications, performance, character and integrity and the Company's business needs and shall comply with the Company's anti-discrimination policies and federal, state and local laws.
2. The composition of the entire Board shall be taken into account when evaluating individual directors, including: the diversity, depth and breadth of knowledge, skills, experience and background represented on the Board; the need for financial, business, financial industry, public company and other experience and expertise on the Board and its committees; and the need to have directors work cooperatively to further the interests of the Company and its stockholders.
3. Candidates shall be free of conflicts of interest that would interfere with their ability to discharge their duties as a director.
4. Candidates shall be willing and able to devote the time necessary to discharge their duties as a director and shall have the desire and purpose to represent and advance the interests of the Company and stockholders as a whole.
5. The Nominations Committee may determine any other criteria.

Notwithstanding any provision to the contrary in the Nominations Committee Charter, when the Company is legally required by contractual obligation to provide third parties with the ability to nominate directors (including pursuant to the Stockholders Agreement discussed under "Stockholders Agreement") the selection and nomination of such directors shall not be subject to the Committee's review and recommendation process.

Stockholder Communications Policy

On November 18, 2004, the Company's Board of Directors established a process for stockholders to send communications to the Board. Stockholders may communicate with any member of the Board of Directors, including the chairperson of any committee, an entire committee or the independent Directors or all Directors as a group, by sending written communications to:

Chief Administrative Officer
Ameritrade Holding Corporation
4211 South 102nd Street
Omaha, Nebraska 68127

A stockholder must include his or her name and address in any such written communication and indicate whether he or she is a Company stockholder.

The Chief Administrative Officer will compile all communications, summarize lengthy, repetitive or duplicative communications and forward them to the appropriate Director or Directors. Complaints regarding accounting, internal controls or auditing will be forwarded to the chair of the Audit Committee. The Chief Administrative Officer will not forward non-substantive communications or communications that pertain to personal grievances to Directors, but will instead forward them to the appropriate department within the Company for resolution. The Chief Administrative Officer will retain a copy of such communications for review by any Director upon his or her request.

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Compensation of Directors

The Company maintains the Ameritrade Holding Corporation 1996 Directors Incentive Plan (the Directors Plan), administered by the Compensation Committee, pursuant to which non-employee Directors are granted various equity awards and may make elections with respect to the payment of their retainers and fees. Specifically, the Directors Plan provides that, upon a non-employee Director's election to the Board for his or her first term, the Director will receive (a) a stock option to purchase such number of shares of the Company's Common Stock as determined by the Chairman of the Board and approved by the Board and (b) an award of restricted stock, the fair market value of which is equal to approximately \$20,000 or such other amount determined by the Board from time to time. Non-employee Directors may also be awarded stock options other than upon their initial election to the Board as determined from time to time by the Board. Awards made pursuant to the Directors Plan will generally vest in substantially equal annual installments over a period of three years, beginning with the first anniversary of the grant date. The exercise price of options granted under the Directors Plan may not be less than the fair market value of a share of the Company's Common Stock on the date of the grant of the option. The expiration date with respect to an award under the Directors Plan is the earlier of the ten-year anniversary of the date on which the award is granted or the one-year anniversary of the date on which the non-employee Director's service as a director of the Company terminates for cause. Options are not exercisable after the expiration date. Restricted stock that is not vested on the expiration date is forfeited.

Employee Directors do not receive compensation for services provided as a Director. Non-employee Directors receive an annual retainer payable in advance. For fiscal year 2004, the annual retainer was \$25,000. Fifty percent of the retainer is payable in cash and fifty percent is payable in the form of Common Stock, provided that, if a Director has met the Company's equity ownership guidelines, the Director may elect to receive all or any portion of the stock retainer in cash. Non-employee Directors receive payments of \$1,500 for quarterly meetings and \$1,000 for Committee meetings, all payable quarterly in arrears in the form of cash or Common Stock at the election of the Director. The foregoing elections and payments are made pursuant to the Directors Plan. Awards for periods of less than 12 months are calculated and determined by the Board.

Pursuant to the Directors Plan, non-employee Directors may elect to defer receipt of all or a portion of the retainer and meeting and Committee fees otherwise payable to the non-employee Director, including those amounts that would otherwise be payable to the non-employee Director in the form of Common Stock. Amounts deferred pursuant to a non-employee Director's election are credited to a bookkeeping account, which consists of a Cash Subaccount reflecting amounts that would otherwise have been payable to the non-employee Director in cash and a Stock Subaccount reflecting amounts that would otherwise have been payable to the non-employee Director in Common Stock. As of the first day of each fiscal quarter, the Cash Subaccount is adjusted to reflect contributions and distributions during the preceding fiscal quarter and is credited with interest computed at the prime rate as reported by the Wall Street Journal for that date (or, if that day is not a business day, the next preceding business day). The Stock Subaccount is credited with stock units as of each day that a deferred amount would otherwise have been payable to the non-employee Director in Common Stock, is charged with stock units as of each day on which amounts are distributed from the Stock Subaccount and is credited with stock units as of each record date to reflect dividends paid, if any, on the Common Stock. For purposes of the adjustments to the Stock Subaccount, one stock unit corresponds to one share of Common Stock.

Deferred amounts are payable to non-employee Directors as of a distribution date elected by the non-employee Director at the time of the deferral. If no distribution date is specified, payments begin as of the first business day of January of the year following the date on which the non-employee Director ceases to be a Director of the Company for any reason. Distributions of deferred amounts can be made in ten annual installments commencing on the distribution date elected. A non-employee Director may also elect to have payments in a lump sum or in any number of annual payments not exceeding ten. If a non-employee Director dies prior to the full payment of his deferral account, the balance will be paid in a lump sum to a beneficiary designated by the non-employee Director. The Compensation Committee may also distribute the full balance of a non-employee Director's deferral account in a lump sum at any time.

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Directors are reimbursed by the Company for travel and entertainment expenses incurred while attending Board or committee meetings or while on Company business, including first class airfare between their home cities and the location of the meeting, business meals while on Company business, ground transportation and miscellaneous expenses such as tips and mileage. Hotel charges are billed directly to the Company for Directors attending Board or committee meetings.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon the Company's review of forms filed by Directors, officers and certain beneficial owners of the Company's Common Stock (the Section 16(a) Reporting Persons) pursuant to Section 16 of the 1934 Act, the Company has identified the following late filings by the Section 16(a) Reporting Persons: Kenneth I. Feldman's Form 3 and one transaction on Form 4 were reported late due to a delay in obtaining a Central Index Key (CIK) number from the SEC for Mr. Feldman.

Stock Ownership of Certain Beneficial Owners and Management

As of the Record Date, there were 404,598,009 shares of Common Stock issued and outstanding. The following table sets forth, as of the Record Date, the beneficial ownership of the Company's Common Stock by each of the executive officers named in the Summary Compensation Table, by Directors and nominees, by each person believed by the Company to beneficially own more than 5 percent of the Company's Common Stock and by all current executive officers and Directors of the Company as a group:

Name	Number of Shares of Common Stock	Percent of Shares of Common Stock
Directors and Executive Officers		
J. Joe Ricketts ⁽¹⁾ , Chairman and Founder	87,565,218	21.5%
Joseph H. Moglia ⁽²⁾ , Chief Executive Officer	10,686,973	2.6%
John R. MacDonald ⁽³⁾ , Executive Vice President, Chief Financial Officer and Treasurer	756,606	*
J. Peter Ricketts ⁽⁴⁾ , Executive Vice President, Chief Operating Officer, Vice Chairman and Corporate Secretary	11,111,921	2.7%
Michael R. Feigeles ⁽⁵⁾ , Executive Vice President	251,000	*
Asiff S. Hirji ⁽⁶⁾ , Executive Vice President, Chief Information Officer	401,212	*
Dan W. Cook III, Director Nominee	0	*
Michael D. Fleisher ⁽⁷⁾ , Director	35,547	*
Glenn H. Hutchins ⁽⁸⁾ , Director	11,495,061	2.8%
C. Kevin Landry ⁽⁹⁾ , Director	18,987,100	4.7%
Mark L. Mitchell ⁽¹⁰⁾ , Director	205,915	*
Stephen G. Pagliuca ⁽¹¹⁾ , Director	33,676	*
Thomas S. Ricketts ⁽¹²⁾ , Director	9,713,243	2.4%
All Directors and Executive Officers as a group ⁽¹³⁾ (18 in group)	144,146,091	34.4%
Other Stockholders		
T. Rowe Price Associates, Inc. ⁽¹⁴⁾ 100 East Pratt Street Baltimore, MD 21202	23,469,847	5.8%
Entities affiliated with Alliance Capital Management L.P. ⁽¹⁵⁾ 1345 Avenue of the Americas, 38th Floor New York, NY 10105	22,920,314	5.7%
Entities affiliated with TA Associates, Inc. ⁽¹⁶⁾ 125 High Street, Suite 2500 Boston, MA 02110	18,967,767	4.7%

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Name	Number of Shares of Common Stock	Percent of Shares of Common Stock
Entities affiliated with Silver Lake Partners, L.P. ⁽¹⁷⁾ 2725 Sand Hill Road, Building C Suite 150 Menlo Park, CA 94025	11,466,209	2.8%
Ricketts Grandchildren Trust ⁽¹⁸⁾	19,008,000	4.7%

* Less than 1 percent of the issued and outstanding shares.

- (1) Shares of Common Stock beneficially owned by Mr. Ricketts consist of 66,254,374 shares held jointly with Marlene M. Ricketts, his spouse, in brokerage margin accounts; 8,186,112 shares held by the Marlene M. Ricketts 1994 Dynasty Trust, over which Mr. Ricketts has sole voting and dispositive power; 8,186,688 shares held by the J. Joe Ricketts 1996 Dynasty Trust, over which Mrs. Ricketts has sole voting and dispositive power; 2,475,000 shares owned by Mr. Ricketts individually but pledged as collateral; 332,352 shares held in the J. Ricketts IRA; 332,352 shares held in the M. Ricketts IRA; 3,750 shares held in Mr. Ricketts' 401(k) account; and 1,794,590 shares issuable upon the exercise of options exercisable within 60 days. Percentage ownership is determined on the basis of 406,392,599 shares of Common Stock, consisting of 404,598,009 shares outstanding and 1,794,590 shares issuable upon the exercise of options exercisable within 60 days.
- (2) Consists of 651,400 shares held by Mr. Moglia individually in a brokerage margin account; 140,000 shares held in trust for the benefit of Mr. Moglia's family; 2,954 shares held in Mr. Moglia's 401(k) account; and 9,892,619 shares issuable upon the exercise of options exercisable within 60 days.
- (3) Consists of 53,005 shares held by Mr. MacDonald individually in IRA accounts; 3,638 shares held by Mr. MacDonald's spouse individually in an IRA account; 10,249 shares held in Mr. MacDonald's 401(k) account; 568,852 shares issuable upon the exercise of options exercisable within 60 days; and 120,862 shares held for the benefit of Mr. MacDonald in a deferred compensation account under the Company's Executive Deferred Compensation Program.
- (4) Consists of 954,387 shares held by Mr. Ricketts individually in a brokerage margin account; 200,410 shares held jointly with Mr. Ricketts' spouse in a brokerage margin account; 19,950 shares held in trusts for the benefit of Mr. Ricketts' children; 68,663 shares in Mr. Ricketts' 401(k) account; 467,985 shares issuable upon the exercise of options exercisable within 60 days; 597,188 shares in the Marlene Ricketts Trust for the benefit of J. Peter Ricketts over which Mr. Ricketts has sole voting and dispositive power; and 8,803,338 shares in the Marlene Ricketts Annuity Trust 2002 #1, Marlene Ricketts Annuity Trust 2003 #1, Marlene Ricketts Annuity Trust 2004 #1 and Marlene Ricketts Annuity Trust 2004 #2 over which Mr. Ricketts has shared voting and dispositive power.
- (5) Consists of 7,700 shares held by Mr. Feigeles individually in a brokerage margin account and 243,300 shares issuable upon the exercise of options exercisable within 60 days.
- (6) Consists of 26,212 shares held for the benefit of Mr. Hirji in a deferred compensation account under the Company's Executive Deferred Compensation Program and 375,000 shares issuable upon the exercise of options exercisable within 60 days.
- (7) Consists of 4,000 shares held by Mr. Fleisher individually; 2,000 shares of restricted stock; 13,333 shares issuable upon the exercise of options exercisable within 60 days; and 16,214 stock units held in a deferred compensation account for Mr. Fleisher.
- (8) Consists of 13,519 shares held by Mr. Hutchins individually; 2,000 shares of restricted stock; 13,333 shares issuable upon the exercise of options exercisable within 60 days; and 11,466,209 shares owned by Silver Lake Partners, L.P. and its affiliated entities (see footnote 17 below). Mr. Hutchins is a Managing Member and officer of the General Partner of Silver Lake Partners, L.P. The shares held individually, restricted shares and shares issuable upon exercise of stock options were awarded to Mr. Hutchins in his capacity as a Director of the Company. Under Silver Lake Partners' arrangements with respect to director compensation, any proceeds from these shares are to be assigned to Silver Lake Technology Management, L.L.C. As a result, Mr. Hutchins disclaims beneficial ownership of these

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shares, except to the extent of his pecuniary interest therein. Mr. Hutchins disclaims beneficial ownership of all shares owned by Silver Lake Partners, L.P. and its affiliated entities, except to the extent of his pecuniary interest therein.

- (9) Consists of 4,000 shares held by Mr. Landry individually; 2,000 shares of restricted stock; 13,333 shares issuable upon the exercise of options exercisable within 60 days; and 18,967,767 shares owned by TA Associates, Inc. and its affiliated entities (see footnote 16 below). The shares held individually, restricted shares and shares issuable upon exercise of stock options were awarded to Mr. Landry in his capacity as a Director of the Company. Under TA Associates' arrangements with respect to director compensation, any proceeds from these shares are to be assigned to TA Associates Management L.P. As a result, Mr. Landry disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein. Mr. Landry disclaims beneficial ownership of all shares owned by TA Associates, Inc. and its affiliated entities, except to the extent of 52,955 shares, which he owns through TA Investors LLC.
- (10) Includes 122,895 shares held by Mr. Mitchell individually in a brokerage margin account; 29,816 shares held by Mr. Mitchell in IRA accounts; 2,000 shares of restricted stock; 39,025 shares issuable upon the exercise of options exercisable within 60 days; and 12,179 shares in the Janet T. Mitchell IRA, over which Mr. Mitchell has shared voting and dispositive power.
- (11) Consists of 18,343 shares held by