

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): May 27, 2020

The Charles Schwab Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

Commission File Number: 1-9700

94-3025021
(IRS Employer
Identification No.)

211 Main Street, San Francisco, CA 94105
(Address of principal executive offices, including zip code)

(415) 667-7000
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - \$.01 par value per share	SCHW	New York Stock Exchange
Depository Shares, each representing a 1/40th ownership interest in a share of 6.00% Non-Cumulative Preferred Stock, Series C	SCHW PrC	New York Stock Exchange
Depository Shares, each representing a 1/40th ownership interest in a share of 5.95% Non-Cumulative Preferred Stock, Series D	SCHW PrD	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Events.

The Charles Schwab Corporation (“Schwab”) has prepared a Supplement to the Joint Proxy Statement/Prospectus for the Special Meeting of Stockholders to be held June 4, 2020, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are attached hereto:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Supplement to the Joint Proxy Statement/Prospectus for the Special Meeting of Stockholders to be held June 4, 2020, dated May 27, 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

Important Information About the Transaction and Where to Find it

In connection with the proposed transaction between Schwab and TD Ameritrade Holding Corporation (“TD Ameritrade”), Schwab and TD Ameritrade have filed and will file relevant materials with the Securities and Exchange Commission (the “SEC”). Schwab has filed a registration statement on Form S-4 that includes a joint proxy statement of Schwab and TD Ameritrade that also constitutes a prospectus of Schwab. The registration statement on Form S-4, as amended, was declared effective by the SEC on May 6, 2020 and Schwab and TD Ameritrade mailed the definitive joint proxy statement/prospectus to their respective stockholders on or about May 6, 2020. INVESTORS AND SECURITY HOLDERS OF SCHWAB AND TD AMERITRADE ARE URGED TO READ THE REGISTRATION STATEMENT, THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders may obtain free copies of the registration statement and the definitive joint proxy statement/prospectus and other documents filed with the SEC by Schwab or TD Ameritrade through the website maintained by the SEC at <http://www.sec.gov> or by contacting the investor relations department of Schwab or TD Ameritrade at the following:

The Charles Schwab Corporation

211 Main Street
San Francisco, CA 94105
Attention: Investor Relations
(415) 667-7000
investor.relations@schwab.com

TD Ameritrade Holding Corporation

200 South 108th Avenue
Omaha, Nebraska 68154
Attention: Investor Relations
(800) 669-3900

Schwab, TD Ameritrade, their respective directors and certain of their respective executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the directors and executive officers of Schwab, and their direct or indirect interests in the transaction, by security holdings or otherwise, is contained in Schwab’s Form 10-K for the year ended December 31, 2019, its proxy statement filed on March 31, 2020 and its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Information regarding the directors and executive officers of TD Ameritrade, and their direct or indirect interests in the transaction, by security holdings or otherwise, is contained in TD Ameritrade’s Form 10-K for the year ended September 30, 2019, as amended, and its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the definitive joint proxy statement/prospectus and other relevant materials filed with the SEC.

No Offer or Solicitation

This communication is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 27, 2020

THE CHARLES SCHWAB CORPORATION

By: /s/ Peter Crawford
Peter Crawford
Executive Vice President and Chief Financial Officer

The Charles Schwab Corporation
211 Main Street
San Francisco, California 94105

**SUPPLEMENT TO THE JOINT PROXY STATEMENT/PROSPECTUS FOR
THE SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 4, 2020**

May 27, 2020

These definitive additional materials amend and supplement the definitive joint proxy statement/prospectus dated May 4, 2020, which is referred to in this supplement as the definitive joint proxy statement/prospectus, initially mailed to stockholders on or about May 6, 2020, by The Charles Schwab Corporation, a Delaware corporation, which is referred to in this supplement as Schwab, for the special meeting of stockholders of Schwab to be held virtually via the Internet on June 4, 2020, at 11:00 a.m., Pacific time, which is referred to in this supplement as the Schwab special meeting. To attend the Schwab special meeting, Schwab stockholders must register in advance at www.schwabevents.com/corporation by June 2, 2020, at 5:00 p.m., Pacific time.

As previously disclosed, on November 24, 2019, Schwab entered into the Agreement and Plan of Merger, which, as amended on May 14, 2020, is sometimes referred to in this supplement as the merger agreement, by and among Schwab, Americano Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Schwab, which is referred to in this supplement as Merger Sub, and TD Ameritrade Holding Corporation, a Delaware corporation, which is referred to in this supplement as TD Ameritrade, pursuant to which Merger Sub will be merged with and into TD Ameritrade, with TD Ameritrade continuing as the surviving corporation and a wholly owned subsidiary of Schwab, in a transaction that is referred to in this supplement as the merger.

The Schwab board of directors unanimously recommends that Schwab stockholders vote “FOR” the approval of the share issuance, “FOR” the approval of the Schwab charter amendment and “FOR the Schwab adjournment proposal.

If any stockholders have not already submitted a proxy for use at the Schwab special meeting, they are urged to do so promptly. No action in connection with this supplement is required by any stockholder who has previously delivered a proxy and who does not wish to revoke or change that proxy.

If you have any questions concerning the merger, the merger agreement, the share issuance, the Schwab charter amendment, the Schwab adjournment proposal, the Schwab special meeting, this supplement or the joint proxy statement/prospectus, or you would like an additional copy of this supplement or the joint proxy statement/prospectus or you need help submitting your proxy for your shares of Schwab common stock, please contact: D.F. King & Co., Inc., toll free at (800) 884-5101 or The Charles Schwab Corporation at investor.relations@schwab.com.

The information contained herein speaks only as of May 27, 2020 unless the information specifically indicates that another date applies.

SUPPLEMENTAL DISCLOSURES TO DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS

This supplemental information should be read in conjunction with the definitive joint proxy statement/prospectus, which should be read in its entirety. To the extent that information set forth herein differs from or updates information contained in the definitive joint proxy statement/prospectus, the information contained herein supersedes the information contained in the definitive joint proxy statement/prospectus. All page references are to pages in the definitive joint proxy statement/prospectus, and any defined terms used but not defined herein shall have the meanings set forth in the definitive joint proxy statement/prospectus.

As of May 26, 2020, eight complaints have been filed by purported TD Ameritrade stockholders in federal court challenging the merger, including (i) *Kent v. TD Ameritrade Holding Corporation et al.*, case number 1:20-cv-00388, filed in the United States District Court for the District of Delaware; (ii) *Stein v. TD Ameritrade Holding Corporation et al.*, case number 1:20-cv-00410, filed in the United States District Court for the District of Delaware; (iii) *Roth v. TD Ameritrade Holding Corporation et al.*, case number 2:20-cv-03425, filed in the United States District Court for the District of New Jersey; (iv) *Litwin v. TD Ameritrade Holding Corporation et al.*, case number 2:20-cv-03569, filed in the United States District Court for the District of New Jersey; (v) *Bernstein v. TD Ameritrade Holding Corporation et al.*, case number 2:20-cv-03695, filed in the United States District Court for the District of New Jersey; (vi) *Garrison v. TD Ameritrade Holding Corporation et al.*, case number 1:20-cv-02850, filed in the United States District Court for the Southern District of New York; (vii) *Paine-Mantha v. TD Ameritrade Holding Corporation et al.*, case number 1:20-cv-00637, filed in the United States District Court for the District of Delaware; and (viii) *Kong v. TD Ameritrade Holding Corporation et al.*, case number 2:20-cv-05970, filed in the United States District Court for the District of New Jersey, which complaints are collectively referred to in this supplement as the federal actions. The complaints name as defendants the members of the TD Ameritrade board of directors and, in the case of two of the actions, Schwab. The complaints generally allege, among other things, that the defendants authorized the filing of a materially incomplete and misleading registration statement. In addition to costs and attorneys' fees, the lawsuits seek to enjoin the vote of TD Ameritrade stockholders and the closing of the acquisition; and in the event the transaction is consummated, to set aside the transaction and/or obtain rescissionary or other damages. TD Ameritrade and Schwab believe that the claims asserted in the lawsuits are without merit.

TD Ameritrade and Schwab believe that no further disclosure is required to supplement the definitive joint proxy statement/prospectus under applicable law. However, to avoid the risk that the lawsuits may delay or otherwise adversely affect the consummation of the merger and to minimize the expense and distraction of defending such actions, TD Ameritrade wishes to voluntarily make the supplemental disclosures related to the merger set forth below. In light of the supplemental disclosures, the plaintiffs in the federal actions have agreed to dismiss their claims with prejudice. Nothing in this supplement shall be deemed an admission of the legal necessity or materiality of any of the disclosures set forth herein.

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 130 by replacing the

third full paragraph with the following (the modified text is shown in bold):

PJT Partners is acting as financial advisor to the strategic development committee in connection with the merger. As compensation for its services in connection with the merger, PJT Partners is entitled to receive from TD Ameritrade (i) \$10 million, which became payable upon the delivery of PJT Partners' opinion to the strategic development committee (and which became payable regardless of the conclusion reached in such opinion) and (ii) additional compensation upon the closing of the merger, the amount of which will be **derived from the product of (a) the exchange ratio, (b) the aggregate number of shares TD Ameritrade common stock issued and outstanding, on a fully diluted basis, as set forth in the merger agreement, and (c) the trailing volume weighted average** trading price of Schwab common stock **over** a certain **ten (10) day** period prior to closing of the merger. As of February 21, 2020, this closing-related fee would have been approximately \$41.9 million **and as of May 22, 2020, this closing-related fee would have been approximately \$30 million**. The strategic development committee has also agreed to cause TD Ameritrade to reimburse PJT Partners for certain out-of-pocket expenses and to indemnify PJT Partners for certain liabilities arising out of the performance of such services (including the rendering of PJT Partners' opinion).

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 133 by replacing the third full paragraph with the following (the modified text is shown in bold):

Piper Sandler is acting as the strategic development committee's financial advisor in connection with the merger and will receive a fee for such services, \$5 million of which was paid by TD Ameritrade to Piper Sandler upon the signing of the merger agreement and the remainder of which is payable and contingent upon the closing of the merger. The portion of the fee payable and contingent upon the closing of the merger will be **derived from the product of (a) the exchange ratio, (b) the aggregate number of shares of TD Ameritrade common stock issued and outstanding, on a fully diluted basis, as set forth in the merger agreement, and (c) the trailing volume weighted average** trading price of Schwab common stock **over** a certain **ten (10) day** period prior to closing of the merger. As of February 21, 2020, this fee would have been approximately \$14.0 million **and as of May 22, 2020, this fee would have been approximately \$10 million**. Piper Sandler also received a \$5 million fee from the strategic development committee upon rendering its opinion (and which became payable regardless of the conclusion reached in such opinion). The strategic development committee has also agreed to cause TD Ameritrade to indemnify Piper Sandler against certain claims and liabilities arising out of Piper Sandler's engagement and to reimburse Piper Sandler for certain of its out-of-pocket expenses incurred in connection with Piper Sandler's engagement.

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 137 by replacing the second paragraph under the section entitled “—Discounted Equity Cash Flow Analysis—TD Ameritrade” with the following (the modified text is shown in bold):

With respect to the discounted equity cash flow analysis based on each of the Case 1 Projections, Case 2 Projections and Case 3 Projections, to calculate the estimated equity value of TD Ameritrade using the discounted equity cash flow method, PJT Partners and Piper Sandler added (a) TD Ameritrade's projected after-tax levered free cash flows for the calendar years 2020 through 2023 for the applicable case to (b) the terminal values of TD Ameritrade as of December 31, 2023, for the applicable case, and discounted such amounts to their present values using a range of selected discount rates. The after-tax levered free cash flows were calculated by taking the non-GAAP adjusted net income, adjusted as applicable for depreciation and amortization and less capital expenditures. The residual value of TD Ameritrade at the end of the projection period, which is referred to in this joint proxy statement/prospectus as the terminal value, was estimated by applying the exit multiple range of 12.0x to 14.0x to TD Ameritrade's projected net income as of December 31, 2023, and an implied perpetuity growth rate of 1.5% for each of the Case 1 Projections, Case 2 Projections and Case 3 Projections. This exit multiple range and implied perpetuity growth rate were chosen by PJT Partners and Piper Sandler based on their respective professional judgments. The after-tax levered free cash flows and terminal values for each of the Case 1 Projections, Case 2 Projections and Case 3 Projections, were then discounted to present value as of December 31, 2019, using discount rates ranging from 8.5% to 10.5%. This range of discount rates was selected based on PJT

Partners' and Piper Sandler's analysis of the weighted average cost of capital of TD Ameritrade, **which was based on, among other things, a capital asset pricing model implied cost of equity calculation.** PJT Partners and Piper Sandler then calculated a range of implied equity values per share of TD Ameritrade common stock by dividing the applicable implied equity value by the fully diluted number of shares of TD Ameritrade common stock **of approximately 544 million** as of November 19, 2019. The following summarizes the results of these calculations:

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 137 by replacing the second paragraph under the section entitled “—Discounted Equity Cash Flow Analysis/Net Present Value Analysis—Schwab” with the following (the modified text is shown in bold):

With respect to the discounted equity cash flow analysis based on the Schwab projections for Schwab, as more fully described in the section entitled “—Schwab Projections for Schwab” of this joint proxy statement/prospectus, to calculate the estimated equity value of Schwab using the discounted equity cash flow method, PJT Partners added (a) Schwab's projected after-tax levered free cash flows for the calendar years 2020 through 2023 to (b) ranges of terminal values of Schwab as of December 31, 2023, and discounted such amounts to their present values using a range of selected discount rates. The after-tax levered free cash flows were calculated by taking the non-GAAP adjusted net income, adjusted as applicable for depreciation and amortization and less capital expenditures. The terminal value of Schwab was estimated by applying the exit multiple range of 15.5x to 17.5x to Schwab's projected net income as of December 31, 2023, and an implied perpetuity growth rate of 3.2%. This exit multiple range and implied perpetuity growth rate were chosen by PJT Partners based on its professional judgment. The after-tax levered free cash flows and terminal values were then discounted to present value as of December 31, 2019, using discount rates ranging from 8.5% to 10.5%. This range of discount rates was selected based on PJT Partners' analysis of the weighted average cost of capital of Schwab, **which was based on, among other things, a capital asset pricing model implied cost of equity calculation.** PJT Partners then calculated a range of implied equity values per share of Schwab common stock by dividing the applicable implied equity value by the fully diluted number of shares of Schwab common stock **of approximately 1,303 million** as of November 19, 2019.

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 139 by replacing the second paragraph under the section entitled “—Illustrative Pro Forma Value Creation Analysis” with the following (the modified text is shown in bold):

PJT Partners and Piper Sandler calculated the implied equity value per share of TD Ameritrade common stock by (1) adding the sum of (a) the implied equity value of TD Ameritrade on a standalone basis using the midpoint value determined in PJT Partners' and Piper Sandler's discounted equity cash flow analysis of TD Ameritrade as described above, being approximately \$23.0 billion, \$27.9 billion and \$29.7 billion, based on each of the Case 1 Projections, Case 2 Projections and Case 3 Projections, respectively, (b) the implied value of a potential renegotiation of the existing insured deposit account agreement with any party, on a standalone basis considering current market conditions, using the midpoint value determined in PJT Partners' and Piper Sandler's discounted equity cash flow analysis of the existing insured deposit account agreement on a standalone basis, being approximately \$2.0 billion, (c) the incremental value (relative to the implied value described in the preceding clause (b)) of the insured deposit account agreement arising from the merger using the midpoint value determined by PJT Partners' and Piper Sandler's discounted equity cash flow analysis of the insured deposit account agreement on a pro forma basis giving effect to the merger, being approximately \$50 million, (d) the implied equity value of Schwab on a standalone basis using the midpoint value determined in PJT Partners' discounted equity cash flow analysis of Schwab as described above, being approximately \$62.6 billion, and (e) the estimated value of the synergies expected to arise from the merger, net of transaction costs, as reflected in the TD Ameritrade estimated synergies, being approximately \$14.0 billion (which was an illustrative case of the estimated value of such synergies calculated by PJT Partners and Piper Sandler on a net present value basis using a discounted cash flow analysis and a sensitivity analysis), (2) dividing such sum by the number of fully diluted shares of Schwab common stock outstanding **of approximately 1,892 million** after giving effect to the merger and (3) multiplying the result by the exchange ratio, which analysis indicated that the merger implied equity value creation per share for holders of TD Ameritrade common stock of approximately \$12.25 or 26.6%, \$5.99 or 10.9% and \$3.81 or 6.5%, based on the Case 1 Projections, Case 2 Projections and Case 3 Projections, respectively.

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 140 by replacing the last two bullet points under the section entitled “—Other Information” with the following (the modified text is shown in bold):

- publicly available Wall Street research analysts' standalone stock price targets in the next 12 months for each of TD Ameritrade common stock and Schwab common stock, which indicated (a) a target stock price range for TD Ameritrade common stock of \$33.00 (**Barclays**) to \$47.00 (**Raymond James**) and (b) a target stock price range for Schwab common stock of \$35.00 (**Barclays and UBS**) to \$50.00 (**Sandler O'Neill**), from which PJT Partners and Piper Sandler calculated an implied exchange ratio range of 0.660x to 1.343x; and
- the **premiums paid in** selected precedent transactions announced in the previous five years involving companies in the financial services industry, which PJT Partners and Piper Sandler, in their respective professional judgment, considered relevant for comparative purposes, the result of which indicated a range of premiums of 7% to 36%, with a median of 20%.

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 150 by replacing the first paragraph under the section entitled “Unaudited Prospective Financial Information—TD Ameritrade Projections for TD Ameritrade” with the following (the modified text is shown in bold):

In connection with the evaluation of the merger, TD Ameritrade senior management prepared certain financial projections for fiscal years 2020 through 2023, referred to in this joint proxy statement/prospectus as the TD Ameritrade base projections, which were provided to the strategic development committee and its financial advisors, as well as to Schwab and its financial advisor. **The TD Ameritrade base projections reflect numerous assumptions and estimates, including with respect to an assumed incremental value of a potential renegotiation or non-renewal of the existing insured deposit account agreement on a standalone basis relative**

to the value of the existing insured deposit account agreement. The assumed incremental value of a potential renegotiation or non-renewal of the existing insured deposit account agreement was calculated based on an arithmetic average of two potential scenarios reflecting, respectively, (i) possible revised terms for the existing insured deposit account agreement in a renegotiation scenario based on prior discussions with TD Bank regarding the existing insured deposit account agreement in the context of the 2021 renewal deadline, including an approximately five to seven basis point net decrease (on a weighted average basis to reflect only balances subject to the existing insured deposit account agreement) for fiscal years 2021 through 2023 in the fees payable by TD Ameritrade to TD Bank on the aggregate daily balance of all deposits relative to the fees under the existing insured deposit account agreement, gradually phased in over two years, which amount reflected the most recent preliminary proposal for a potential renegotiation of the existing insured deposit account agreement made by TD Bank to TD Ameritrade, and (ii) the economic terms that might potentially be obtained from third party sweep arrangements in the context of a possible non-renewal of the existing insured deposit account agreement, based on, among other things, management's analysis of the marketplace and demand for sweep deposits and existing contractual arrangements with third party banks, which economic terms were generally consistent with the economic terms assumed for purposes of the TD Ameritrade projections for TD Ameritrade described below with respect to a potential renegotiation or non-renewal of the existing insured deposit account agreement, including an assumed 30 basis point positive revenue impact to TD Ameritrade in respect of deposit balances no longer subject to the existing insured deposit account agreement beginning in July 2021 and fully phased in by 2026 based on a deposit run-off schedule provided by TD Ameritrade senior management. The TD Ameritrade base projections reflected an assumed level of future growth in deposit balances, with an assumed \$131 billion, \$149 billion and \$170 billion in average total balances for fiscal years 2021, 2022 and 2023, respectively. Based on these assumptions, management assumed for purposes of the TD Ameritrade base projections that a potential renegotiation or non-renewal of the existing insured deposit account agreement could have an estimated incremental net revenue impact (on a pre-tax basis) of approximately \$46 million, \$121 million and \$189 million in fiscal years 2021, 2022 and 2023, respectively. The following table presents a summary of the TD Ameritrade base projections:

	Fiscal Year Ending September 30,			
	2020E	2021E	2022E	2023E
	(dollars in millions)			
<i>TD Ameritrade base projections⁽¹⁾</i>				
Net revenue	\$ 5,143	\$ 5,556	\$ 6,090	\$ 6,766
Adjusted net income ⁽²⁾	\$ 1,611	\$ 1,871	\$ 2,189	\$ 2,588

(1) TD Ameritrade unaudited prospective financial information was prepared as of November 2019.

(2) Adjusted net income is a non-GAAP financial measure. For purposes of the TD Ameritrade base projections, adjusted net income is defined as net income adjusted to remove the after-tax effect of amortization of acquired intangible assets and acquisition related expenses, consistent with Non-GAAP Net Income as such term is defined in the TD Ameritrade 2019 10-K.

Adjusted net income, as presented above, is a non-GAAP financial measure. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. This information was prepared in connection with the evaluation of the merger and not for external disclosure. Additionally, non-GAAP financial measures as presented for TD Ameritrade may not be comparable to similarly titled measures reported by other companies.

At the direction of the strategic development committee, three sets of financial projections for calendar years 2020 through 2023, which are referred to in this joint proxy statement/prospectus as the Case 1 projections, the Case 2 projections and the Case 3 projections, respectively and, collectively, as the TD Ameritrade projections for TD Ameritrade, were developed and used by PJT Partners and Piper Sandler, in each case reflecting certain adjustments to the TD Ameritrade base projections (including adjustments to calendarize such TD Ameritrade base projections by taking 75% of the current fiscal year forecast and 25% of the subsequent fiscal year forecast to arrive at the applicable calendar year forecast for the TD Ameritrade projections for TD Ameritrade). The TD Ameritrade projections for TD Ameritrade were approved by the strategic development committee for PJT Partners' and Piper Sandler's use for the purpose of performing financial analyses in connection with their respective fairness opinions. See "—Opinions of the Strategic Development Committee's Financial Advisors" beginning on page 127 of this joint proxy statement/prospectus.

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 150 by replacing the second paragraph under the section entitled “Unaudited Prospective Financial Information—TD Ameritrade Projections for TD Ameritrade” with the following (the modified text is shown in bold):

The Case 3 projections were developed based on the TD Ameritrade base projections, adjusted **to exclude the assumed incremental value of a potential renegotiation or non-renewal of the existing insured deposit account agreement on a standalone basis as estimated by TD Ameritrade senior management and reflected in the TD Ameritrade base projections. The Case 3 projections instead include an adjustment to incorporate the assumed incremental value of a potential renegotiation or non-renewal of the existing insured deposit account agreement relative to the value of the existing insured deposit account agreement based on an assumed 30 basis point positive revenue impact to TD Ameritrade in respect of deposit balances no longer subject to the existing insured deposit account agreement beginning in July 2021 and fully phased in by 2026 based on a deposit run-off schedule provided by TD Ameritrade senior management, and assuming \$104 billion in total balances for purposes of such incremental value calculation with no incremental value attributed to future growth in such deposit balances.** These assumptions related to the value attributed to **a potential renegotiation or non-renewal of the existing insured deposit account agreement on a standalone basis, which were applied consistently across all of the TD Ameritrade projections for TD Ameritrade,** were approved by the strategic development committee for PJT Partners’ and Piper Sandler’s use based on, among other things, the substantial work and analysis performed by the strategic development committee, its members and the outside independent directors committee of the TD Ameritrade board of directors over a multi-year period in analyzing the marketplace and demand for sweep deposits, with the advice and analysis of their financial advisors, and the strategic development committee’s resulting knowledge of and familiarity with that marketplace.

The definitive joint proxy statement/prospectus is hereby amended and supplemented on page 152 by adding the following new paragraph as the final paragraph under the section entitled “Unaudited Prospective Financial Information—TD Ameritrade Projections for TD Ameritrade”:

As more fully described in the section entitled “Opinions of the Strategic Development Committee’s Financial Advisors—Summary of PJT Partners’ and Piper Sandler’s Financial Analyses—Illustrative Pro Forma Value Creation Analysis,” PJT Partners and Piper Sandler calculated an implied value of a potential renegotiation of the existing insured deposit account agreement with any party, on a standalone basis considering current market conditions, of approximately \$2.0 billion, which calculation reflected the assumed 30 basis point positive revenue impact and other assumptions for the TD Ameritrade projections for TD Ameritrade described above. PJT Partners and Piper Sandler also calculated the incremental value (relative to (and above) the implied value referred to in the preceding sentence) of the insured deposit account agreement arising from the merger, as more fully described in the section entitled “Opinions of the Strategic Development Committee’s Financial Advisors—Summary of PJT Partners’ and Piper Sandler’s Financial Analyses—Illustrative Pro Forma Value Creation Analysis,” being approximately \$50 million, which calculation reflected the ten basis point decrease in the servicing fee payable by Schwab on deposit balances subject to the insured deposit account agreement relative to the servicing fee under the existing insured deposit account agreement and assumed that the balances subject to the insured deposit account agreement are reduced by \$10 billion each year to a floor of \$50 billion as permitted by the terms of the insured deposit account agreement (with balances no longer subject to the insured deposit account agreement assumed to provide the same assumed 30 basis point positive revenue impact to the combined company as in the standalone scenario).