

**Fitch Affirms and Withdraws Ratings of TD Ameritrade at 'A-'**  
**Wednesday, February 06, 2013 04:37:00 PM (GMT)**

Fitch Ratings has affirmed and simultaneously withdrawn the 'A-' Issuer Default Rating (IDR) and senior unsecured note ratings of TD Ameritrade Holding Corporation (AMTD). The ratings of the issuer and debt instruments are no longer considered by Fitch to be relevant to the agency's coverage. A full list of rating actions follows at the end of this release.

**Sensitivity/Rating Drivers**

The affirmations are based upon AMTD's solid operating performance despite a challenging market environment, adequate liquidity and funding flexibility, relatively low leverage as measured by debt-to-adjusted EBITDA, and their relationship with Toronto Dominion Bank (TD; rated 'AA-/F1+' by Fitch).

Fitch believes that AMTD's liquidity and funding flexibility are adequate and commensurate for its rating category. In fiscal 2012, AMTD generated \$406 million of free cash flow and as of Dec. 31, 2012, the company had \$1.85 billion of cash on their balance sheet with no debt maturities until 2014.

AMTD has operated with relatively low and consistent leverage over the last several years, which Fitch views as appropriate for its rating category. AMTD's leverage as measured by debt-to-adjusted EBITDA was 1.20x at Dec. 31, 2012 compared to 1.07x at Dec. 31, 2011. Fitch notes that adjusted EBITDA is for the trailing twelve months.

Fitch views favorably AMTD's relationship with TD, which owns approximately 45% of the stock of AMTD. This relationship provides AMTD's clients with the ability to sweep cash deposits into one of TD's U.S. banking subsidiaries. AMTD is able to offer a profitable cash investment product, without requiring the company to incur fixed costs or deploy capital needed to support a bank subsidiary. Insured deposit account fees associated with this program represented 31.5% of net revenues in fiscal 1Q'13.

Potential concerns include the challenging market and interest rate environments, which will continue to put pressure on net revenues. Other concerns are related to the potential for technological or operational issues, as a material data breach or trading system disruption at AMTD could result in the loss of a significant number of clients.

AMTD is one of the largest online brokerages in the U.S., and offers low-cost trading in equities, bonds, options, futures, mutual funds, and exchange-traded funds (ETFs) to consumers, with transactions handled in real time. At the end of fiscal 2012, the founding Ricketts family and TD own approximately 15% and 45% of AMTD's outstanding shares, respectively.

Fitch has affirmed the following ratings and simultaneously withdrawn them:

TD Ameritrade Holding Corporation

--Long-term IDR at 'A-';

--Senior unsecured notes at 'A-'.

Additional information is available at [www.fitchratings.com](http://www.fitchratings.com). The ratings above were unsolicited and have been provided by Fitch as a service to investors.

Applicable Criteria and Related Research:

--'Global Financial Institutions Criteria' (Aug. 15, 2012);

--'Securities Firms Criteria' (Aug. 15, 2012).

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=686181](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686181)

Securities Firms Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=686137](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686137)

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