

AMERITRADE HOLDING CORP

Form S-3

October 31, 2003

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As filed with the Securities and Exchange Commission on October 31, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-3
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

Ameritrade Holding Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

82-0543156
(I.R.S. Employer Identification No.)

4211 South 102nd Street

Omaha, Nebraska 68127
(402) 331-7856

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John R. MacDonald

Chief Financial Officer
Ameritrade Holding Corporation
4211 South 102nd Street
Omaha, Nebraska 68127
(402) 331-7856

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of the proposed sale to the public: As soon as practicable after this Registration Statement becomes effective. If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class Of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common stock, par value \$.01 per share	50,755,037	\$13.225	\$671,235,364	\$54,303

- (1) Calculated as the average of the high and low prices as of October 27, 2003, a date within five business days prior to the date of the filing of this registration statement.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on any date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 31, 2003.

44,134,815 Shares

Ameritrade Holding Corporation

Common Stock

The shares of Common Stock are being sold by the selling stockholders identified in this prospectus. We will not receive any of the proceeds from the sale of shares of Common Stock by the selling stockholders.

We have indicated to the underwriters an intention to purchase from the selling stockholders, concurrently with this offering, 7,500,000 shares of Common Stock in a private transaction at the net price sold in this offering.

Our Common Stock is traded on The Nasdaq National Market under the symbol AMTD. The last sale price as reported on NASDAQ on October 30, 2003, was \$13.67 per share.

The underwriters have an option to purchase a maximum of 6,620,222 additional shares from the selling stockholders to cover any over-allotments of shares of Common Stock.

Investing in our Common Stock involves risks. See Risk Factors on page 7.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Stockholders
Per Share	\$	\$	\$
Total	\$	\$	\$

Delivery of the shares of Common Stock will be made on or about _____, 2003.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Credit Suisse First Boston

Citigroup

The date of this prospectus is _____, 2003.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any prospectus supplement and the information incorporated by reference in them may contain forward-looking statements within the meaning of the federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the federal securities laws. In some cases, you can identify these statements by our use of forward-looking words such as may, will, should, anticipate, estimate, expect, plan, believe, predict, potential and intend. You should be aware that any other forward-looking statements in these documents only reflect our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Actual events or results may differ materially from our expectations. Important factors that could cause our actual results to be materially different from our expectations include, but are not limited to:

a significant downturn in the securities markets over a short period of time or a sustained decline in securities prices and trading volumes;

the effects of our competitors' pricing;

changes in revenues and profit margin due to cyclical securities markets and interest rates;

computer system failures;

trading volumes in excess of our capacity;

evolving regulation and changing industry customs and practices adversely affecting us;

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the effects of our principal stockholders, who are parties to a stockholders agreement, owning a significant percentage of our stock;

product and service decisions and intensified competition;

adverse results of litigation; and

other risks and uncertainties set forth under the heading "Risk Factors" on page 7 of this prospectus.

We undertake no obligation to update or revise publicly any forward looking statements, whether as a result of new information, future events or otherwise.

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information appearing elsewhere in this prospectus or incorporated by reference into this prospectus, including the section entitled Risk Factors. Unless the context otherwise requires, references in this prospectus to Ameritrade, we, us or our or similar terms refer to Ameritrade Holding Corporation and its consolidated subsidiaries. Common Stock amounts referenced in this prospectus do not include the over-allotment option.

Ameritrade Holding Corporation

Our Business

We are a leading provider of securities brokerage services and technology-based financial services to retail investors and business partners, predominantly through the Internet. Our services appeal to a broad market of independent, value conscious retail investors, traders, financial planners and institutions. We use our low-cost platform to offer brokerage services to retail investors and institutions under a commission structure that is generally lower and simpler than that of most of our competitors.

We have been an innovator in electronic brokerage services since being established in 1971. We were the first brokerage firm to offer the following products and services to retail clients: touch-tone trading; trading over the Internet; unlimited, streaming, free real-time quotes; real-time portfolio management tools; extended trading hours; direct access; and commitment on the speed of execution. Since initiating online trading, we have dramatically increased our number of brokerage accounts, average daily trading volume and total assets in client accounts. As of September 26, 2003, we had approximately 3 million client accounts, compared to 98,000 as of September 26, 1997. We have also built and continue to invest in a proprietary trade processing platform that is both cost efficient and highly scalable, significantly lowering our operating costs per trade. In addition, we have made significant and effective investments in building the Ameritrade brand.

For the fiscal year ended September 26, 2003, we had net revenues of \$713 million and net income of \$137 million.

Our Market Opportunity

The retail brokerage industry is comprised of companies that employ two primary delivery channels: online delivery and offline delivery utilizing financial consultants. The number of client accounts in the online segment of the retail brokerage industry has grown rapidly over the past five years. A number of factors have contributed to this growth, including:

Increased consumer acceptance of and confidence in the Internet as a reliable, secure and cost-effective medium for financial transactions;

The availability of financial information online, including research, real-time quotes, charts, news and company information;

The growth in high-speed Internet access by US households;

The appeal of online trading to investors based on lower commissions, greater range of investment alternatives and greater control over investment decisions; and

The growth in equity ownership by individual investors.

Our Competitive Strengths

We are a Market Leader with Strong Brand Awareness. We are a leader in the online brokerage industry. For each of the quarters in fiscal 2003, we ranked number one in average online equity trades per day when compared to our publicly traded competitors. Due to our market position, industry experience and advertising efforts, we have developed a strong brand identity and a suite of

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products and services that is widely recognized in the retail brokerage market. Since introducing the Ameritrade brand in October 1997, we have invested approximately \$640 million in advertising programs designed to further enhance our brand recognition. Our brand recognition enables us to attract new clients and retain existing clients, as well as to accelerate the adoption of new products and services. Over the past six years, we have added over 1.8 million accounts through internal growth.

We Deliver a Superior Value Proposition to Our Clients. A large segment of the overall investor base is self-directed and price conscious, and can receive superior service at substantially reduced commissions, through our services. We provide our clients with simple, transparent pricing without per share charges and minimum trade volumes. In addition, we provide them with convenient access to information and advanced trading tools, as well as superior execution and an enjoyable investing experience. As a result, we are able to compete effectively with both online and offline brokerage service providers for new clients.

We are a Low Cost Provider. Due to our primary focus on the online brokerage model, we are one of the most operationally efficient providers of brokerage services in the industry. Our scalable technology infrastructure provides for highly automated trade execution and service delivery. As a result, during the last two quarters ended June 27, 2003 and September 26, 2003 our pre-tax margins, which averaged approximately 45%, were the highest of any of our publicly traded competitors and we have positioned ourselves to maintain profitability even in difficult markets.

We have a Sophisticated, Scalable Technology Infrastructure. We have been a technological innovator throughout our history, and have developed and integrated a sophisticated, scalable technology infrastructure. This infrastructure enables us to provide superior features, speed, reliability and execution for our clients, as well as generate significant operating leverage. We continue to expand and enhance our feature set and service delivery, enabling our clients to optimize their trading experience. In addition, we continue to improve the scalability of our infrastructure. Our current capacity for trades is approximately 350,000 trades per day. Because of the scalability of our system, we believe that we would be able to increase capacity to approximately 600,000 trades per day at an estimated cost of \$10 million.

We Possess Strong Acquisition Execution and Integration Capabilities. We have pursued a highly effective acquisition strategy and have demonstrated a strong ability to execute acquisitions and integrate them quickly and successfully. The largest of these transactions was the September 2002 merger with Datek Online Holdings Corp. Our acquisitions have significantly accelerated our growth rate, resulting in greater leverage from scale economies than we would have otherwise achieved without the acquisitions. In addition, we have been able to extract significant operating synergies from our acquisitions, resulting in even higher post-acquisition profit margins and returns on investment. For example, following the Datek merger we realized \$188 million of pre-tax synergies in fiscal 2003 and expect an incremental \$57 million in pre-tax synergies in fiscal 2004.

Our Strategy

Our business strategy is to continue to capitalize on the projected growth of the online brokerage industry and leverage our low-cost infrastructure to grow market share and profitability. We strive to enhance the client experience while delivering greater value to stockholders. Elements of our strategy include the following:

- Continue to strengthen our market position in the active trader segment;
- Increase revenue from existing clients by increasing our share of their financial assets;
- Leverage our infrastructure to generate additional economies of scale; and
- Pursue acquisitions to increase our growth opportunities.

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Address

We maintain a Web site where additional information concerning our business can be found. The address of that Web site is www.amtd.com. We make available free of charge on our Web site our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practicable after we electronically file or furnish such materials to the SEC.

Other than this prospectus and any registration statement of which it forms a part, each in electronic format as filed with the SEC, the information on any Web site is not a part of this prospectus or any registration statement of which it forms a part.

Our address is 4211 South 102nd Street, Omaha, NE 68127. Our telephone number is (402) 331-7856.

Recent Developments

On October 23, 2003, we redeemed all of the approximately \$46.3 million in aggregate principal amount outstanding of our 5.75% convertible subordinated notes due August 1, 2004 for \$46.8 million in cash.

On October 21, 2003, we announced our results for the quarter and fiscal year ended September 26, 2003. We reported:

net revenues of \$197 million for the quarter and \$713 million for the fiscal year;

pre-tax income of \$92 million for the quarter and \$227 million for the fiscal year;

net income of \$55 million for the quarter and \$137 million for the fiscal year;

average trades per day of 158,000 for the quarter and 143,000 for the fiscal year;

76,000 new accounts for the quarter at an average cost per account of \$195 with 41,000 net new accounts;

330,000 new accounts for the fiscal year at an average cost per account of \$274 with 172,000 net new accounts; and

client assets of \$55 billion at the end of the fiscal year.

On October 2, 2003, we announced the signing of a definitive agreement to acquire approximately 11,500 online retail accounts from BrokerageAmerica LLC. The transaction is expected to close during the first half of fiscal 2004.

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Issuer	Ameritrade Holding Corporation
Common Stock offered to public by selling stockholders	44,134,815 shares (1)
Over-allotment option from selling stockholders	6,620,222 shares
Common Stock to be repurchased from the selling stockholders concurrently with this offering	7,500,000 shares
Common Stock to be outstanding after the offering (2)	422,284,514 shares
Use of proceeds	We will not receive any of the proceeds from the sale of the shares. The selling stockholders will receive all of the net proceeds from the sale of shares of our Common Stock offered by this prospectus.
Nasdaq symbol	AMTD

- (1) This amount consists of the number of shares set forth across from the following groups of selling stockholders:

entities affiliated with Bain Capital 19,154,717 shares

entities affiliated with Silver Lake Partners 12,998,437 shares

entities affiliated with TA Associates, Inc. 8,712,558 shares

members of the Ricketts family 3,269,103 shares

- (2) After the repurchase from the selling stockholders of 7,500,000 shares of Common Stock by us in a private transaction concurrently with the offering.

The number of shares to be outstanding after this offering is based on the number of shares of Common Stock outstanding as of September 26, 2003 less the shares to be repurchased by us concurrently with this offering. The total number of shares to be outstanding after this offering does not reflect:

Approximately 30.9 million shares of our Common Stock issuable upon exercise of outstanding stock options as of September 26, 2003 (of which approximately 13.9 million are exercisable and approximately 17.0 million are not exercisable). The outstanding options have a weighted average life of 7.5 years and a weighted average exercise price of \$6.13 per share; and

Approximately 28.6 million shares of our Common Stock available for future issuance under our existing stock option plan as of September 26, 2003.

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The following table sets forth, for the periods and at the dates indicated, our consolidated financial data. The information set forth below is qualified by reference to and should be read in conjunction with our audited consolidated financial statements and the related notes in our Annual Report on Form 10-K for the year ended September 27, 2002 and in our Quarterly Report on Form 10-Q for the quarter ended June 27, 2003, which are incorporated by reference in this prospectus.

	Nine Months Ended		Fiscal Year Ended*				
	June 27, 2003(2)	June 28, 2002(3)	Sept. 27, 2002(2)(3)	Sept. 28, 2001(3)	Sept. 29, 2000	Sept. 24, 1999	Sept. 25, 1998
(In thousands, except per share amounts and operating data)							
Consolidated Statements of Operations Data:							
Revenues:							
Commissions and clearing fees	\$ 337,899	\$ 186,242	\$ 252,526	\$ 269,384	\$ 389,742	\$ 188,082	\$ 84,509
Interest revenue	122,765	85,371	116,345	191,530	242,819	116,162	66,716
Equity income from investments							5,083
Other	71,455	51,824	74,182	37,763	21,890	10,213	5,956
Total revenues	532,119	323,437	443,053	498,677	654,451	314,457	162,264
Client interest expense	15,447	8,247	12,260	43,947	74,019	42,435	28,373
Net revenues	516,672	315,190	430,793	454,730	580,432	272,022	133,891
Expenses:							
Employee compensation and benefits	139,250	98,368	133,897	144,820	144,883	74,353	36,083
Communications	37,625	27,472	36,091	39,896	36,394	18,591	12,926
Occupancy and equipment costs	43,784	41,474	55,294	60,523	45,249	14,992	7,623
Depreciation and amortization	24,621	20,522	27,945	36,033	21,624	6,753	3,362
Professional services	26,880	16,772	25,088	41,787	71,478	40,644	11,530
Interest on borrowings	3,612	3,978	5,110	11,067	16,412	4,463	905
Loss/(gain) on disposal of property	(5,134)	237	403	999	(552)		
Other	35,231	18,950	29,605	27,364	34,662	34,401	18,112
Advertising	75,542	58,686	72,471	147,975	225,820	59,717	43,614
Gain on sale of investments				(9,692)			(795)
Restructuring and asset impairment charges			63,406	38,268	4,726		
Debt conversion expense				62,082			
Total expenses	381,411	286,459	449,310	601,122	600,696	253,914	133,360
Pre-tax income (loss)	135,261	28,731	(18,517)	(146,392)	(20,264)	18,108	531
Provision for (benefit from) income taxes	53,732	12,006	10,446	(55,215)	(6,638)	6,569	321
Net income (loss)	\$ 81,529	\$ 16,725	\$ (28,963)	\$ (91,177)	\$ (13,626)	\$ 11,539	\$ 210
Basic earnings (loss) per share	\$ 0.19	\$ 0.08	\$ (0.13)	\$ (0.49)	\$ (0.08)	\$ 0.07	\$ 0.00
Diluted earnings (loss) per share	\$ 0.19	\$ 0.08	\$ (0.13)	\$ (0.49)	\$ (0.08)	\$ 0.07	\$ 0.00
Weighted average shares outstanding basic	427,454	215,920	227,327	185,830	175,025	174,342	174,188
Weighted average shares outstanding diluted	430,735	216,664	227,327	185,830	175,025	175,745	174,444
Operating Data:							
Average client trades per day	137,451	82,755	83,890	101,998	114,332	49,305	18,407

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Number of core accounts(1)	2,973,000	1,917,000	2,842,000	1,794,000	1,233,000	560,000	306,000
Assets in client accounts (in billions)	\$ 48.0	\$ 27.5	\$ 33.9	\$ 26.1	\$ 36.0	\$ 22.9	\$ 11.4

(1) Includes core brokerage account base only. Non-core accounts (primarily clearing accounts, stock option administration accounts and bank referral accounts) are not included.

(2) The Datek acquisition was effected September 9, 2002.

(3) Certain items have been reclassified to conform to current year presentation.

* Fiscal 2000 was a 53-week year. All other periods presented are 52-week years.

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