

Edgar Filing: CBOT HOLDINGS INC - Form 425

CBOT HOLDINGS INC
Form 425
June 20, 2007

Filed by Chicago Mercantile Exchange Holdings Inc. pursuant
to Rule 425 under the Securities Act of 1933, as amended, and
deemed filed pursuant to Rule 14a-6 under the
Securities Exchange Act of 1934, as amended.

Subject Company: CBOT Holdings, Inc.

Subject Company's Commission File No.:001-32650

On June 20, 2007, representatives of Chicago Mercantile Exchange Holdings Inc. made the following investor presentation.

June 20, 2007
William Blair & Company
27
th
Annual Growth Stock Conference
Craig Donohue, CEO
Terry Duffy, Executive Chairman

©
Chicago Mercantile Exchange Inc. All rights reserved.

2

Discussion of Forward-Looking Statements

Forward-Looking Statements

This presentation may contain forward-looking information regarding Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings, Inc. and the combined company after the completion of the merger that are intended to be covered by the safe harbor

for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, the benefits of the business combination transaction involving CME and CBOT, including future financial and operating results, the new company's plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based on current beliefs, expectations, forecasts and assumptions of CME and CBOT's management which are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements. Other risks and uncertainties relating to the proposed transaction include, but are not limited to, the satisfaction of conditions to closing; including receipt of shareholder, member, antitrust, regulatory and other approvals on the proposed terms; the proposed transaction may not be consummated on the proposed terms; uncertainty of the expected financial performance of CME following completion of the proposed transaction; CME may not be able to achieve the expected cost savings, synergies and other strategic benefits as a result of the proposed transaction; the integration of CBOT with CME's operations may not be successful or may be materially delayed or may be more costly or difficult than expected; general industry and market conditions; general domestic and international economic conditions; and governmental laws and regulations affecting domestic and foreign operations.

For more information regarding other related risks, see Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2006 and Item 1A of CME's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007. Copies of such documents are available online at <http://www.sec.gov> or on request from the CME. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation. Except for any obligation to disclose material information under the Federal securities laws, CME undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.

Statements included in this document relating to the ICE offer reflect the views of CME's management.

Certain Information Regarding the Tender Offer after Closing of the Transaction

The information in this document describing CME's planned tender offer following closing of the proposed transaction is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell shares of CME's common stock in the tender offer. The tender offer will be made only pursuant to an Offer to Purchase and related materials that CME will distribute to shareholders of the combined company and only if the proposed transaction with CBOT is consummated. Shareholders should read the Offer to Purchase and the related materials carefully when they become available because they will contain important information, including the various terms and conditions of the tender offer. Subsequent to the closing of the proposed transaction with CBOT, shareholders will be able to obtain a free copy of the Tender Offer Statement on Schedule TO, the Offer to Purchase and other documents that CME will file with the SEC free of charge at www.sec.gov or from Chicago Mercantile Exchange Holdings Inc., Shareholder Relations and Membership Services, 20 South Wacker Drive, Chicago, Illinois 60606, Attention: Beth Hausoul.

NOTE:

Unless otherwise noted, all references to CME volume, open interest and rate

per
contract
information
in
the
text
of
this
document
exclude
CME's
non-
traditional
TRAKRS
SM
products,
for
which
CME
receives
significantly
lower
clearing
fees
of
less
than
one
cent
per
contract
on
average,
as
well
as
CME
Auction
Markets
products
and
Swapstream
®
products.
Unless
otherwise
noted,
all
year,
quarter

and
month
to
date
volume
is
through
6/15/07.

June 20, 2007

Introduction

Terry Duffy, Executive Chairman

©
Chicago Mercantile Exchange Inc. All rights reserved.

4
Pro Forma Q107 ADV
6,454
741
3,866

3,866
0
2,000
4,000
6,000
8,000
10,000
12,000
CBOT/CME
Eurex
CBOT/ICE
Euronext.liffe
NYMEX
CME/CBOT Proposed Merger
contracts in 000s
10,320
4,607

Note:

[1] Eurex
and

Euronext.liffe

include
individual

equity
and

equity
index

options

[2] NYMEX includes Clearport

[3] Sources are company press releases and analyst presentations

7,295

3,431

1,512

CME

and

CBOT

will

create

the

largest

exchange

in

the

world

©
Chicago Mercantile Exchange Inc. All rights reserved.
5
CME/CBOT Proposed Merger

Greater immediate and long term growth
opportunities

Greater synergy potential than ICE offer

Minimal execution risk

Unique benefits for members and
customers

Best strategic alternative

Most long term value

June 20, 2007
CME Overview
Craig Donohue, CEO

©
Chicago Mercantile Exchange Inc. All rights reserved.

7
0
2,000
4,000
6,000

8,000
CME Globex
®
CME Average Daily Volume
Open Outcry
Privately Negotiated
(contracts in 000 s)
6,358
03
02
01
00
04
917
74%
05
06
07
May07 ADV 6.1M
3
rd
highest month
Jun07 ADV to date
9.1M
2H
May
07
1H
May
07
2H
Apr
07
1H
Apr
07
Jun
07
to date
9,120
(contracts in 000 s)
Annual
Long Term
Monthly
Short Term
4,537
Reached daily open
interest record of
near 61M in June
0

2,000
4,000
6,000
8,000
10,000

©
Chicago Mercantile Exchange Inc. All rights reserved.

8
CME's Growth Strategy

Globalizing our business

Being a leading service provider of
transaction processing services

Expanding into over-the-counter/spot
markets

Leading product and technology innovation
CME will be the leading global derivatives company by:

©
Chicago Mercantile Exchange Inc. All rights reserved.

9
Core Business Growth Driver -
CME Electronic Options

0
40

80
120
160
Electronic E-mini
Equity Options ADV
*Based upon annualizing current YTD ADV
Potential annual revenue opportunity from full migration
*250M Contracts
30¢+/
contract
X
=
\$75M+
Eurodollar options
example
0
30
60
90
120
Electronic Eurodollar
Options ADV
JUN
07
FEB
07
APR
07
JAN
07
MAR
07
MAY
07
JUN
07
FEB
07
APR
07
JAN
07
MAR
07
MAY
07
115K
156K

©
Chicago Mercantile Exchange Inc. All rights reserved.
10
Globalizing Our Business
CME Globex live
access from more
than 80 countries

7 European/
Asian hubs

Regionally focused
sales, education and
marketing to key targets

Broadening relationships
in emerging markets
CME provides access to highly liquid markets across all major
asset classes on an industry leading technology platform

Interest rates

Equities

Foreign exchange

Agricultural commodities

Alternative investments

Energy

Metals

©
Chicago Mercantile Exchange Inc. All rights reserved.
11

Future opportunities in
Asia, South America and
possibly Europe

Leading Service Provider in Transaction Processing

Treasuries

Ags

Equities

Metals

Energy

Metals

Soft Commodities
Transaction Processing
Customer Benefits

Scalable platforms

Advanced functionality

CME customer service
standards

Broad distribution/network
effects

Proven integration/ time-to-
market advantages

Increased profit potential
through CME scale
advantages

©
Chicago Mercantile Exchange Inc. All rights reserved.
12
WTI ADV
NYMEX on CME Globex Leads Electronic Energy Trading
(notionally adjusted;
contracts in thousands)

NYMEX WTI
on CME Globex
ICE WTI
0
160
320
480
640
Total Energy ADV
(contracts in thousands)
Q3
06
Q4
06
Q1
07
Q2
07
to date
NYMEX Energy
on CME Globex
ICE Futures
601
523
0
100
200
300
400
Q3
06
Q4
06
Q1
07
Q2
07
to date
370
189

©
Chicago Mercantile Exchange Inc. All rights reserved.
13
Significant Opportunities In Larger OTC/Spot Markets

OTC Foreign Exchange

OTC Interest Rate Swaps

1,880

1,025

498

80

53

Global

FX

OTC

Interest Rates

US

Treasuries

US

Equities

Europe, Middle East

& Africa

Equities

Average Daily Turnover

(\$ in billions)

Source: BIS 2004 Triennial Survey, SIA, Federal Reserve Bank of New York & World Federation of Exchanges
Celent Report

©
Chicago Mercantile Exchange Inc. All rights reserved.
14
OTC/Spot Market Opportunities

Client acquisition and participation on the platform
is continuing to diversify; pipeline is strong

Liquidity is building; customers expressing satisfaction with bid/ask spreads and depth of book

Broad geographic reach
Favorable Market Trends

Electronic

Centralized clearing

Algorithmic trading

Transparency/anonymity

0

150

300

450

600

Apr-07

May-07

\$331

\$509

ADV

(notional value in millions, USD)

June ADV

to date

is running

above \$1B

©
Chicago Mercantile Exchange Inc. All rights reserved.
15
0
CME
CBOT
ICE

CBOT

CME/CBOT Proposed Merger

CBOT/CME have much greater presence
across all major asset classes and are well positioned to
leverage significant new growth opportunities

CBOT/ICE

CBOT/CME

Note: CME ADV includes NYMEX products on CME Globex and ICE ADV
includes ICE futures and NYBOT futures and options on futures

Q1 2007 Combined ADV by Product Line (*in 000 s*)

0
2,000
4,000
6,000
8,000
8,000
6,000
4,000
2,000
0
Interest
Rates
Equities
FX
Comm
Energy
Metals
6,671
2,305
555
724
586
154
3,032
142
15
818
531
65
Comm
Energy
Metals
Interest
Rates
Equities
FX

©
Chicago Mercantile Exchange Inc. All rights reserved.
16
\$262,296
\$38,111
\$20,352
\$6,783

\$6,394

\$0

\$50,000

\$100,000

\$150,000

\$200,000

\$250,000

\$300,000

Interest Rate

Market

FX Market

Credit Market

Equity Market

Commodity

Market

Larger, More Valuable OTC Growth Opportunities

ICE

Source: June 2006 Notional Value Outstanding per March 2007 BIS

Quarterly Review

CBOT/CME will have:

Largest global exchange-traded derivatives market

Largest global derivatives clearing house

Largest global exchange-traded derivatives customer
base

Swapstream

IDBs active

in cash

treasuries

Corporate

bond

platforms

Repo

facilities

FX MarketSpace

CME/CBOT is better positioned to immediately pursue the
full scope of OTC growth opportunities

©
Chicago Mercantile Exchange Inc. All rights reserved.
17
CBOT/CME Enhanced Agreement Provides Value
OR
Option 1
Minimum

Guarantee +
Upside
Option 2
Early
Cash-Out
Eligible
full
member
with
ERP
receives
guarantee
of
minimum
value
of
\$250K
with
potential
to
realize
value
substantially
above
through
settlement
or
judgment
Eligible full member with ERP may transfer
ERP interest to CME in exchange for cash
payment
of **\$250K**
(45 days post-closing)
Cash
dividend
of
\$9.14
per
CBOT
share
for
ALL
CBOT shareholders

Full Member/ERP Holder:
27,338 shares = \$250K
PLUS

©
Chicago Mercantile Exchange Inc. All rights reserved.
18
CBOE ERP Implied Equity Value
\$1.5 million
Implied
equity

value
per
membership

[2]

930

1,331

2,261

CBOE Full Members

CBOE ERP holders

Total CBOE potential memberships

\$3.3 billion

Implied

equity

value

of

CBOE

[1]

CBOE Implied Equity Value

\$3.3bn

CBOE Full

Members

41%

ERP

Holders

59%

\$1.9bn

\$1.4bn

[1]

Implied equity value based on Investment Banker market comp analysis; equity value could be higher if value of CBOE is higher

[2]

Assumes ERP CBOE members share equally

Maintains ability to achieve full value of ERP, retain trading right and benefit from upfront dividend payment

©
Chicago Mercantile Exchange Inc. All rights reserved.

19

Summary Timeline

Original merger agreement -

October 17, 2006

ICE offer rejected by CBOT -

May 11, 2007

Revised merger agreement -

May 11, 2007

DOJ clearance of merger agreement -

June 11, 2007

Revised ICE offer rejected -

June 14, 2007

CME/CBOT cash dividend

and ERP solution adopted -

June 14, 2007

CBOT member and

CME/CBOT shareholder votes -

July 9, 2007

Post-close, CME/CBOT in a position to integrate quickly and smoothly, while maintaining focus on growth initiatives

June 20, 2007

Questions?

Craig Donohue, CEO

Terry Duffy, Executive Chairman