

Edgar Filing: CBOT HOLDINGS INC - Form 425

CBOT HOLDINGS INC
Form 425
May 11, 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

CME/CBOT Analyst Call
May 11, 2007

©
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.

©
Chicago Mercantile Exchange Inc. All rights reserved.

3

Transaction Summary

July 2007 (subject to regulatory, shareholder and
CBOT member approvals)

Anticipated Closing:

Accretive to earnings of the combined company on a cash basis within 12 months and on a GAAP basis within 12-18 months after the closing

Expected Accretion:

Terrence A. Duffy, Chairman; Charles P. Carey, Vice-Chairman; Craig S. Donohue, CEO

Management:

For each CBOT share, shareholders will receive 0.3500 CME shares

All stock transaction; cash election eliminated

Consideration:

CBOT can pay quarterly dividend of \$0.29 per share if transaction has not closed prior to end of quarter

Dividend:

30 Directors to include 20 Directors from CME and 10 Directors from CBOT

Board of Directors:

CME Shareholders: 65.4%

CBOT Shareholders: 34.6%

Pro Forma Ownership:

©
Chicago Mercantile Exchange Inc. All rights reserved.

4
Best Strategic Alternative -
Most Long Term Value

Greater immediate and long term growth opportunities

OTC opportunities are larger with CME
Greater diversity of revenue
Complementary products increase revenue/growth synergies
CME and CBOT are operationally superior and can grow from Day 1
Both companies have proven track records of long-term growth

Greater synergy potential
Cost synergies highly certain and realizable
Revenue synergies are larger and more realizable

Minimal execution risk
Flawlessly integrated CCL in 9 months
Flawlessly integrated NYMEX in 2 months
Already have seven months of integration planning for CME/CBOT merger

Unparalleled benefits for members and customers
Trading floor consolidation/expense reduction
Decreases costs for members/member firms
Increases sustainability of open outcry businesses

©
Chicago Mercantile Exchange Inc. All rights reserved.
5
CME
CBOT
ICE
CBOT

Platform for Diversified Growth

CBOT/CME have much greater presence

across all major asset classes

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

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.

6
Pro Forma Q107 ADV
2,773
7,295
6,454

741

3,866

3,866

0

2,000

4,000

6,000

8,000

10,000

12,000

CBOT/CME

Eurex/ISE

CBOT/ICE

Euronext.liffe

NYMEX

Pro Forma ADV

Q107

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

10,068

3,431

1,512

©
Chicago Mercantile Exchange Inc. All rights reserved.

7

Basis for Revised Proposal

Several months of integration planning have
yielded

Expected cost synergies of at least \$150M

Potential revenue and growth synergies of at
least \$75M
Continued efficiencies from clearing services
Speed to integration
accelerated original
trading floor and Globex consolidation dates
Globex
Q1 2008
Trading Floor
Q2 2008

©
Chicago Mercantile Exchange Inc. All rights reserved.

8
Superior Cross-Selling

Product complementarities
significantly increase cross

selling opportunities
Larger and More Certain Revenue Synergies
Greater Product Innovation

Yield curve products

Spread products/functionalities

Strong entry point for credit,
corporate bond and cash
treasury markets
Largest/Most
Scalable Platforms

Trade matching

Clearing processing
Broadest Global Presence

Immediate customer base
growth in 80+ countries

Immediate product/business
development opportunities
\$75M+

©
Chicago Mercantile Exchange Inc. All rights reserved.

9
\$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

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

©
Chicago Mercantile Exchange Inc. All rights reserved.

10

Positioned for Global Growth

CBOT/CME customers in

more than 80 countries

7 European/Asian hubs

CBOT/CME will pursue
relatively untapped
global growth
strengthened by:
A broad product
offering that has wide
global appeal
Expansive distribution
with international hubs
and global customers

©
Chicago Mercantile Exchange Inc. All rights reserved.

11

Fixed Price Tender Offer of \$560 per CME share

Details

The company has committed to commence a cash tender offer up to \$3.5 billion in common stock of the combined company,

or approximately 12% of the combined company's
outstanding shares

Fixed price tender at \$560 per share, contingent upon deal
close

Received financing commitments for \$2.5 billion from Lehman
Brothers which, along with available cash balances, will fund
the tender offer

Benefits

Demonstrates commitment to CME's long-term value creation
opportunities

Improves capital structure, while maintaining strong credit
fundamentals

Returns cash to shareholders in a manner that is expected to
be accretive to the combined company

©
Chicago Mercantile Exchange Inc. All rights reserved.
12

Definitive merger
agreement

Joint proxy/registration
statement declared
effective

DOJ review nearing
completion

Shareholder and member
vote scheduled for
July 9, 2007
Summary -
Transaction Milestones
Operational Milestones
Transaction Milestones

Identified at least
\$150M in expected cost
synergies

Post-merger
management team
announced

CME Globex migration
accelerated to 1Q08

Trading floor
consolidation
accelerated to 2Q08
CBOT/CME have made tremendous progress since October