

Edgar Filing: CBOT HOLDINGS INC - Form 425

CBOT HOLDINGS INC
Form 425
June 07, 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

June 7, 2007
Sandler O'Neill & Partners
eBrokerage and Global Exchange Conference
2007
Jamie Parisi, CFO
Craig Donohue, CEO

©
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
6/5/07.

©
Chicago Mercantile Exchange Inc. All rights reserved.
3
CME's Growth Strategy

Globalizing our business
Providing liquidity in all major asset classes

Expanding our customer base worldwide
Deploying our technology globally

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.

4

CME Globex

®

CME Average Daily Volume

Open Outcry

Privately Negotiated

(contracts in 000 s)

6,118

03

02

01

00

04

917

05

06

07

May07 ADV 6.1M

3

rd

highest month

2H

May

07

1H

May

07

2H

Apr

07

1H

Apr

07

Jun

07

to date

7,846

(contracts in 000 s)

Annual

Long Term

Monthly

Short Term

4,537

0

2,000

4,000

6,000

8,000

74%

0

2,000

4,000

6,000

8,000

©
Chicago Mercantile Exchange Inc. All rights reserved.
5
CME Open Interest
Jun. 5,
2007
Jan. 3,

2007

35.7M

Daily Record

56.3M

46.7M

CME Daily Open Interest

(number of contracts outstanding at day s end)

Mar. 5,

2007

30,000,000

35,000,000

40,000,000

45,000,000

50,000,000

55,000,000

60,000,000

©
Chicago Mercantile Exchange Inc. All rights reserved.

6
Core Business Growth Driver -
CME Electronic Options
CME
Total Options ADV

1,344
Open Outcry
CME Globex
2003
2004
2005
2006
2006 +46%
3-Yr CAGR:
41%

Enhance functionality
RFQ/RFC
Covereds
User-defined spreads

Provide pricing/
incentive and market
maker programs
Discounts announced
for May 1
Dec. 31,
2007

Support new bank and
ISV connectivity

Sell, educate and train
2007
Potential annual revenue
opportunity from full migration
*250M

Eurodollar Options

Contracts

30¢+/

contract

X

=

\$75M+

*Based upon annualizing current YTD ADV

Growth Strategy

0

500

1,000

1,500

12%

©
Chicago Mercantile Exchange Inc. All rights reserved.

7

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.
8

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

May NYMEX energy and metals volume on CME Globex
averaged a record 702,000 contracts per day;
May CBOT volume up 44 percent sequentially

©
Chicago Mercantile Exchange Inc. All rights reserved.

9

Transaction Processing
NYMEX on CME Globex
Total Energy ADV
NYMEX on CME Globex vs. ICE

150
300
450
600
OCT
06
DEC
06
FEB
07
569
273
506
448
APR
07
JUN
07
NYMEX Energy
on CME Globex
ICE Futures
(by month; contracts in thousands)
NYMEX on CME Globex leads electronic energy trading

©
Chicago Mercantile Exchange Inc. All rights reserved.
10
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.

11
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.
12
CME/CBOT Proposed Merger

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 than ICE offer
Cost synergies highly certain and realizable (at least \$150M)
Revenue synergies are larger and we believe are more realizable (at least \$75M)
Best strategic alternative
Most long term value

©
Chicago Mercantile Exchange Inc. All rights reserved.
13
CME/CBOT Proposed Merger

Minimal execution risk
Flawlessly integrated CCL in 9 months

Flawlessly integrated NYMEX in 2 months
Already have over seven months of detailed
integration planning for CME/CBOT merger
Accelerated original trading floor and Globex
consolidation dates

Globex

Q1 2008

Trading Floor

Q2 2008

Unparalleled benefits for members and customers
Trading floor consolidation/expense reduction
Decreases costs for members/member firms
Increases sustainability of open outcry businesses
Best strategic alternative
Most long term value

©
Chicago Mercantile Exchange Inc. All rights reserved.
14
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

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.
15
Superior Cross-Selling

Product complementarities
significantly increase cross

selling opportunities
Significant 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.
16
Summary -
Timeline

Revised merger agreement in place; amended S-4 filed

Substantial Compliance with DOJ process, and review nearing completion

Over the next few weeks, extensive schedule of meetings with CBOT members, FCMs and institutional investors

CME and CBOT shareholder and CBOT member votes scheduled for July 9, 2007

CME will launch cash tender offer at \$560 per share providing a floor at that level following close

Post-close, in position to integrate quickly and smoothly, while maintaining focus on growth initiatives
CME/CBOT have made tremendous progress since October and are nearing completion

June 7, 2007
Questions?
Jamie Parisi, CFO
Craig Donohue, CEO