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CBOT HOLDINGS INC
Form 425
March 23, 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

CBOT/CME: A Superior Combination for
Shareholders, Members and Customers
CBOT Member/Shareholder Meeting March 22, 2007

2

Discussion of Forward-Looking Statements

Forward-Looking Statements

This presentation may contain forward-looking information regarding Chicago Mercantile Exchange Holdings Inc. and CBOT 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

shareholder, member, antitrust, regulatory and other approvals on the proposed terms; the proposed transaction may not be completed

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
CME's
Annual
Report
on
Form
10-K
for
the
fiscal
year
ended
December
31, 2006. Copies
of
said
10-K
is
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
presentation.

Additional Information

CME and CBOT have filed a definitive joint proxy statement/prospectus with the Securities and Exchange Commission (SEC)
proposed transaction. This material is not a substitute for the definitive joint proxy statement/prospectus or any other document
or will file with the SEC. Investors and security holders are urged to read the definitive joint proxy statement/prospectus and all
other
relevant
documents
filed

or
to
be
filed
by
CME
or
CBOT
because
they
contain
or
will
contain
important
information
about

the proposed transaction. The definitive joint proxy
statement/prospectus is, and other documents filed or to be filed by CME and CBOT with the SEC are or will be, available free
charge at the SEC's Web
site (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.

CME
and
its
directors,
executive
officers
and
other
employees
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies
in
connection
with
the
proposed
transaction.
Information
about
CME's
directors
and
executive
officers
is
available
in
the
definitive
joint
proxy statement/prospectus.

Statements
included
in
this
presentation
relating
to
the

ICE
offer
reflect
the
views
of
CME's
management.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Terry Duffy
Executive Chairman, CME

4

A Shared History and Vision for the Future

1848: CBOT founded

derivatives industry is born

1865: CBOT launches first grain futures

1898: Chicago Butter and Egg Board founded

1919: CME established

1972: Financial futures invented
1977: U.S. Treasury futures launched
1981: CME Eurodollar contract launched
1987: CME, CBOT, Reuters pioneer electronic trading
1997: E-mini stock index futures launched
2002: CME becomes a public company
2003: CBOT/CME common clearing link initiated
2005: CBOT becomes a public company
2006: CME and CBOT announce merger plans
Today: we are better together.

Strategic Benefits of CME s

Proposal

Craig S. Donohue CME Chief Executive Officer

6
CBOT/CME: Better Together -
Our View
Strategically
Financially
Operationally
ICE's proposal

exaggerates the estimated synergies
offers CBOT shareholders a weaker currency
will limit CBOT's comparative future growth potential and
value creation opportunities
poses significant execution and integration risks that
could adversely affect customers and shareholders

7
CBOT/CME DOJ Review On Track

ICE's
comments are misleading

We are well advised by anti-trust counsel and leading

economists

We compete in a global market:

Domestic and foreign exchanges

Securities, options and futures exchanges

Cash and OTC derivatives markets

We remain confident that our merger

will close mid-year 2007

8

CBOT/CBOE Exercise Right

ICE has proposed same exact structure

ICE has not offered a specific alternative

ICE has not offered CBOT shareholders a
guarantee

CBOE has not consented to ICE's
proposal

CME will consider an alternative structure if CBOE
confirms preservation of the exercise right
ICE's
proposed structure/transaction
is not a differentiating factor

9
Better Together
Our View
Operationally
Strategically
Financially
Operationally

10
CBOT/CME is Financially Compelling

CME and CBOT are 1
st
and 3
rd

largest exchanges
ICE is 10th

CBOT and CME are the most well diversified
exchanges in the world -
by volume and revenue

ICE has a narrow energy product set

CME offers stronger currency

CME will deliver on synergies

11
CME Q406 ADV
Interest Rates
56%
Equity Mini
30%
Equity Standard

3%
FX
10%
Commodities & Alt
Investments
1%
ICE/NYBOT Q406 ADV
Energy
87%
Soft Commodities
13%
CME Q406
Clearing & Transaction Revenue
Interest Rates

44%
Equity Standard
6%

Equity Mini
32%

FX
16%
Commodities & Alt
Investments

2%
ICE/NYBOT Q406
Clearing & Transaction Revenue
Energy
84%
Soft Commodities
16%

Sources: Company press releases and SEC filings

ICE volume and revenue are limited to the energy and soft commodity markets

Diversity of ADV and Revenue

12
Foreign
Exchange
10%
Eurodollars
29%
Equities

27%
Commodity
& Other

8%
30-Year
Bonds

5%
10-Year
Notes

12%
5-Year
Notes

5%
2-Year
Notes

2%
Other
Interest

Rates

2%
Equities
39%

Eurodollars
44%
Commodities
& Other

2%
Foreign
Exchange
15%

CBOT/CME Product/Revenue Diversity
Strong and broad platform with a diversified product mix

NOTE:
Data as of 1H06.

Commodities
& Other
20%

10-Year
Notes
37%

30-Year
Bonds
13%

Other
Interest
Rates

6%
2-Year
Notes

4%

5-Year

Notes

15%

Equities

5%

CME Standalone

Transaction Revenue Mix

CBOT Standalone

Transaction Revenue Mix

Pro Forma

Transaction Revenue Mix

13

Sources: Company press releases and SEC filings

We Operate in a Global Marketplace

0

1,000

2,000

3,000

4,000

5,000

6,000

5,313

3,269

4,628

2,043

897

604

Note:

Individual equity options excluded

CME is the largest global derivatives exchange and has a strong partnership with the leading energy exchange, while

ICE/NYBOT is not the largest in any segment

Q406 Average Daily Volume

By Exchange

(contracts in thousands)

CME

CBOT

Eurex

ENXT

NYMEX

ICE/

NYBOT

Interest rates

Equities

Foreign exchange

Commodities

Energy

Metals

14
Monthly
Average Daily Volume
Total ICE Futures & NYBOT
(contracts in thousands)
CME FX Volume Equals ICE/NYBOT Total Volume,
and Shows Faster Growth

0
200
400
600
800
JUL
06
SEP
06
NOV
06
JAN
07
MAR
07
529
700
0
200
400
600
800
373
721

Monthly CME FX ADV
vs. NYBOT FX ADV
(contracts in thousands)
CME offers extremely liquid FX markets
FX is CME's third largest
product and is currently averaging the same amount of volume
as all ICE futures and all NYBOT combined

JUL
06
SEP
06
NOV
06
JAN
07
MAR
07
14

CME FX
NYBOT FX
Source: CME data, ICE and NYBOT websites

15

WTI Average Daily Volume

NYMEX on CME Globex vs. ICE

CME Successfully Integrates NYMEX, and Takes
Market Share Back from ICE

(by month; notionally adjusted; contracts in thousands)

0

100
200
300
400
JUN
06
JUL
06
AUG
06
SEP
06
OCT
06
NOV
06
DEC
06
JAN
07
360
38
185
116
NYMEX WTI
on CME Globex
ICE WTI
The
Electronic
Trading
Comparison
FEB
07
MAR
07
To date

Source: Derived from NYMEX web site and CME data

16

In a challenging market, ICE's
unseasoned stock declined 20%

ICE's volatility is 30% higher than
CME's

Since ICE's IPO, ICE's P/E has fluctuated more than 26 points vs. CME's fluctuation of 10 points over the same time period

ICE has a limited track record as a public company
ICE has been public for only 1.5 years (CME has been public for over 4 years)
CME has a history of exceeding earnings expectations

1.
February 21, 2007 represents ICE's all time high share price.

2.
Exchange index includes TSX, OMX, ASX, Hong Kong Exchange, Singapore Exchange, Deutsche Boerse, Euronext, Bursa Malaysia Mercados, ISE and NYSE.

CBOT/CME is Financially Compelling
Indexed Price Performance

Quality of Currency Characteristics

2/21/2007

2/28/2007

3/7/2007

3/14/2007

70

75

80

85

90

95

100

105

Indexed Price

(19.49%)

ICE

(9.16%)

Exchange

Index

(0.58%)

CME

(4.67%)

S&P 500

(1)

(2)

17

CBOT/CME is Financially Compelling

CBOT/CME

will deliver synergies as promised

\$125+ million in estimated annual cost savings expected
to be achieved year two post closing

CBOT/CME

expected to be accretive to GAAP
earnings 12

18 months post close

Cash accretive immediately v. 18 months out w/ ICE

CBOT/CME

offers greater potential revenue
synergies

CBOT/CME

enhances operating leverage

18

We believe that ICE synergies are actually in the
\$60
\$105M range

If ICE s

synergies are not achieved, the implied
value of the ICE currency offered to CBOT
shareholders would be less than the offer price
CBOT/CME is Financially Compelling
ICE claims exaggerated synergies of \$240M

19

CBOT/CME is Financially Compelling

\$100M operational expense synergies are questionable

Limited insight as to how synergies would be achieved

43%

in

expense
reduction
excluding
d&a
is
well
outside
range
of precedents
CME view of ICE expense synergies: \$40M to \$65M

\$90M clearing synergies are unrealistic

No
account
for
significant
expenses
to
handle
increased
clearing
volume
Some of the synergies ICE is claiming could come from CBOT standalone
alternatives
CME
view
of
ICE
clearing
synergies:
\$20M
-
\$40M
ICE claims exaggerated synergies of \$240M

20

CBOT/CME
solidifies combined company's status as the
premier global exchange:
Broadest product line
Deepest liquidity

CBOT/CME

builds on 200+ years of innovation

CBOT/CME

delivers operational, cost efficiencies

CBOT/CME

creates immediate scale advantages

CBOT/CME

strengthens Chicago as leader in derivatives

CBOT/CME

poised to capitalize on growth day one

Consolidation

Transaction Processing

OTC

CBOT/CME is Strategically Attractive

Strong technology and clearing platforms

Vibrant open outcry

21
\$0
\$45,000
\$90,000
\$135,000
\$180,000
\$225,000

\$270,000

Interest

Rates

FX

Credit

Default

Equity-linked

Commodity

CBOT/CME is Strategically Attractive

Source: June 2006 Notional Value Outstanding

per March 2007 BIS Quarterly Review

\$262,296

\$38,111

\$20,352

\$6,783

\$6,394

CBOT/CME better positioned to take advantage

of OTC growth opportunities

Clearing 360

FXMarketSpace FX cash clearing

Interest rates swaps clearing

Alternative Markets

Trading and clearing of

weather, real estate,

economic indexes

commonly traded in

OTC markets

Credit Derivatives

Trading and clearing for the

\$20 trillion (outstanding)

OTC credit derivatives

market

The \$250 trillion

(outstanding) interest

rate swaps market

OTC Cash FX trading -

\$2 trillion in daily turnover

22

CBOT/CME: The Superior Combination

Most significant opportunities for growth

Best ability to execute and integrate

ICE

CME

Broadest global distribution

Most scalable technology
Industry-leading clearing house
Ability to deliver promised synergies
Most robust product line
Greatest operational efficiencies
Stable and tested currency
Proven record as a public company
Most valuable exchange
Shared sense of heritage
Best smoke and mirrors

The CBOT/CME Clearing Advantage
Kim Taylor President, CME Clearing

24

Benefits of the Common Clearing Link

Offers rock solid operational reliability

Provides high degree of risk management and financial integrity

Delivers low-cost services

Leverages scalability and adaptability

25

Clearing: Operational Benefits

NYBOT would need to scale up clearing capacity to accommodate CBOT volume:

By 18+ times to accommodate CBOT ADV on day one

By 30 times to handle peak volume

CME has supported give-up functionality for 15 years &
a 2-way API for the past 5 years
Both are critical to processing CBOT business

CME is experienced with managing mark-to-market
flows more than 40 times NYBOT
ICE lacks operational capacity to clear
business of CBOT s
magnitude

26

Clearing: Risk Management & Financial Integrity

CME offers important innovation over clearing houses
that offer solely net or gross margining:

CBOT house portfolios are margined net by CME

CBOT customer portfolios have the choice between

net margining or gross margining

For some portfolios, net margining is more efficient
and for other portfolios, gross margining is more
efficient

ICE's net margining proposal is a step backwards

27

Clearing: Cost & Capital Efficiencies

The combination of CME & CBOT products under a single clearing house resulted in significant capital savings & efficiency for the market

Potential Margin Efficiencies Lost:

\$700 million-\$1 billion+

Potential Guarantee Fund Requirements:

\$550 million

NYBOT Ad 1

Req:

\$350 million

CME Savings Lost:

\$200 million

Total potential disruption to capital efficiency:

\$1.3 -

\$1.6 billion

ICE cross-margining efficiencies of \$50 million don't
compare to margin efficiencies with CME/CBOT

28

Clearing: Growth Capabilities

CME Clearing already has a strong foundation to continue growing the combined business of the CME & CBOT

Clearing provides the following capabilities to support or

drive growth in our combined business base:

Operational scale

Product scope

Functional richness

Deep risk management experience

OTC growth capabilities (Clearing360)

NYBOT's focus will be on absorbing rather than growing the CBOT business

Five of the top 10 CBOT volume firms are not NYBOT clearing members

Leveraging Operational
Excellence for Customers
Phupinder Gill Chief Operating Officer

30
CME/CBOT Leverages Operational Excellence

Clearing

Technology

Ready to execute

31

Source: CME 2006 and 2003 10Ks, CME press release dated 1/30/07, ICE 8K filed 3/13/07, ICE 2006 10K, ICE S1 filed 3/22/05, and ICE press release dated 2/7/07.

To support scaling of technology infrastructure, CME has averaged \$70M for past 5 years in capital reinvestment, while ICE/NYBOT combined have averaged less than \$20M

Technology Investment Fuels Growth

0

20

40

60

80

100

120

'02

'03

'04

'05

'06

'07

0

20

40

60

80

100

120

'02

'03

'04

'05

'06

'07

CME

ICE/NYBOT

(\$mm)

(\$mm)

Guidance

Guidance

\$110-115

\$88

\$56

\$25-30

\$29

\$21

Capital expenditures

32

CME Globex: High Volume, High Speed

While orders/transactions grew by a factor of 30,
the average round trip time fell 80% from its 2004 level

Monthly Total Order Volume vs. Avg. RTT

0

200,000,000

400,000,000
600,000,000
800,000,000
1,000,000,000
1,200,000,000

0.00

20.00

40.00

60.00

80.00

100.00

120.00

140.00

160.00

180.00

200.00

Total Order Volume

Avg

Futures RTT

Avg

Options RTT

MD Feed Handler

33

CBOT/CME is Financially Compelling

ICE operating margins are the highest of any U.S. exchange, near 70%

Existing ICE clearing costs are 9¢

per side vs. CBOT clearing charge of
6¢
per side

ICE
2006
rate
per
contract

of
\$1.33
does
not
include
recent
price
increase of 6¢

per contract
coincides with LCH Clearing charge
decrease

Rate Per
Contract

Trend
ICE charges customers, on average, more than twice
the CME and CBOT rate per contract

\$0.20

\$0.50

\$0.80

\$1.10

\$1.40

2003

2004

2005

2006

0.691

0.645

0.664

0.702

0.631

0.597

0.517

0.461

1.20

1.33

1.36

1.28

ICE

CME

CBOT

34

Customers Win with CBOT/CME

Retention of common clearing link efficiencies

CBOT/CME retains more than \$1 billion in margining efficiencies v.

ICE/CBOT \$50M

Lower costs for end users and firms

At least \$70M in annual savings

trading floor unification and Globex

ICE transaction requires interfaces and deposits with two clearing houses rather than one, as well as interface to ICE electronic platform

Allows trading of complementary products on a single platform

Provides CBOT customers with deeper liquidity and more trading opportunities from CME Globex functionality, scalability and reliability

Greatly reduces operational and financial risk from migrating clearing
Customers and clearing firms, not ICE/CBOT will bear this risk

35

Calling Them on the (Red) Carpet

ICE claims they will see overwhelming support from the FCM community, from FIA and from Wall Street

We have to ask, why would these constituents who

cheered the common clearing link:

Give back more than \$1 billion in margin efficiencies?

Support the addition of \$550 million in security deposits?

Give up \$70 million in recurring annual cost efficiencies?

Support an exchange with 100% higher rate per trade?

Customers trade more when they save more.

Questions & Answers
CBOT Member/Shareholder Meeting March 22, 2007

37
CBOT/CME: Better Together -
Our View
Strategically
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ICE's proposal

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