CBOT HOLDINGS INC
Form 425
June 28, 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

The Best Combination
June 28, 2007

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Discussion of Forward-Looking Statements
Forward-Looking Statements
This presentation may contain forward-looking information regarding Chicago Mercantile Exchange Holdings Inc. and CBOT
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 sta Such statements are based on current beliefs, expectations, forecasts and assumptions of CME and CBOT s management whic 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, regulatory and other a
proposed transaction may not be consummated on the proposed terms; uncertainty of the expected financial performance of the
completion
of
the
proposed
transaction;
The
combined
company
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 s
operations
with
CME s
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 en recent Quarterly Report on Form 10-Q. Copies of said 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 discl 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.

Additional Information

CME and CBOT have filed a definitive joint proxy statement/prospectus and a supplement thereto with the SEC in connection document is not a substitute for the definitive joint proxy statement/prospectus, as supplemented, or any other documents CME the SEC. Investors and security holders are urged to read the definitive joint proxy statement/prospectus, as supplemented, and or to be filed by CME or CBOT because they contain or will contain important information about the proposed transaction. Th statement/prospectus is, and the supplement thereto and other documents filed or to be filed by CME and CBOT with the SEC are or will be, available free of 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 or from CBOT Holdings, Inc., Attn: Investor Relations, at 141 West Jackson

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 regarding

CME s directors and executive officers is available in CME s proxy statement for its 2007 annual meeting of stockholders, dated March 17, 2007. Additional information regarding the interests of such potential participants is available in the definitive joint proxy statement/prospectus, as supplemented, and the other relevant documents filed with the SEC.

CBOT and its directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies transaction. Information regarding CBOT directors and executive officers is available

in
CBOT s
proxy
statement
for
its
2007
annual
meeting
of
stockholders,
dated
March
29,
2007.
Additional
information
regarding
the
interests
of
such
potential
participants
is
included
in
the
joint
proxy
statement/prospectus
and
the
other
relevant documents filed with the SEC.
Statements
included
in
this
document
relating
to
the
ICE
offer
reflect
the
views
of
CME s

and
CBOT 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
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
U.S.
Securities
Act

of
1933,
as
amended.

The Best Combination
June 28, 2007 Charlie Carey, Terry Duffy and Craig Donohue

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Valuable equity
Strong currency
Best strategic fit
Compelling long-term growth opportunities
Lower risk

Strong trading rights value/income potential
Commitment to hybrid trading model
Maintains pricing differential for members

Flexible and creative ERP solution
Cash dividend + minimum guarantee/payment
Upside: potentially +$1.25M
**
per ERP holder (beyond
guarantee)
$15M cap on litigation expenses removed
CME/CBOT Offer Responds to Your Concerns
**
Assumes CBOE value of $3.3B and CBOT full member with ERP entitled to equal share of value

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CBOT/CME Contributions to the Combined Company
The original and revised CME/CBOT merger agreements were based on information unavailable to analysts (IBES) at the time
Exchange Ratio
0.3500
CBOT Shares Outstanding
53.0

CME Exchange Ratio
0.3500

CME Shares Outstanding
35.1

Shares Issued to CBOT
18.6

Pro Forma CME Group Shares
53.7
CBOT Pro Forma Ownership
34.6%
1 2007 YTD ADV as of June 25, 2007
2 Base case projections from joint proxy/prospectus dated June 5, 2007
3 IBES Consensus estimates as of June 25, 2007
CBOT Contribution %
2007E
2008E
Volume
38.1%
-
Revenue -
Base Case
2
36.0%
34.8%
Net Income -
Base Case
2
32.4%
30.5%
Net Income -
IBES Consensus
3
33.5%
32.2%
CBOT Pro Forma Ownership
34.6%
1
IBES Long-Term Growth Rates
1
CME
23.0%
CBOT
17.0%
Notes:
1) IBES Consensus estimates as of June 25, 2007.

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CME s Offer per Share from CBOT Member Perspective
CME s offer is compelling:
better growth prospects, ERP upside and lower risk
CME
Implied Offer Price (0.35 Rate)*
$189.76
Plus $485m Dividend
$9.14
Plus $3.5B @ $560Tender Offer**
$6.24

Value to all CBOT Shareholders
$205.14
Plus $333m ERP Guarantee
$9.14
Value to Full B1 w/ERP
$214.28
Incremental $1.25m ERP Upside***
$45.72
Potential Full Value
$260.00
*
Implied offer price based on closing price on 6/27/07
**
Reflects difference between closing price on 6/27/07 and $560 multiplied by 0.35 exchange ratio; $3.5B tender offer limited to
***
Assumes CBOE value of $3.3B and CBOT full member with ERP entitled to equal share of value

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CME s Offer per Share Compared to ICE
CME s offer is significantly more compelling than ICE s offer:
better growth prospects, ERP upside and lower risk
ICE
CME
Implied Offer Price (1.42 Rate)*
$214.49
Less Takeover Premium****
-$10.72
Less $294m Breakup Fee
-$5.54
Value to all CBOT Shareholders

$198.23
Plus $666m ICE/CBOE ERP Offer
$18.28
Value to Full B1 w/ERP
$216.51
Incremental $60k ERP Upside*****
$2.21
Potential Full Value
$218.72
Implied Offer Price (0.35 Rate)*
$189.76
Plus $485m Dividend
$9.14
Plus $3.5B @ $560Tender Offer**
$6.24
Value to all CBOT Shareholders
$205.14
Plus $333m ERP Guarantee
$9.14
Value to Full B1 w/ERP
$214.28
Incremental $1.25m ERP Upside***
$45.72
Potential Full Value
$260.00
* Implied offer price based on closing price on 6/27/07
** Reflects difference between closing price on 6/27/07 and $560 multiplied by 0.35 exchange ratio; $3.5B tender offer

limited to 6.25m shares ***Assumes CBOE value of $3.3B and CBOT full member with ERP entitled to equal share of value **** ISS estimated a 5% takeover premium in the 6/27 report and BMO Capital markets analyst Mike Vinciquerra assumed 6/15 ICE s stock price may drop 11% to $135 if the takeover premium

is
taken
out
***** Assumes CBOE
value
of
$3.3B
and
CBOT
full
member
with
ERP
entitled
to
equal
share
of
value.
Incremental
$60K
upside
based
on
difference
between
potential
equity
value
in
the
ICE
ERP
proposal,
less
the
ICE
ERP
guarantee,
on
a
per-share
basis.

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If it became evident ICE would win [CBOT], ICE stock would fall substantially.

~Mike Vinciquerra, BMO Capital Markets (6/15/07)

Takeout speculation has been fueling the stock of late, but we do not believe a takeout is likely near-term. And while fundamentals have been decent, we are not sure they are strong enough to support the stock at current levels.

~Chris Allen, Bank of America (6/14/07)

"We believe that ICE s stock has traded higher [...] in

expectation that ICE would not succeed in its bid attempt and would itself become a takeover target".
~ Niamh
Alexander, CIBC World Markets (6/13/07)
ICE s recent stock price performance has been driven by takeout speculation
CME/CBOT: Analysts
Perspective
Permission to use quotes neither sought nor obtained

9
Strategic Fit and Growth Opportunities
$29.6B
Pro forma Market Capitalization
$2.6B
Combined 2008 Revenues
*
$1.0B
Combined 2008 Income
*
10.3M
Combined Q1 2007 ADV
*Combined revenues and income projected before merger related items according to base case included in joint proxy statemer

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Strategic Fit and Growth Opportunities

+**World s largest exchange and clearing house**
+**Benchmark products in every major asset class**
+**Industry leading trading and clearing platforms**
+**Broadest customer base and global distribution**
network (83 countries)
= Large / Achievable Growth Opportunities

11
0
1,600
3,200
4,800
6,400
$0
$400
$800
$1,200
$1,600
CME
ICE/NYBOT Futures

ICE OTC ADV Commissions
*2007 figure represents OTC YTD May 2007 data
(contracts in 000s)
OTC ADV commissions
($ in 000s)
749
182
$335
$734
*
2000
2001
2002
2003
2004
2005
2006
2007
to date
917
6,372
CME s Long-Term Growth Higher Than ICE s
CME
32% CAGR
ICE/NYBOT
22% CAGR
ICE OTC
17% CAGR

12
0
3,000
6,000
9,000
$0
$400
$800
$1,200
$1,600
*NYBOT Jun07 ADV through Jun 22
CME s Short-Term Growth Significantly Higher
(contracts in 000s)
745

$918
834
8,244
5,522
$711
JAN
07
FEB
07
MAR
07
APR
07
MAY
07
*JUN
07
CME
ICE/NYBOT Futures
ICE OTC ADV Commissions
CME
+49%
ICE/NYBOT
+12%
ICE OTC
-23%
(through May)
OTC ADV commissions
($ in 000s)

13
$0
$50
$100
$150
$200
$250
$300
Growth: Larger, More Valuable OTC Growth Opportunities
Source: June
2006
Notional
Value

Outstanding
per
March
2007
BIS
Quarterly
Review
$262T
$38T
$20T
$7T
$6T
CBOT/CME
Opportunities
ICE
Opportunities

OTC
Foreign
Exchange

OTC
Interest
Rate
Swaps
Credit Default Swaps

Indexes

Baskets

Single Name

OTC
Commodity
Swaps
Interest Rate
Market
FX
Market
Credit
Market
Equity
Market
Commodity
Market
CBOT/CME is
better positioned to
immediately pursue the
full scope of OTC growth

opportunities

14
Growth: FXMarketSpace

Rapid volume growth

Growing customer base

Broad reach
OTC FX Market Trends

Largest OTC market -
$2 trillion/day

15% overall CAGR
1

Electronic

Centralized clearing

Algorithmic trading

Transparency/
anonymity
$0
$150
$300
$450
$600
$750
$900
$1,050
$1,200
$1,350
Apr-07
May-07
June-07
MTD
$331
$509
ADV
(notional value in millions, USD)
$1,071
Sources: [1] CAGRs
are for 2001-2004; Triennial BIS
surveys of FX markets, December 2004

15
Growth: Swapstream

Interest Rate
Swaps
$150 Trillion
Outstanding
5-year CAGR of
28%

Trend towards
electronic trading

Cutting edge functionality

Euro-denominated Swaps

Expanding to U.S. Dollar
products

Launching dealer-to-
client platform in May

Integration of
Swapstream platform
with Clearing360
Market data sourced from Bank for International Settlements

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Growth: Transaction Processing

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

World s largest energy exchange

$51M - 2007 Revenue [1]

10-yr exclusive agreement

Note: [1] Based upon 2007 analyst consensus

Future opportunities in Asia, South America and possibly Europe

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