

CBOT HOLDINGS INC

Form 425

October 17, 2006

Filed by Chicago Mercantile Exchange Holdings Inc. pursuant

to Rule 425 under the Securities Act of 1933, as amended, and

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Subject Company: CBOT Holdings, Inc.

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

Investor Presentation
October 17, 2006

*

* Name effective upon transaction closing.

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Discussion of Forward-Looking Statements
Statements
in
this
news
release
that
are
not

historical
facts
are
forward-looking
statements.
These
statements
are
not
guarantees
of
future
performance
and
involve
risks,
uncertainties
and
assumptions
that
are
difficult
to
predict.
Therefore,
actual
outcomes
and
results
may
differ
materially
from
what
is
expressed
or
implied
in
any
forward-looking
statements.
Among
the
factors
that
might
affect
our
performance

are:
increasing
competition
by
foreign
and
domestic
competitors,
including
new
entrants
into
our
markets;
our
ability
to
keep
pace
with
rapid
technological
developments,
including
our
ability
to
complete
the
development
and
implementation
of
the
enhanced
functionality
required
by
our
customers;
our
ability
to
continue
introducing
competitive
new
products
and
services

on
a
timely,
cost-effective
basis,
including
through
our
electronic
trading
capabilities,
and
our
ability
to
maintain
the
competitiveness
of
our
existing
products
and
services;
our
ability
to
adjust
our
fixed
costs
and
expenses
if
our
revenues
decline;
our
ability
to
continue
to
realize
the
benefits
of
our
transaction
processing
services

provided
to
third
parties;
our
ability
to
maintain
existing
customers
and
attract
new
ones;
our
ability
to
expand
and
offer
our
products
in
foreign
jurisdictions;
changes
in
domestic
and
foreign
regulations;
changes
in
government
policy,
including
policies
relating
to
common
or
directed
clearing;
the
costs
associated
with
protecting
our
intellectual

property
rights
and
our
ability
to
operate
our
business
without
violating
the
intellectual
property
rights
of
others;
our
ability
to
generate
revenue
from
our
market
data
that
may
be
reduced
or
eliminated
by
the
growth
of
electronic
trading;
changes
in
our
rate
per
contract
due
to
shifts
in
the
mix

of
the
products
traded,
the
trading
venue
and
the
mix
of
customers
(whether
the
customer
receives
member
or
non-member
fees
or
participates
in
one
of
our
various
incentive
programs)
and
the
impact
of
our
tiered
pricing
structure;
the
ability
of
our
financial
safeguards
package
to
adequately
protect
us
from
the

credit
risk
of
our
clearing
firms;
changes
in
price
levels
and
volatility
in
the
derivatives
markets
and
in
underlying
fixed
income,
equity,
foreign
exchange
and
commodities
markets;
economic,
political
and
market
conditions;
our
ability
to
accommodate
increases
in
trading
volume
without
failure
or
degradation
of
performance
of
our
systems;
our

ability
to
execute
our
growth
strategy
and
maintain
our
growth
effectively;
our
ability
to
manage
the
risks
and
control
the
costs
associated
with
our
acquisition,
investment
and
alliance
strategy;
industry
and
customer
consolidation;
decreases
in
trading
and
clearing
activity;
the
imposition
of
a
transaction
tax
on
futures
and
options
on

futures
transactions;
and
seasonality
of
the
derivatives
business.
More
detailed
information
about
factors
that
may
affect
our
performance
may
be
found
in
our
press
release
for
the
merger
and
our
filings
with
the
Securities
and
Exchange
Commission,
including
our
most
recent
Quarterly
Report
on
Form
10-Q,
which
is
available
in

the
Investor
Information
section
of
the
CME
Web
site.
We
undertake
no
obligation
to
publicly
update
any
forward-looking
statements,
whether
as
a
result
of
new
information,
future
events
or
otherwise.

Additional Information

This material is not a substitute for the prospectus/proxy statement and any other documents CME and CBOT intend to file with the Securities and Exchange Commission (SEC). Investors and security holders are urged to read such prospectus/proxy statement and any other documents, when available, which will contain important information about the proposed transaction. The prospectus/proxy statement, 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 website (www.sec.gov) or from CME by directing a request to CME, 20 South Wacker Drive, Chicago, IL 60606, Attention: Shareholder Services, or from CBOT by directing a request to 141 West Jackson Boulevard, Chicago, IL 60604, Attention: Investor Relations.

CME, CBOT and their respective directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies from the security holders of CME or CBOT in connection with the proposed transaction. Information about CME's directors and executive officers is available in CME's proxy statement, dated March 10, 2006, for its 2006 annual meeting of stockholders, and information about CBOT's directors and executive officers is available in CBOT's proxy statement, dated March 29, 2006, for its 2006 annual meeting of shareholders. Additional information about the interests of potential participants will be included in the prospectus/proxy statement when it becomes available. This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall it constitute any sale of 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 U.S. Securities Act of 1933, as amended.

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
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.
SM

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Landmark Transaction

Combination will establish the world's largest derivatives exchange and provide significant value to CME's and CBOT's customers and shareholders

Solidifies combined company's status as the premier global exchange

Expands presence in attractive derivatives markets

Positions combined company for continued growth

Creates operational and cost efficiencies for customers

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

Expected to be accretive to earnings
12
18 months post close

Potential revenue opportunities

Enhances operating leverage
Strategically
Attractive
Financially
Compelling

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Transaction Summary

Accretive to earnings 12 -
18 months after the closing

Expected Accretion:

Terrence A. Duffy, Chairman; Charles P. Carey, Vice-Chairman;
Craig S. Donohue, CEO; Bernard W. Dan, Special Advisor

Management:

CME and CBOT members

existing core trading rights will be
preserved

Core Rights:

For each CBOT share, shareholders will receive 0.3006 CME shares, or they may elect Cash with value equal to 0.3006 CME shares based on the ten-day average CME closing price ending 2 days prior to close (subject to proration based on a maximum of \$3 billion of cash)

Consideration Mix:

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

Anticipated Closing:

\$240 million

Reciprocal Break-Up Fee:

\$151.28 per share

(1)

Price Per Share:

29 Directors to include 20 Directors from CME and 9 Directors from CBOT

Board of Directors:

CME Shareholders: minimum of 69% (based on elections)

CBOT Shareholders: up to 31% (based on elections)

Pro Forma Ownership:

Aggregate Consideration:

\$8.0 billion

(1) Based on CME's closing price of \$503.25 on October 16, 2006

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CME and CBOT Shareholder Benefits
Well-Positioned
in Dynamic
Global Industry
Stronger Base
to Build Core
Derivatives
Business
Accretive
Transaction

Platform for
Product
Innovation and
Growth
Substantial
Benefits
Transaction expected to create value for shareholders of
both companies
Synergy
Opportunities
Significant User
Benefits

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Well-Positioned in Dynamic Global Industry
Largest market capitalization among global exchange
participants

NOTE: Market data as of 10/16/06, and market capitalization based on diluted share counts.

1.

Assumes all stock transaction.

2.

Adjusted to reflect cash component of transaction on a pro rata basis.

\$0

\$5

\$10

\$15

\$20

\$25

\$30

Pro Forma

Market Capitalization

CME/CBOT

NYX/NXT

DB

ICE/NYBOT

LSE

NDAQ

TSX

ISE

(1)

(2)

\$24.8

\$19.9

\$16.0

\$5.4

\$5.0

\$5.0

\$2.9

\$1.9

\$7.1

\$10.0

\$0.8

\$17.7

\$9.9

\$4.6

Market Capitalization

(\$ billions)

7
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%

Platform for Product Innovation and Growth

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

8
0
300
600
900
1,200
1,500

Stronger Base to Build Core Derivatives Business

The combined company would be the leading global derivatives exchange based on trading volume, listing three of the four most actively traded futures contracts in the world

Source: FIA.

NOTE: Volume figures do not include options on futures.

2005 Futures Volume

(contracts in millions)

2005

Top Futures Exchanges

1,444

561

785

344

188

167

116

108

99

70

62

883

CME/CBOT

Eurex

Euronext

.liffe

Bolsa de

Mercadorias &

Futuros

Nymex

Mexican

Derivatives

Exchange

Dalian

Commodity

Exchange

London

Metal

Exchange

National

Stock

Exchange

of India

Tokyo

Commodity

Exchange

#1

CME Eurodollar Futures

#2

CBOT 10-year Treasury Note Futures

#4

CME E-mini S&P 500 Index Futures

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CME and CBOT customers will benefit from increased scale, liquidity, product diversification and functionality

Significant User Benefits

Creates operational and cost efficiencies for market users

Access to distinct products and services on an integrated platform

Broad pipeline of innovative new products and

functionality

Efficiencies through integrated systems and combined open-auction trading environment

Seamless continuation of current clearing services, which secures existing margin benefits for customers

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Historic CME/CBOT clearing agreement announced
in April 2003 and fully operational in January 2004

Integration executed successfully and ahead of
schedule
Worked with two exchanges, all 80 clearing firms and
BOTCC

Substantial savings for our clearing firms and their
customers
\$1.6 billion decrease in performance bonds for users

\$200 million decrease in security deposits for clearing firms
Combined risk capital pool and generated other operational efficiencies
Proven Experience Delivering Synergies

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Technology
Related
50%
Trading Floor
/ Operations
15%
Administrative
35%
Substantial Potential Cost Savings
Expected cost savings of \$125+ million annually,
beginning in year two post close
Cost Savings Areas
Total: \$125+ million

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Potential Revenue Opportunities

CBOT and CME combined will be well-positioned to generate incremental revenue

Global Expansion

OTC Initiatives

Leverage CME and CBOT's

global product suite, user
base and relationships

JADE

Electronic trading of
Ags

Build on distinct product
suites to grow market share
in OTC markets:

Swapstream

Clearing360

FXMarketSpace
Cross-Selling

Cross-sell the distinct
product suite to the
customer base of both
companies
New Products

Create efficiencies of spread
products and product
extensions in

Interest rate derivatives

Agricultural commodities

Enhanced product innovation
CME/CBOT

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Strong Financial Profile

1. Pro

forma

figures

adjusted

to

eliminate

clearing

fee

revenue

paid

from

CBOT

to

CME.

2. Operating Income and Net Income is unadjusted for incremental transaction-related expense, and amortization of identifiable intangible assets.

Expected to be accretive to earnings 12-18 months post

closing

\$778

\$903

(2)

LTM Pro Forma as of 6/30/2006

(\$ Millions)

CME

Standalone

CBOT

Standalone

Pro Forma

All Stock

Pro Forma

All Stock

Cost Savings

-

-

\$0

\$125

Revenue

(1)

\$1,026

\$532

\$1,490

\$1,490

Operating Income

\$584

\$194

% Margin

57%

37%

52%

61%

Net Income

(2)

\$355

\$116

\$471

\$546

% Margin

35%

22%

32%

37%

14
CBOT Overview
0
700
1,400
2,100
2,800
3,500
2001
2002
2003
2004
2005

2006

YTD

(through Sept.)

3,191

1,033

Average Daily Volume

(contracts in thousands)

Established in 1848, a leading
futures and futures-options
exchange

More than 50 different futures
and options products traded by
open auction and electronically

Strong market position and
scalable business platform

Global reach and focused
international education efforts
driving organic growth of core
products

Established strategic alliances
JADE 50/50 joint venture
Hosting agreements with regional
North American grain exchanges
2001-2006
CAGR
25%

15

CBOT Financial Profile

Proven track record -
2000 through 2005 CAGR

ADV 24%

Revenue 17%

Expense 8%

0

700

1,400

2,100

2,800

3,500

0%

10%

20%

30%

40%

50%

2001

2002

2003

2004

2005

1H06

Operating Leverage

ADV in thousands

Operating margin

19%

5%

31%

20%

28%

44%

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Roadmap to Completion

File S-4 with SEC

CBOT and CME shareholder and CBOT member
approvals

Regulatory approvals
The transaction is anticipated to
close mid-2007

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Transaction Highlights

Solidifies combined company's status as the premier global exchange

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for customers

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savings expected to be achieved year two
post closing

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