

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC

Form S-4

December 21, 2006

Table of Contents

As filed with the Securities and Exchange Commission on December 21, 2006.

Registration No. 333-

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM S-4**

**REGISTRATION STATEMENT**

*UNDER THE SECURITIES ACT OF 1933*

**CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**6200**  
(Primary Standard Industrial  
Classification Code Number)  
20 South Wacker Drive

**36-4459170**  
(I.R.S. Employer  
Identification Number)

Chicago, Illinois 60606

(312) 930-1000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Kathleen M. Cronin, Esq.**

**Managing Director, General Counsel and Corporate Secretary**

**Chicago Mercantile Exchange Holdings Inc.**

**20 South Wacker Drive**

**Chicago, Illinois 60606**

**(312) 930-1000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

Rodd M. Schreiber, Esq.

Kevin J.P. O Hara, Esq.

Scott J. Davis, Esq.

Susan S. Hassan, Esq.

Chief Administrative Officer and

Bruce F. Perce, Esq.

Skadden, Arps, Slate, Meagher & Flom LLP

Chief Strategy Officer

Mayer, Brown, Rowe & Maw LLP

333 West Wacker Drive

CBOT Holdings, Inc.

71 South Wacker Drive

Chicago, Illinois 60606

141 West Jackson Boulevard

Chicago, Illinois 60606

(312) 407-0700

Chicago, Illinois 60604

(312) 782-0600

(312) 435-3500

**Approximate date of commencement of proposed sale to the public:** As soon as practicable following the effectiveness of this registration statement, satisfaction or waiver of the other conditions to closing of the merger described herein, and consummation of the merger.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price(2)	Amount of registration fee(3)
Class A Common Stock, par value \$0.01 per share	16,226,101	N/A	\$8,450,149,600	\$904,166

- (1) The maximum number of shares of CME Holdings Class A common stock estimated to be issuable upon the completion of the merger described herein, calculated as the product of: (A) 53,979,045 and (B) an exchange ratio of 0.3006, assuming that all CBOT Holdings Class A common stockholders elect to receive their merger consideration in stock. This number is based on the number of shares of CBOT Holdings Class A common stock outstanding, or reserved for issuance under various plans, as of December 1, 2006, and the exchange of each share of CBOT Holdings Class A common stock and share of CBOT Holdings Class A common stock reserved for issuance under various plans, for shares of CME Holdings Class A common stock pursuant to the formula set forth in the Agreement and Plan of Merger, dated as of October 17, 2006, among CME Holdings, CBOT Holdings and Board of Trade of the City of Chicago, Inc., as amended as of December 20, 2006. Includes rights to acquire Series A Junior Participating Preferred Stock pursuant to CME Holdings' rights plan.
- (2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(c) and 457(f)(1) under the Securities Act. The proposed maximum aggregate offering price of the registrant's common stock was calculated based upon the market value of shares of CBOT Holdings Class A common stock (the securities to be exchanged in the merger) in accordance with Rule 457(c) under the Securities Act as follows: (A) the product of \$156.55, the average of the high and low prices per share of CBOT Holdings Class A common stock on December 14, 2006, as quoted on the New York Stock Exchange, multiplied by (B) 53,979,045, the maximum number of shares of CBOT Holdings Class A common stock which may be exchanged in the merger.
- (3) Calculated by multiplying the estimated aggregate offering price of securities by 0.0001070.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

**Table of Contents**

**The information in this document is not complete and may be changed. We may not sell the securities offered by this document until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION DATED DECEMBER 21, 2006**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Stockholders and Members:

The boards of directors of Chicago Mercantile Exchange Holdings Inc., or CME Holdings, and CBOT Holdings, Inc., or CBOT Holdings, have approved a merger between our two companies. Upon consummation of the merger, the combined company will be renamed CME Group Inc., or CME Group. We also propose to make changes to the constituent documents of Board of Trade of the City of Chicago, Inc., or CBOT, in connection with the merger. CBOT will become a subsidiary of CME Group following the merger.

If the merger is completed, CBOT Holdings Class A stockholders will be entitled to elect to receive their merger consideration in the form of CME Holdings Class A common stock, or, subject to certain limitations, cash. The stock consideration will be equal to 0.3006 shares of CME Holdings Class A common stock for each share of CBOT Holdings Class A common stock held at the time the merger is completed. For each share of CBOT Holdings Class A common stock in respect of which an effective cash election is made, the value of the cash consideration will be equal to 0.3006 multiplied by the average closing sales price of CME Holdings Class A common stock for the period of the ten consecutive trading days ending on the second full trading day prior to the closing date.

Based on the number of shares of common stock of CME Holdings and CBOT Holdings outstanding on October 16, 2006, the last trading day prior to the public announcement of the merger, and assuming that all CBOT Holdings Class A stockholders elect to receive their merger consideration in stock, immediately after the completion of the merger, CME Holdings stockholders will own approximately 69% of the common stock of CME Group and the CBOT Holdings Class A stockholders immediately prior to the merger will own approximately 31% of the common stock of CME Group.

CME Holdings and CBOT Holdings will each hold a special meeting of its stockholders to consider and vote on the merger, and CBOT will hold a special meeting of its members to obtain approval for certain matters related to the merger.

**Every vote is important. Whether or not you plan to attend your company's special meeting, please take the time to vote by following the instructions on your proxy card.**

## Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

The places, dates and times of the stockholder and member meetings are as follows:

For CME Holdings stockholders:

[Address]

[Date]

[Time]

For CBOT Holdings Class A stockholders:

[Address]

[Date]

[Time]

For CBOT members:

[Address]

[Date]

[Time]

We enthusiastically support this combination of our companies and join with our boards in recommending that our stockholders vote **FOR** the adoption of the agreement and plan of merger, and that CBOT members vote **FOR** the matters related to the merger as described in this document.

Sincerely,

Terrence A. Duffy  
*Executive Chairman*

*Chicago Mercantile Exchange Holdings Inc.*

Sincerely,

Charles P. Carey  
*Chairman*

*CBOT Holdings, Inc. and*

*Board of Trade of the City of Chicago, Inc.*

**For a discussion of risk factors that you should consider in evaluating the merger and the other matters on which you are being asked to vote, see RISK FACTORS beginning on page 23.**

CME Holdings Class A common stock trades on the New York Stock Exchange and the Nasdaq Global Select Market under the symbol CME and CBOT Holdings Class A common stock trades on the New York Stock Exchange under the symbol BOT.

**Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger and other transactions described in this document nor have they approved or disapproved the issuance of the CME Holdings Class A common stock to be issued in connection with the merger, or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense.**

This document is dated [ ], 2007, and is being first mailed to CME Holdings stockholders, CBOT Holdings Class A stockholders and CBOT members on or about [ ], 2007.

**Table of Contents**

**CERTAIN FREQUENTLY USED TERMS**

This document constitutes a prospectus of Chicago Mercantile Exchange Holdings Inc. for the shares of Class A common stock that it will issue to CBOT Holdings, Inc. stockholders in the merger, and a proxy statement for stockholders of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings, Inc. and members of Board of Trade of the City of Chicago, Inc. Unless otherwise specified or if the context so requires:

CME Holdings refers to Chicago Mercantile Exchange Holdings Inc. and its wholly owned subsidiaries and CME refers to Chicago Mercantile Exchange Inc.

CBOT Holdings refers to CBOT Holdings, Inc. and its wholly owned subsidiaries and CBOT refers to Board of Trade of the City of Chicago, Inc.

CME Group refers to the combined company and its subsidiaries after completion of the merger.

We, us or our refers to (i) prior to completion of the merger, CME Holdings and CBOT Holdings and (ii) after completion of the merger, CME Group.

Lehman Brothers refers to Lehman Brothers Inc., William Blair refers to William Blair & Company, L.L.C., JPMorgan refers to J.P. Morgan Securities Inc. and Lazard refers to Lazard Frères & Co. LLC.

merger agreement refers to the Agreement and Plan of Merger, dated as of October 17, 2006, among CME Holdings, CBOT Holdings and CBOT, as amended as of December 20, 2006 and as it may be further amended from time to time.

Chicago Mercantile Exchange, CME, the globe logo and Globex are registered trademarks of CME. CBOT, the CBOT Holdings logo and the CBOT logo are registered trademarks of CBOT. S&P, S&P 500, NASDAQ-100, Dow Jones Industrial Average and other trade names, service marks and trademarks that are not proprietary to CME or CBOT are the property of their respective owner.

**REFERENCES TO ADDITIONAL INFORMATION**

This document incorporates important business and financial information about CME Holdings and CBOT Holdings from other documents that are not included in or delivered with this document. This information is available for you to review at the public reference room of the Securities and Exchange Commission, or the SEC, located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC's website, [www.sec.gov](http://www.sec.gov). You can also obtain those documents incorporated by reference in this document, excluding exhibits to those documents, without charge by requesting them from the appropriate company in writing or by telephone at the following addresses and telephone numbers:

**Chicago Mercantile Exchange Holdings Inc.**

20 South Wacker Drive

**CBOT Holdings, Inc.**

141 West Jackson Boulevard

Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

Chicago, Illinois 60606

Chicago, Illinois 60604

(312) 930-1000

(312) 435-3500

Attention: Investor Relations

Attention: Investor Relations

[www.cme.com/about/invest](http://www.cme.com/about/invest)

[www.cbot.com](http://www.cbot.com)

**If you would like to request documents, please do so by [ ], 2007 in order to receive them before your company's special meeting.**

Information contained in or otherwise accessible through the Internet sites listed above is not a part of this document. All references in this document to these Internet sites are inactive textual references to these URLs and are for your information only.

No person is authorized to give any information or to make any representation with respect to the matters that this document describes other than those contained in this document, and, if given or made, the information or representation must not be relied upon as having been authorized by CME Holdings or CBOT Holdings. This document does not constitute an offer to sell or a solicitation of an offer to buy securities or a solicitation of a proxy in any jurisdiction where, or to any person to whom, it is unlawful to make such an offer or a solicitation. Neither the delivery of this document nor any distribution of securities made under this document shall, under any circumstances, create an implication that there has been no change in the affairs of CME Holdings or CBOT Holdings since the date of this document or that the information contained herein is correct as of any time subsequent to the date of this document.

See [Where You Can Find More Information](#) beginning on page 161.

**Table of Contents**

**VOTING BY INTERNET, TELEPHONE OR MAIL**

***CME Holdings stockholders of record may submit their proxies by:***

*Internet.* You can vote over the Internet by accessing the website at [            ], clicking on the [            ] link and following the instructions on the website. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card(s).

*Telephone.* You can vote by telephone by calling the toll-free number [            ] in the United States, Canada or Puerto Rico on a touch-tone phone. You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card(s).

*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this document.

If you hold your shares through a bank, broker, custodian or other recordholder, please refer to your proxy card or the information forwarded by your bank, broker, custodian or other recordholder to see which options are available to you.

***CBOT Holdings Class A stockholders of record may submit their proxies by:***

*Internet.* You can vote over the Internet by accessing the website at [            ], clicking on the [            ] link and following the instructions on the website. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card(s).

*Telephone.* You can vote by telephone by calling the toll-free number [            ] in the United States, Canada or Puerto Rico on a touch-tone phone. You will then be prompted to enter the control number printed on your proxy card and to follow subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card(s).

*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this document.

If you hold your shares through a bank, broker, custodian or other recordholder, please refer to your proxy card or the information forwarded by your bank, broker, custodian or other recordholder to see which options are available to you.

***CBOT members of record may submit their proxies by:***

## Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

*Internet.* You can vote over the Internet by accessing the website at [            ], clicking on the [            ] link and following the instructions on the website. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card(s).

*Telephone.* You can vote by telephone by calling the toll-free number [            ] in the United States, Canada or Puerto Rico on a touch-tone phone. You will then be prompted to enter the control number printed on your proxy card and to follow subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card(s).

*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this document.



Table of Contents

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON [                      ], 2007**

To the Stockholders of CME Holdings:

The board of directors of CME Holdings has called for a special meeting of CME Holdings stockholders to be held on [                      ], 2007, at [                      ], Chicago time, at [                      ] to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 17, 2006, among CME Holdings, CBOT Holdings and CBOT, as amended as of December 20, 2006 and as it may be further amended from time to time, pursuant to which CBOT Holdings will merge with and into CME Holdings.

We will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of the special meeting by the CME Holdings board of directors.

Only holders of record of CME Holdings Class A and Class B common stock at the close of business on [                      ], 2007, the record date for the special meeting, are entitled to notice of, and to vote at, the CME Holdings special meeting or any adjournments or postponements of the special meeting.

We cannot complete the merger unless holders of a majority of the outstanding shares of CME Holdings Class A and Class B common stock entitled to vote, voting together as a single class, vote in favor of the proposal to adopt the merger agreement and thus approve the merger.

For more information about the merger proposal described above and the other transactions contemplated by the agreement and plan of merger, please review the accompanying joint proxy statement/prospectus and the agreement and plan of merger attached to it as Annex A.

**The board of directors of CME Holdings unanimously recommends that CME Holdings stockholders vote FOR the proposal to adopt the merger agreement.**

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope. You may also cast your vote by telephone or by using the Internet as described in the instructions included with your proxy card. **Your failure to vote will have the same effect as voting against the merger.**

By Order of the Board of Directors,

Kathleen M. Cronin

*Corporate Secretary*

Chicago, Illinois

[            ], 2007

**PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE MERGER PROPOSAL OR ABOUT VOTING YOUR SHARES, PLEASE CALL [NAME] AT [NUMBER].**

Table of Contents

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON [                      ], 2007**

To the Stockholders of CBOT Holdings:

The board of directors of CBOT Holdings has called for a special meeting of CBOT Holdings Class A stockholders to be held on [                      ], 2007, at [                      ], Chicago time, at [                      ] to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 17, 2006, among CME Holdings, CBOT Holdings and CBOT, as amended as of December 20, 2006 and as it may be further amended from time to time, pursuant to which CBOT Holdings will merge with and into CME Holdings.

We will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of the special meeting by the CBOT Holdings board of directors.

Only holders of record of CBOT Holdings Class A common stock (including Series A-3 common stock) at the close of business on [                      ], 2007, the record date for the special meeting, are entitled to notice of, and to vote at, the CBOT Holdings special meeting or any adjournments or postponements of the special meeting.

We cannot complete the merger unless holders of a majority of the outstanding shares of CBOT Holdings Class A common stock entitled to vote vote in favor of the proposal to adopt the merger agreement and thus approve the merger.

For more information about the merger proposal described above and the other transactions contemplated by the agreement and plan of merger, please review the accompanying joint proxy statement/prospectus and the agreement and plan of merger attached to it as Annex A.

**The board of directors of CBOT Holdings unanimously recommends that CBOT Holdings Class A stockholders vote FOR the proposal to adopt the merger agreement.**

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope. You may also cast your vote by telephone or by using the Internet as described in the instructions included with your proxy card. **Your failure to vote will have the same effect as voting against the merger.**

By Order of the Board of Directors,

Paul J. Draths

*Vice President and Secretary*

Chicago, Illinois

[            ], 2007

**PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE MERGER PROPOSAL OR ABOUT VOTING YOUR SHARES, PLEASE CALL [NAME] AT [NUMBER].**

**Table of Contents**

**NOTICE OF SPECIAL MEETING OF MEMBERS**

**TO BE HELD ON [                      ], 2007**

To the Series B-1 and Series B-2 Members of CBOT:

The board of directors of CBOT has called for a special meeting of members, to be held on [                      ], 2007, at [                      ], Chicago time, at [                      ] for the following purposes:

1. To consider and vote upon a proposal that CBOT Holdings repurchase the outstanding share of Class B common stock of CBOT Holdings held by the CBOT Subsidiary Voting Trust immediately prior to the completion of the merger of CBOT Holdings with and into CME Holdings pursuant to the Agreement and Plan of Merger, dated as of October 17, 2006, among CME Holdings, CBOT Holdings and CBOT, as amended as of December 20, 2006 and as it may be further amended from time to time; and
2. To consider and vote upon the approval of an amended and restated certificate of incorporation of CBOT to become effective concurrently with the completion of the merger of CBOT Holdings with and into CME Holdings.

We will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of the special meeting.

Only holders of record of CBOT Series B-1 and Series B-2 memberships at the close of business on [                      ], 2007, the record date for the special meeting, are entitled to notice of, and to vote at, the CBOT special meeting or any adjournments or postponements of the special meeting.

It is a condition to the completion of the merger of CBOT Holdings and CME Holdings that the proposals described above are approved by the CBOT members at the special meeting.

For more information about the proposals described above, the merger and the other transactions contemplated by the agreement and plan of merger, please review the accompanying joint proxy statement/prospectus and the form of amended and restated certificate of incorporation of CBOT and the agreement and plan of merger attached to the joint proxy statement/prospectus as Annexes H and A, respectively.

**The board of directors of CBOT unanimously recommends that CBOT members vote FOR each of proposal 1 and 2 described above.**

## Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope. You may also cast your vote by telephone or by using the Internet as described in the instructions included with your proxy card.

By Order of the Board of Directors,

Paul J. Draths

*Vice President and Secretary*

Chicago, Illinois

[            ], 2007

**PLEASE VOTE PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR MEMBERSHIPS, PLEASE CALL [NAME] AT [NUMBER].**

**Table of Contents**

**TABLE OF CONTENTS**

<u>SUMMARY</u>	1
<u>Questions and Answers About the Merger</u>	1
<u>Other Information Regarding the Merger</u>	9
<u>The Merger Agreement</u>	13
<u>The Companies</u>	17
<u>Comparative Stock Price and Dividends</u>	18
<u>Summary Historical Financial Data</u>	19
<u>Summary Historical Consolidated Financial Data of CME Holdings</u>	19
<u>Summary Historical Consolidated Financial Data of CBOT Holdings</u>	20
<u>Summary Unaudited Pro Forma Condensed Combined Financial Data</u>	21
<u>Comparative Per Share Data</u>	21
<u>RISK FACTORS</u>	23
<u>FORWARD-LOOKING STATEMENTS</u>	32
<u>THE SPECIAL MEETING OF CME HOLDINGS STOCKHOLDERS</u>	34
<u>General</u>	34
<u>Purpose of the CME Holdings Special Meeting</u>	34
<u>Record Date and Voting</u>	34
<u>Vote Required</u>	34
<u>Recommendation of the Board of Directors</u>	35
<u>Revocability of Proxies</u>	35
<u>Attending the Special Meeting</u>	36
<u>Voting Electronically or by Telephone</u>	36
<u>Solicitation of Proxies</u>	36
<u>THE SPECIAL MEETING OF CBOT HOLDINGS CLASS A STOCKHOLDERS</u>	37
<u>General</u>	37
<u>Purpose of the CBOT Holdings Special Meeting</u>	37
<u>Record Date and Voting</u>	37
<u>Vote Required</u>	38
<u>Recommendations of the Board of Directors, the Special Transaction Committee and the Non-ER Members Committee</u>	38
<u>Revocability of Proxies</u>	39
<u>Attending the Special Meeting</u>	39
<u>Voting Electronically or by Telephone</u>	39
<u>Solicitation of Proxies</u>	40
<u>THE SPECIAL MEETING OF CBOT MEMBERS</u>	41
<u>General</u>	41
<u>Purpose of the Special Meeting of CBOT Members</u>	41
<u>Record Date and Voting</u>	41
<u>Vote Required</u>	44
<u>Revocability of Proxies</u>	45
<u>Voting by Mail or Hand Delivery</u>	45
<u>Attending the Special Meeting</u>	45
<u>Solicitation of Proxies</u>	45
<u>THE MERGER</u>	46
<u>Background of the Merger</u>	46
<u>CME Holdings' Reasons for the Merger; Recommendation of CME Holdings' Board of Directors</u>	57
<u>CBOT Holdings' and CBOT's Reasons for the Merger; Recommendation of CBOT Holdings' and CBOT's Boards of Directors</u>	59
<u>Recommendations of CBOT Holdings' Special Transaction Committee and Non-ER Members Committee</u>	63
<u>Certain Projections</u>	66
<u>Opinion of Lehman Brothers, Financial Advisor to CME Holdings</u>	68

**Table of Contents**

<u>Opinion of William Blair, Financial Advisor to CME Holdings</u>	75
<u>Opinion of JPMorgan, Financial Advisor to CBOT Holdings</u>	82
<u>Opinion of Lazard, Financial Advisor to the CBOT Holdings Special Transaction Committee</u>	88
<u>Interests of CME Holdings Executive Officers and Directors in the Merger</u>	98
<u>Interests of CBOT Holdings Executive Officers and Directors in the Merger</u>	99
<u>Interests of CBOT Holdings Directors Related To Exercise Rights and/or Other CBOT Member Rights</u>	102
<u>Amended and Restated Certificate of Incorporation and Bylaws</u>	104
<u>Board of Directors and Executive Officers of CME Group After Completion of the Merger</u>	104
<u>Stock Exchange Listing</u>	107
<u>Material Contracts Between the Parties</u>	107
<u>Appraisal Rights</u>	107
<b><u>THE MERGER AGREEMENT</u></b>	108
<u>The Merger</u>	108
<u>Effective Time and Completion of the Merger</u>	108
<u>Amended and Restated Certificate of Incorporation and Bylaws</u>	108
<u>Board of Directors and Board Officers of CME Group After Completion of the Merger</u>	108
<u>Consideration To Be Received in the Merger</u>	109
<u>Stock Options and Other Equity Rights</u>	112
<u>Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration</u>	113
<u>Representations and Warranties</u>	114
<u>Conduct of Business Pending the Merger</u>	115
<u>Efforts to Complete the Merger</u>	117
<u>No Solicitation of Alternative Transactions</u>	117
<u>Employee Matters</u>	118
<u>Indemnification and Insurance</u>	118
<u>Conditions to Complete the Merger</u>	119
<u>Termination of the Merger Agreement</u>	120
<u>Amendment, Waiver and Extension of the Merger Agreement</u>	121
<u>Fees and Expenses</u>	122
<u>Restrictions on Resales by Affiliates</u>	122
<b><u>ACCOUNTING TREATMENT</u></b>	123
<b><u>REGULATORY APPROVALS</u></b>	123
<u>United States Antitrust</u>	123
<u>UK Financial Services Authority</u>	123
<u>Commodity Futures Trading Commission</u>	124
<u>Other Notices and Approvals</u>	124
<b><u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u></b>	125
<u>Tax Consequences of the Merger Generally</u>	126
<u>Tax Basis and Holding Period</u>	128
<u>Information Reporting and Backup Withholding</u>	128
<u>Reporting Requirements</u>	128
<b><u>THE COMPANIES</u></b>	129
<u>CME Holdings and CME</u>	129
<u>CBOT Holdings and CBOT</u>	129
<b><u>MARKET PRICE AND DIVIDEND DATA</u></b>	131
<u>CME Holdings</u>	131
<u>CBOT Holdings</u>	132
<b><u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u></b>	133
<b><u>NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u></b>	137



**Table of Contents**

<u>COMPARATIVE RIGHTS OF STOCKHOLDERS OF CBOT HOLDINGS AND CME HOLDINGS PRIOR TO AND AFTER THE MERGER</u>	145
<u>COMPARATIVE RIGHTS OF CBOT MEMBERS PRIOR TO AND AFTER THE MERGER</u>	156
<u>LEGAL MATTERS</u>	160
<u>EXPERTS</u>	160
<u>SUBMISSION OF FUTURE STOCKHOLDER PROPOSALS</u>	160
<u>CME Holdings</u>	160
<u>CBOT Holdings</u>	160
<u>CBOT</u>	161
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	161
ANNEXES	
<u>Agreement and Plan of Merger, dated as of October 17, 2006, as amended as of December 20, 2006</u>	A-1
<u>Opinion of Lehman Brothers, dated as of October 17, 2006</u>	B-1
<u>Opinion of William Blair, dated as of October 17, 2006</u>	C-1
<u>Opinion of JPMorgan, dated as of October 17, 2006</u>	D-1
<u>Opinion of Lazard, dated as of October 17, 2006</u>	E-1
<u>CME Group Certificate of Incorporation.</u>	F-1
<u>CME Group Bylaws</u>	G-1
<u>Amended and Restated CBOT Certificate of Incorporation.</u>	H-1
<u>Amended and Restated CBOT Bylaws</u>	I-1

**Table of Contents**

**SUMMARY**

*This summary highlights selected information from this document and may not contain all of the information that is important to you. You should carefully read this entire document, including the Annexes, and the other documents to which this document refers to fully understand the merger and the related transactions. See *Where You Can Find More Information* on page 161. Most items in this summary include a page reference directing you to a more complete description of those items.*

**Questions and Answers About the Merger**

**Q: Why am I receiving this document?**

A: We are delivering this document to you because it is a joint proxy statement used by both the CME Holdings and CBOT Holdings boards of directors to solicit proxies of CME Holdings and CBOT Holdings stockholders in connection with the merger agreement and the merger. This document is also a prospectus being delivered to CBOT Holdings Class A stockholders because CME Holdings is offering shares of its Class A common stock to be issued in exchange for shares of CBOT Holdings Class A common stock if the merger is completed. In addition, this document is a proxy statement used by the CBOT board of directors to solicit proxies of CBOT Series B-1 and Series B-2 members in connection with certain of the matters or transactions contemplated by the merger agreement.

**Q: What will happen in the proposed transaction?**

A: Under the terms of the merger agreement, CBOT Holdings will be merged with and into CME Holdings, with CME Holdings continuing as the surviving entity. Upon the completion of the merger, which we also refer to as the effective time, the name of the combined company will be changed to CME Group Inc. Following the merger, CME and CBOT will be subsidiaries of CME Group. These matters are referred to in this document as the merger. Members of CBOT immediately prior to the merger will continue to be members of CBOT immediately following the merger. Also, stockholders of CME Holdings will continue to be stockholders of CME Group following the merger.

For additional information, see *The Merger Agreement* *The Merger* beginning on page 108.

**Q: What will CBOT Holdings Class A stockholders receive in the merger?**

A: Upon the completion of the merger, for each share of CBOT Holdings Class A common stock owned, CBOT Holdings Class A stockholders will be entitled to receive, at their election, either (i) 0.3006 shares of CME Holdings Class A common stock, or the exchange ratio, or (ii) an amount of cash equal to the exchange ratio multiplied by the average closing sales price of CME Holdings Class A common stock for the period of the ten consecutive trading days ending on the second full trading day prior to completion of the merger, subject to the limitation described in the immediately following question and answer.

As an example, if the average of the closing sales price of CME Holdings Class A common stock on the New York Stock Exchange, or the NYSE, for the ten trading days ending the second day before the completion of the merger is \$503.25, which was the closing price for CME Holdings Class A common stock on October 16, 2006, the last trading day prior to the date of the merger agreement, each share of CBOT Holdings Class A common stock would be converted into the right to receive \$151.28 in cash, subject to proration as described

## Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

below, or 0.3006 shares of CME Holdings Class A common stock.

The value of the merger consideration will fluctuate with the market price of CME Holdings Class A common stock. As explained in more detail in this document, whether a CBOT Holdings Class A

## **Table of Contents**

stockholder makes a cash election or a stock election, the value of the consideration that such stockholder will be entitled to receive as of the date of completion of the merger is expected to be similar, although the value may not be identical because the amount of the cash consideration will be based on the average closing sales price of CME Holdings Class A common stock for the period of the ten consecutive trading days ending on the second full trading day prior to completion of the merger, which may be different than the market price of CME Holdings Class A common stock as of the date of completion of the merger. A CBOT Holdings Class A stockholder may specify different elections with respect to different shares that such stockholder holds.

See The Merger Agreement Consideration To Be Received in the Merger beginning on page 109.

### **Q: Can a CBOT Holdings Class A stockholder who makes a cash election nevertheless receive a mix of cash and stock?**

A: Yes. The maximum aggregate amount of cash that will be paid in the merger is \$3.0 billion. As a result, if CBOT Holdings Class A stockholders make valid elections to receive more cash than is available as cash consideration under the merger agreement, those CBOT Holdings Class A stockholders electing the cash form of consideration will have the cash form of consideration proportionately reduced and will receive a portion of their consideration in stock, despite their election. For a detailed description of the proration adjustment if the cash consideration is oversubscribed, see The Merger Agreement Consideration To Be Received in the Merger Proration Adjustment if Cash Consideration is Oversubscribed beginning on page 111.

### **Q: If I am a CBOT Holdings Class A stockholder, when must I elect the type of merger consideration that I prefer to receive?**

A: A form of election for CBOT Holdings Class A stockholders is included with this document. The form of election allows you to elect to receive cash or stock or a combination of both in the merger. CBOT Holdings Class A stockholders must return their properly completed and signed form of election to the exchange agent prior to the election deadline. If you are a CBOT Holdings Class A stockholder and you do not return your form of election by the election deadline or improperly complete or do not sign your form of election, you will receive shares of CME Holdings Class A common stock as consideration for your shares.

Unless otherwise designated on the election form, the election deadline will be 5:00 p.m., Chicago time, on the later of (i) the date of the special meeting of CBOT Holdings Class A stockholders or (ii) if the effective time of the merger is more than four business days following the date of the special meeting of CBOT Holdings Class A stockholders, three business days prior to the effective time of the merger. CME Holdings and CBOT Holdings will publicly announce the anticipated election deadline at least five business days prior to the election deadline. If the effective time is delayed to a subsequent date, the election deadline will also be delayed and CME Holdings and CBOT Holdings will announce any such delay and, when determined, the rescheduled election deadline.

For additional information, see The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration Form of Election beginning on page 113.

### **Q: Can a CBOT Holdings Class A stockholder revoke or change an election after it has been submitted to the exchange agent?**

A: Yes. An election may be revoked by written notice to the exchange agent received prior to the election deadline. An election also may be changed prior to the election deadline by submitting to the exchange agent a properly completed and signed revised form of election.

For additional information, see The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration Form of Election beginning on page 113.

**Table of Contents**

**Q: If I am a CBOT Holdings Class A stockholder and I make an election, can I still transfer my shares?**

A: No. Once an election has been made, the shares of CBOT Holdings Class A common stock subject to that election may not be transferred unless the election is revoked.

**Q: Will there be restrictions on the transfer of the shares of CME Holdings Class A common stock I receive in the merger?**

A: No. The shares of CME Holdings Class A common stock to be issued in connection with the merger will be freely tradeable following receipt unless you are an affiliate of CBOT Holdings within the meaning of the federal securities laws, which will generally be the case only if you are a director, executive officer or greater than 10% stockholder of CBOT Holdings.

**Q: If I am a CBOT member, will I continue to be a CBOT member following the merger?**

A: Yes. CBOT members immediately prior to the merger will continue to be CBOT members immediately following the merger. As a result of the merger, CBOT will become a subsidiary of CME Group. In addition, CBOT's constituent documents will be amended, which will affect some of your rights.

For additional information, see *The Special Meeting of CBOT Members* beginning on page 41 and *Comparative Rights of CBOT Members Prior to and After the Merger* beginning on page 156.

**Q: Will CBOT members need to own CME Group Class A common stock following the merger to qualify for fee preferences or to meet member firm or clearing member requirements?**

A: Yes. We currently expect CBOT's stock ownership requirements for fee preferences or to meet member firm or clearing member requirements to continue following the merger, although the share requirements will be adjusted to reflect the merger and the exchange ratio.

For example, currently a CBOT member firm must have 27,338 shares of CBOT Holdings Class A common stock registered on its behalf to qualify as a clearing member for purposes of clearing its own trades. Immediately following the merger, a CBOT member firm will need to have 8,217.8 shares of CME Group Class A common stock (calculated by multiplying 27,338 by the exchange ratio of 0.3006) registered on its behalf to continue to qualify as a clearing member for purposes of clearing its own trades.

**Q: What are CBOE exercise rights and will they be affected by the merger?**

A: The certificate of incorporation of Chicago Board Options Exchange, Inc., or CBOE, provides that members of CBOT who apply for membership at CBOE and who otherwise qualify shall, so long as they remain members of CBOT, be entitled to become members of CBOE without the necessity of acquiring such membership for consideration or value. This right is referred to as the exercise right, and members of CBOT who have become members of CBOE pursuant to this right are referred to as exerciser members.

On December 12, 2006, CBOE filed with the SEC a proposed interpretation of CBOE's rules under which the exercise rights would terminate upon completion of the merger, subject to the right of exerciser members as of December 11, 2006 to continue to be exerciser members for an unspecified interim period following the merger.

## Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

CBOT Holdings and CBOT intend to oppose CBOE's proposed rule interpretation and vigorously defend the rights of CBOT members to become or remain exerciser members of CBOE pursuant to the exercise rights. In August 2006, CBOT Holdings, CBOT and certain CBOT members, acting for themselves and as representatives of a class of similarly situated members, filed a lawsuit in Delaware state court to determine the rights of exerciser members and exercise right holders in connection with CBOE's proposed demutualization. The effect of the merger on the exercise rights is now an issue in that litigation. We cannot assure you as to the outcome of the CBOE's proposed rule interpretation or the Delaware litigation.

For additional information, see Risk Factors Additional Risks Relating to CBOT Members beginning on page 28.

**Table of Contents**

**Q: Why have CME Holdings and CBOT Holdings decided to merge?**

A: CME Holdings and CBOT Holdings believe that substantial benefits to their stockholders, employees and customers can be obtained as a result of the merger, including:

CME Group becoming the world's most diverse global exchange, with greater financial, operational and other resources;

the addition of significant volume to CME Holdings' highly leveragable operating model;

the diversity of products that CME Group will offer;

customers' access to distinct products and services on a unified trading platform;

the possibility of significant cost savings to both customers and CME Group;

the ability to secure the benefits from the parties' common clearing arrangement, which is scheduled to expire in 2009; and

the proposed board and management arrangements, which would position CME Group with strong leadership and experienced operating management.

For additional information, see "The Merger - CME Holdings' Reasons for the Merger; Recommendation of CME Holdings' Board of Directors" beginning on page 57 and "The Merger - CBOT Holdings' and CBOT's Reasons for the Merger; Recommendation of CBOT Holdings' and CBOT's Board of Directors" beginning on page 59.

**Q: When and where are the special meetings?**

A: The CME Holdings special meeting will be held at [ ], on [ ] at [ ] a.m., Chicago time. All holders of CME Holdings Class A and Class B common stock at the close of business on [ ], 2007, the record date for the CME Holdings special meeting, are invited to attend the special meeting. If you attend, you will be asked to present valid picture identification, such as a driver's license or passport, and, if you are not a stockholder of record, evidence from your broker that you are a CME Holdings stockholder and are eligible to attend the meeting, such as a letter or account statement from your broker or bank. Stockholders will not be allowed to use cameras, recording devices and other electronic devices at the meeting. For additional information, see "The Special Meeting of CME Holdings Stockholders" beginning on page 34.

The CBOT Holdings special meeting will be held at [ ], on [ ] at [ ] a.m., Chicago time. All holders of CBOT Holdings Class A common stock at the close of business on [ ], 2007, the record date for the CBOT Holdings special meeting, are invited to attend the special meeting. If you attend, you will be asked to present valid picture identification, such as a driver's license or passport, and, if you are not a stockholder of record, evidence from your broker that you are a CBOT Holdings Class A stockholder and are eligible to attend the meeting, such as a letter or account statement from your broker or bank. Stockholders will not be allowed to use cameras, recording devices and other electronic devices at the meeting. For additional information, see "The Special Meeting of CBOT Holdings Class A stockholders" beginning on page 37.

## Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

The CBOT special meeting of members will be held at [ ], on [ ] at [ ] a.m., Chicago time. Although only holders of Series B-1 and Series B-2 memberships in CBOT at the close of business on [ ], 2007, the record date for the special meeting, are entitled to vote at the special meeting, all holders of memberships in CBOT as of the record date are invited to attend the special meeting. If you attend, you may be asked to present valid picture identification, such as a driver's license or passport. Members will not be allowed to use cameras, recording devices and other electronic devices at the meeting. For additional information, see The Special Meeting of CBOT Members beginning on page 41.



---

**Table of Contents**

**Q: What vote is required to approve the merger?**

A: We cannot complete the merger unless the stockholders of CME Holdings and CBOT Holdings vote to adopt the merger agreement and thereby approve the merger. In addition, it is a condition to completion of the merger that certain proposals be approved by CBOT members, as discussed in the answer to the next question.

For CME Holdings, the merger agreement must be adopted by the holders of a majority of the outstanding shares of CME Holdings Class A and Class B common stock voting together as a single class. Each holder of a share of CME Holdings Class A or Class B common stock as of the close of business on [ ], 2007, the record date for the CME Holdings special meeting, will be entitled to one vote for each share of CME Holdings Class A or Class B common stock held of record at the close of business on the record date.

For CBOT Holdings, the merger agreement must be adopted by the holders of a majority of the outstanding shares of CBOT Holdings Class A common stock entitled to vote. Each holder of a share of CBOT Holdings Class A common stock as of the close of business on [ ], 2007, the record date for the CBOT Holdings special meeting, will be entitled to one vote for each share of CBOT Holdings Class A common stock held of record at the close of business on the record date.

At the close of business on [ ], 2007, the record date for the CME Holdings special meeting, directors and executive officers of CME Holdings had the right to vote in the aggregate [ ] shares of CME Holdings Class A and Class B common stock, or approximately [ ]% of the voting power of the then outstanding shares of CME Holdings Class A and Class B common stock as a single class. Each CME Holdings director and executive officer has indicated his or her present intention to vote, or cause to be voted, the shares of CME Holdings common stock owned by him or her for the approval of the merger agreement and the merger.

At the close of business on [ ], 2007, the record date for the CBOT Holdings special meeting, directors and executive officers of CBOT Holdings had the right to vote in the aggregate [ ] shares of CBOT Holdings Class A common stock, or approximately [ ]% of the then outstanding shares of CBOT Holdings Class A common stock. Each CBOT Holdings director and executive officer has indicated his or her present intention to vote, or cause to be voted, the shares of CBOT Holdings common stock owned by him or her for the approval of the merger agreement and the merger.

**Q: What are CBOT members being asked to vote on and what vote is required?**

A: The CBOT members are not being asked to vote on the merger agreement or the merger. At the CBOT special meeting of members, CBOT Series B-1 and Series B-2 members will be asked to vote (i) to approve the repurchase by CBOT Holdings of the outstanding share of CBOT Holdings Class B common stock held by the CBOT Subsidiary Voting Trust immediately prior to the completion of the merger, referred to in this document as the repurchase and (ii) to approve the adoption of the amended and restated certificate of incorporation of CBOT to become effective concurrently with completion of the merger. It is a condition to completion of the merger that these proposals be approved by the CBOT members.

The holders of a majority of the outstanding voting power of the CBOT Series B-1 and CBOT Series B-2 membership interests, voting together as a single class, must approve the repurchase, and the affirmative vote of a majority of the votes cast by the holders of the CBOT Series B-1 and Series B-2 membership interests, voting together as a single class, must approve the adoption of the amended and restated certificate of incorporation of CBOT. Each holder of a Series B-1 membership of CBOT as of the close of business on [ ], 2007, the record date for the special meeting of CBOT members, will be entitled to one vote for each Series B-1 membership held of record at the close of business on the record date, and each holder

## **Table of Contents**

of a Series B-2 membership of CBOT as of the close of business on the record date will be entitled to one-sixth of one vote for each Series B-2 membership held of record at the close of business on the record date. Holders of CBOT Series B-3, Series B-4 and Series B-5 membership interests do not have voting rights in connection with the transactions contemplated by the merger agreement.

**Q: If I am a CBOT member that also owns CBOT Holdings Class A common stock, what do I vote on?**

A: CBOT Series B-1 and Series B-2 members that are also CBOT Holdings Class A stockholders must vote separately as both a CBOT member and a CBOT Holdings Class A common stockholder. The vote of CBOT members to approve the repurchase and the amended and restated certificate of incorporation of CBOT is separate and distinct from the vote of CBOT Holdings Class A common stockholders to adopt the merger agreement and thus approve the merger. Each of the proposals must be approved for the merger to be completed. You will receive, along with this document, separate proxy cards for each vote, so CBOT Series B-1 and Series B-2 members that are also CBOT Holdings Class A stockholders should be sure to vote both proxy cards so that their vote is counted at each meeting. For additional information, see *The Special Meeting of CBOT Members* beginning on page 41.

**Q: Are there risks associated with the merger and the related transactions that I should consider in deciding how to vote?**

A: Yes. There are a number of risks related to the merger of CME Holdings and CBOT Holdings and the related transactions that are discussed in this document and in other documents incorporated by reference in this document. Please read with particular care the detailed description of the risks associated with the merger on pages 23 through 31 and in the CME Holdings and CBOT Holdings SEC filings referred to in *Where You Can Find More Information* beginning on page 161.

**Q: When do the parties currently expect to complete the merger?**

A: We currently expect the transaction to close by mid-year 2007. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of CME Holdings stockholders and CBOT Holdings Class A stockholders at the stockholder meetings, the CBOT membership approvals at the member meeting and the necessary regulatory approvals or expiration of applicable waiting periods, among other closing conditions.

**Q: What do I need to do now in order to vote?**

A: After you have carefully read this document, please respond as soon as possible so that your shares or membership interests, as the case may be, will be represented and voted at your special meeting:

by completing, signing and dating your proxy card and returning it in the postage-paid envelope; or

by submitting your proxy by the other methods described in this document.

**Q: If I am a CBOT Holdings Class A stockholder, should I send in my CBOT Holdings Class A common stock certificates with my proxy card?**

A: No. Please DO NOT send your CBOT Holdings Class A common stock certificates with your proxy card. You should carefully review and follow the instructions regarding the surrender of your stock certificates set forth in the letter of transmittal that will be mailed to you promptly after completion of the merger.

**Q: How do I vote my shares or make an election regarding the merger consideration if my shares are held in street name ?**

A: You should contact your broker or bank. Your broker or bank can give you directions on how to instruct the broker or bank to vote your shares. Your broker or bank will not vote your shares unless the broker or bank

---

**Table of Contents**

receives appropriate instructions from you. You should therefore provide your broker or bank with instructions as to how to vote your shares. In addition, if you are a CBOT Holdings Class A stockholder, in connection with the election form mailed with this document, you should follow your broker's or bank's instructions for making an election with respect to your shares of CBOT Holdings Class A common stock.

Additional information on voting procedures is located beginning on page 34 for CME Holdings stockholders, on page 37 for CBOT Holdings Class A stockholders and on page 41 for CBOT.

**Q: How will my proxy be voted?**

A: If you vote by completing, signing, dating and returning your signed proxy card, your proxy will be voted in accordance with your instructions. Stockholders of CME Holdings and CBOT Holdings may also vote by telephone or Internet. If your proxy card is properly executed and received in time to be voted, the shares or membership interests, as applicable, represented by your proxy card will be voted in accordance with the instructions that you mark on your proxy card. If you sign, date, and send your proxy and do not indicate how you want to vote, your shares or membership interests, as applicable, will be voted FOR approval of the applicable proposals.

Additional information on voting procedures is located beginning on page 34 for CME Holdings stockholders, on page 37 for CBOT Holdings Class A stockholders and on page 41 for CBOT members.

**Q: What if I want to change my vote after I have delivered my proxy card?**

A: You may change your vote at any time before your proxy is voted at your special meeting. If you are the record holder of your shares or membership interests, as the case may be, you can do this in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new valid proxy bearing a later date by mail or by telephone or Internet. Third, you can attend the applicable special meeting and vote in person. Attendance at any of the meetings will not in and of itself constitute revocation of a proxy. If you hold shares of CME Holdings Class A common stock or CBOT Holdings Class A common stock in street name, you should contact your broker or bank to give it instructions to change your vote.

If you are a CME Holdings stockholder and you choose to send a written notice or to mail a new proxy, you must submit your notice of revocation or new proxy to [ ], [ ], and it must be received by [ ], 2007.

If you are a CBOT Holdings Class A stockholder and you choose to send a written notice or to mail a new proxy, you must submit your notice of revocation or new proxy to [ ], [ ], and it must be received by [ ], 2007.

If you are a CBOT member and you choose to send a written notice or to mail a new proxy, you must submit your notice of revocation or new proxy to [ ], [ ], and it must be received by [ ], 2007.

**Q: Can I dissent and require appraisal of my shares?**

A: No. Neither CME Holdings stockholders, CBOT Holdings Class A stockholders nor CBOT Members have dissenters' rights in connection with the merger.

**Table of Contents**

**Q: How important is my vote?**

A: Every vote is important. You should be aware that:

Because the required vote of CME Holdings stockholders to adopt the merger agreement is based upon the number of outstanding shares of CME Holdings Class A common stock and CME Holdings Class B common stock, rather than upon the number of shares actually voted, the failure by a CME Holdings stockholder to submit a proxy or to vote in person at the CME Holdings special meeting, abstentions and broker non-votes will have the same effect as a vote against adoption of the merger agreement.

Because the required vote of CBOT Holdings Class A stockholders to adopt the merger agreement is based upon the number of outstanding shares of CBOT Holdings Class A common stock, rather than upon the number of shares actually voted, the failure by a CBOT Holdings Class A stockholder to submit a proxy or to vote in person at the CBOT Holdings special meeting, abstentions and broker non-votes will have the same effect as a vote against adoption of the merger agreement.

Because the required vote of the holders of the CBOT Series B-1 and Series B-2 memberships to approve the repurchase is based upon the outstanding voting power of CBOT Series B-1 and Series B-2 memberships, rather than upon the voting power of memberships actually voted, the failure by a CBOT Series B-1 or Series B-2 member to submit a proxy or to vote in person at the CBOT special meeting of members and abstentions will have the same effect as a vote against approval of the repurchase.

Because the required vote of the holders of the CBOT Series B-1 and Series B-2 memberships to approve the adoption of the amended and restated certificate of incorporation of CBOT is based upon the voting power of memberships actually voted, rather than the voting power of outstanding CBOT Series B-1 and Series B-2 memberships, the failure by a CBOT Series B-1 or Series B-2 member to submit a proxy or vote in person at the CBOT special meeting of members will have no effect on the vote. However, an abstention will have the same effect as a vote against approval of this proposal.

**Q: Who can I call with questions about the stockholder or membership meetings or the merger?**

A: If you are a CME Holdings stockholder and you have questions about the merger or the CME Holdings special meeting of stockholders or you need additional copies of this document, or if you have questions about the process for voting or if you need a replacement proxy card, you should contact:

[Name of proxy solicitor]

[Address]

[Phone number]

If you are a CBOT Holdings Class A stockholder or a CBOT member and you have questions about the merger or the CBOT Holdings special meeting of stockholders or the CBOT special meeting of members or you need additional copies of this document, or if you have questions about the process for making an election or voting or if you need a replacement proxy card, you should contact:

[Name of proxy solicitor]

[Address]

[Phone number]

**Table of Contents**

**Other Information Regarding the Merger**

**CME Holdings Board of Directors Recommends that CME Holdings Stockholders Vote FOR Adoption of the Merger Agreement**

CME Holdings board of directors has unanimously determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of, CME Holdings and its stockholders, and unanimously recommends that CME Holdings stockholders vote FOR the proposal to adopt the merger agreement.

In determining whether to approve the merger agreement, CME Holdings board of directors consulted with certain members of its senior management and with its legal and financial advisors. In arriving at its determination, the CME Holdings board of directors also considered the factors described under The Merger CME Holdings Reasons for the Merger; Recommendation of CME Holdings Board of Directors beginning on page 57.

**CBOT Holdings Board of Directors Recommends that CBOT Holdings Class A Stockholders Vote FOR Adoption of the Merger Agreement**

CBOT Holdings board of directors has unanimously determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of, CBOT Holdings and its stockholders, and unanimously recommends that CBOT Holdings Class A stockholders vote FOR the proposal to adopt the merger agreement.

In determining whether to approve the merger agreement, CBOT Holdings board of directors consulted with certain members of its senior management and with its legal and financial advisors. In arriving at its determination, the CBOT Holdings board of directors also considered the factors described under The Merger CBOT Holdings and CBOT s Reasons for the Merger; Recommendation of CBOT Holdings and CBOT s Boards of Directors beginning on page 59.

CBOT Holdings board of directors makes no recommendation as to whether or to what extent any CBOT Holdings Class A stockholder should elect cash or stock consideration in the merger.

**CBOT s Board of Directors Recommends that CBOT Members Vote FOR Approval of the Repurchase and the Adoption of the Amended and Restated Certificate of Incorporation**

CBOT s board of directors has unanimously determined that the repurchase and the proposed amendments to its certificate of incorporation are advisable and unanimously recommends that CBOT members vote FOR approval of the repurchase and adoption of the amended and restated certificate of incorporation.

See The Special Meeting of CBOT Members beginning on page 41.

**CME Holdings Financial Advisors Have Provided Opinions as to the Fairness, from a Financial Point of View, to CME Holdings of the Consideration to be Paid in the Merger**

Lehman Brothers and William Blair have provided opinions to the CME Holdings board of directors, dated as of October 17, 2006, that, as of that date, and based on and subject to the qualifications and assumptions set forth in their respective opinions, the consideration to be paid by CME Holdings in the merger with CBOT Holdings was fair, from a financial point of view, to CME Holdings. We have attached the full text of each of Lehman Brothers' and William Blair's opinion to this document as Annex B and Annex C, respectively, which set forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by each of Lehman Brothers and William Blair in connection with their respective



## **Table of Contents**

opinions. We urge you to read the opinions carefully in their entirety. The opinions of Lehman Brothers and William Blair are addressed to the board of directors of CME Holdings and are one of many factors considered by the board in deciding to approve the merger agreement and the transactions contemplated by the merger agreement, are directed only to the consideration to be paid in the merger and do not address the underlying decision by CME Holdings to engage in the merger or constitute a recommendation to any stockholder of CME Holdings as to how that stockholder should vote at the CME Holdings special meeting or act on any matter relating to the merger. Pursuant to engagement letters between each of Lehman Brothers and William Blair, CME Holdings has agreed to pay each of Lehman Brothers and William Blair a fee, a substantial portion of which is payable only upon the completion of the merger.

See The Merger Opinion of Lehman Brothers, Financial Advisor to CME Holdings beginning on page 68 and The Merger Opinion of William Blair, Financial Advisor to CME Holdings beginning on page 75.

## **CBOT Holdings Financial Advisor Has Provided its Opinion as to the Fairness of the Merger Consideration, from a Financial Point of View, to CBOT Holdings Stockholders**

JPMorgan has provided its opinion to the CBOT Holdings board of directors, dated as of October 17, 2006, that, as of that date, and subject to and based upon the qualifications and assumptions set forth in its opinion, the consideration to be received by the holders of CBOT Holdings Class A common stock in the merger was fair, from a financial point of view, to such stockholders. We have attached to this document the full text of JPMorgan's opinion as Annex D, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by JPMorgan in connection with its opinion. We urge you to read the opinion carefully in its entirety. The opinion of JPMorgan is addressed to the board of directors of CBOT Holdings and is among many factors considered by the board in deciding to approve the merger agreement and the transactions contemplated by the merger agreement, is directed only to the consideration to be paid in the merger and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the merger agreement. Pursuant to an engagement letter between CBOT Holdings and JPMorgan, CBOT Holdings has agreed to pay JPMorgan a fee, a substantial portion of which is payable only upon the completion of the merger.

See The Merger Opinion of JPMorgan, Financial Advisor to CBOT Holdings beginning on page 82.

## **Interests of CME Holdings and CBOT Holdings Executive Officers and Directors in the Merger**

Stockholders should note that some CME Holdings executive officers and directors and some CBOT Holdings executive officers and directors have interests in the merger that are different from, or in addition to, the interests of other CME Holdings stockholders and CBOT Holdings Class A stockholders, respectively.

Each of CME Holdings board of directors and CBOT Holdings board of directors was aware of these interests when they voted to approve and adopt the merger agreement and recommend that their respective stockholders vote to adopt the merger agreement.

Information relating to the interests of CME Holdings executive officers and directors in the merger is located beginning on page 98 and information relating to the interests of CBOT Holdings executive officers and directors in the merger is located beginning on page 99.

**Interests of CBOT Holdings Directors Relating to Exercise Rights and/or Other CBOT Member Rights**

CBOT Holdings directors who hold an exercise right or are exerciser members could have had an incentive to negotiate the consideration, transaction structure or other terms and conditions of the merger to increase or protect the value of the exercise rights. For information regarding the CBOE exercise rights, see Risk Factors Additional Risks Relating to CBOT Members.

## **Table of Contents**

In addition, a majority of the directors of CBOT Holdings are members of CBOT. In connection with the merger, CBOT, CBOT Holdings and CME Holdings negotiated the terms of certain amendments to CME Holdings' amended and restated certificate of incorporation and bylaws and CBOT's amended and restated certificate of incorporation and bylaws, and the approval of the amendment of CBOT's amended and restated certificate of incorporation by CBOT members is a condition to the merger. As a result of these amendments, certain rights currently held by Class B members of CBOT will be expanded, preserved, amended, modified or eliminated. Directors of CBOT Holdings who are members of CBOT could have had an incentive to negotiate the terms and conditions of the merger to increase or protect their rights as CBOT members after the merger, which was referred to as the potential trading rights conflict.

Information relating to interests of CBOT Holdings directors related to exercise rights and/or other CBOT member rights is located beginning on page 102.

## **Role and Recommendations of the CBOT Holdings' Special Transaction Committee and Non-ER Members Committee**

CBOT Holdings' board of directors formed a special transaction committee, or the special transaction committee, and an additional separate special committee, which is referred to as the non-ER members committee, each comprised of independent and disinterested directors, to address certain potential conflicts of interest of a majority of CBOT Holdings' directors. The CBOT Holdings special transaction committee acted, with respect to both the potential exercise rights conflict and the potential trading rights conflict, in the interests of CBOT Holdings Class A stockholders who are not members of and do not lease a membership at CBOT and who do not otherwise have an exercise right or hold a membership on CBOE pursuant to an exercise right. The CBOT Holdings non-ER members committee acted, with respect to the potential exercise rights conflict, in the interests of CBOT Holdings Class A stockholders (solely in their capacity as CBOT Holdings Class A stockholders) who are members of CBOT or who lease a membership on CBOT, but who do not have an exercise right or hold a membership on CBOE pursuant to an exercise right. CBOT Holdings' board of directors resolved that it would not recommend a transaction with CME Holdings for approval by CBOT Holdings Class A stockholders without the prior favorable recommendation by each special committee.

The special transaction committee unanimously determined that the merger, on the terms and subject to the conditions set forth in the merger agreement, was advisable, fair to, and in the best interests of CBOT Holdings Class A stockholders who are not members of and do not lease a membership at CBOT and do not otherwise have an exercise right or own a membership on CBOE pursuant to an exercise right, and recommended that CBOT Holdings' board authorize and approve the merger agreement and the merger. The special transaction committee unanimously recommends that CBOT Holdings Class A stockholders who are not members of and do not lease a membership at CBOT and do not otherwise have an exercise right or own a membership on CBOE pursuant to such exercise right vote **FOR** the adoption of the merger agreement.

The non-ER members committee determined that the merger, on the terms and subject to the conditions set forth in the merger agreement, was advisable, fair to, and in the best interests of CBOT Holdings Class A stockholders who are members of CBOT or who lease a membership on CBOT, but who do not have an exercise right or hold a membership on CBOE pursuant to an exercise right, and recommended that CBOT Holdings' board authorize and approve the merger agreement and the merger. The non-ER members committee recommends that CBOT Holdings Class A stockholders who are members of CBOT or who lease a membership on CBOT, but who do not have an exercise right or hold a membership on CBOE pursuant to an exercise right, vote **FOR** the adoption of the merger agreement.

Neither the special transaction committee nor the non-ER members committee made any recommendation as to whether or to what extent any CBOT Holdings Class A stockholder should elect cash or stock consideration in the merger.



## **Table of Contents**

In reaching their recommendations, the special committees consulted with their respective legal advisors and, in the case of the special transaction committee, its financial advisor, as well as CBOT Holdings' board of directors and certain of its senior management, and CBOT Holdings' legal and financial advisors. The non-ER members committee also consulted with the special transaction committee and its legal and financial advisors. In reaching their recommendations, the special committees also considered the factors described under "The Merger Recommendations of CBOT Holdings' Special Transaction Committee and Non-ER Members Committee" beginning on page 63.

### **The CBOT Holdings Special Transaction Committee's Financial Advisor Has Provided its Opinion as to the Fairness of the Exchange Ratio, from a Financial Point of View, to CBOT Holdings' Class A Stockholders Other Than Stockholders Who Have Exercise Right Privileges at CBOE or Have Exercised such Exercise Right Privileges at CBOE**

Lazard has provided its opinion to the CBOT Holdings special transaction committee, dated as of October 17, 2006, that, as of that date, and based upon and subject to the assumptions, limitations and qualifications set forth in the opinion, the exchange ratio was fair, from a financial point of view, to the Class A stockholders of CBOT Holdings other than the stockholders of CBOT Holdings who have exercise right privileges at CBOE or have exercised such exercise right privileges at CBOE. The CBOT Holdings non-ER members committee requested, and Lazard consented to, the non-ER members committee's reliance on Lazard's opinion. We have attached to this document the full text of Lazard's opinion as Annex E, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Lazard in connection with its opinion. We urge you to read the opinion carefully in its entirety. The opinion of Lazard is among many factors considered by the special committees in reaching their recommendations, is directed only to the exchange ratio in the merger and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the merger agreement. Lazard received a fee for its services upon rendering its opinion, and an additional fee will be payable to Lazard upon consummation of the merger.

See "The Merger Opinion of Lazard, Financial Advisor to the CBOT Holdings Special Transaction Committee" beginning on page 88.

### **Amended and Restated Certificate of Incorporation and Bylaws**

Upon the completion of the merger, CME Group's certificate of incorporation and bylaws will be as set forth in the forms attached as Annexes F and G to this document. The certificate of incorporation and bylaws differ from CME Holdings' current certificate of incorporation and bylaws in several material respects, including an increase in the authorized number of shares of Class A common stock from 138,000,000 to 1,000,000,000, an increase in the number of directors from 20 to 29 and provisions to reflect the arrangements regarding the board of directors and officers of CME Group after completion of the merger as described below.

See "The Merger Amended and Restated Certificate of Incorporation and Bylaws" beginning on page 104.

### **Board of Directors and Executive Officers of CME Group After Completion of the Merger**

Upon the completion of the merger, the certificate of incorporation and bylaws of CME Group will provide for a board of directors composed of 29 members. Currently, the holders of CME Holdings' Class B-1, Class B-2 and Class B-3 common stock have the right to elect six directors to CME Holdings' board of directors. Following the merger, the holders of the Class B-1, Class B-2 and Class B-3 common stock of CME Group will continue to have the right to elect six directors, who are referred to in this document collectively as the "Class B Directors." The remaining 23 directors, who are referred to in this document collectively as the "equity directors," will be elected by the holders of CME Group's Class A and

Class B common stock voting together as a single class.

## **Table of Contents**

Upon the completion of the merger, the 29 members of the board of directors of CME Group will consist of the six Class B Directors of CME Holdings as of immediately prior to the merger, the 14 remaining directors of CME Holdings as of immediately prior to the merger, who are referred to in this document collectively as the CME Directors, and nine directors of CBOT Holdings as of immediately prior to the merger, who are referred to in this document collectively as the CBOT Directors. CME Group's bylaws contain nominating provisions intended to ensure that, until the annual meeting of stockholders to be held in 2010, at least 20 directors are CME Directors, including the six CME Class B Directors (or their replacements), and at least nine equity directors are CBOT Directors (or their replacements). At least two of the CBOT Directors must at all times be non-industry directors.

Immediately following the completion of the merger, the executive chairman of the board of directors of CME Holdings will serve as the executive chairman of the board of directors of CME Group and the chairman of the board of directors of CBOT Holdings will serve as vice chairman of the board of directors of CME Group, in each case until the 2010 annual meeting of stockholders. Terrence A. Duffy currently serves as executive chairman of the board of directors of CME Holdings and Charles P. Carey currently serves as chairman of the board of directors of CBOT Holdings. Until the 2010 annual meeting of stockholders, any vacancy in the position of chairman of the board of directors will be filled by a majority vote of CME Directors then in office and any vacancy in the position of vice chairman of the board of directors will be filled by a majority vote of CBOT Directors then in office.

During the period, which is referred to in this document as the transition period, starting on the date of the completion of the merger and ending on the first business day following the annual meeting of stockholders to be held in 2010, the nominating committee of the board of directors of CME Group will be composed of six directors, consisting of (i) four CME Directors, who are referred to in this document as the CME nominating representatives, selected from time to time by the chairman of CME Group and (ii) two CBOT Directors, who are referred to in this document as the CBOT nominating representatives, selected from time to time by the vice chairman of CME Group. During the period starting on the date of the completion of the merger and ending on the first business day prior to the annual meeting of stockholders to be held in 2010, the CME nominating representatives have the right to designate any director to be nominated or elected by the board of directors to replace any CME Director whose term expires or who otherwise fails to continue to serve during such period and the CBOT nominating representatives have the same rights with respect to the CBOT Directors.

Upon the completion of the merger, the executive officers of CME Holdings in office immediately prior to the effective time of the merger will be the executive officers of CME Group until their successors have been duly appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and the bylaws of CME Group.

See The Merger Board of Directors and Executive Officers of CME Group After Completion of the Merger beginning on page 104.

## **The Merger Agreement**

The terms and conditions of the merger are contained in the merger agreement, which is attached as Annex A to this document. Please carefully read the merger agreement as it is the legal document that governs the merger.

## Table of Contents

### Conditions to Completion of the Merger

Each of CME Holdings and CBOT Holdings obligation to complete the merger is subject to the satisfaction or waiver of a number of mutual conditions, including:

the adoption of the merger agreement by the CME Holdings and CBOT Holdings Class A stockholders and the approval by the CBOT members of the repurchase and the proposed CBOT amended and restated certificate of incorporation;

the approval of the listing of CME Holdings Class A common stock to be issued in the merger and such other shares to be reserved for issuance in connection with the merger, subject to official notice of issuance, on the NYSE and the Nasdaq Global Select Market;

the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and similar foreign competition laws shall have terminated or expired and the absence of any pending action by the government to enjoin the merger or impose a burdensome condition within the meaning of the merger agreement, and all other required filings with or approvals from any governmental entity or self-regulatory organization shall have been made or obtained without any term or condition that would reasonably be expected to result in a burdensome condition;

the absence of any rule, regulation, statute, ordinance, order, injunction, judgment or similar action of a court or other governmental entity or self-regulatory organization having the effect of making the merger illegal or otherwise prohibiting the merger; and

the effectiveness of the registration statement of which this document forms a part under the Securities Act.

Each of CME Holdings and CBOT Holdings obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of other conditions, including:

the other party's representations and warranties in the merger agreement being true and correct, without regard to qualifications or limitations as to materiality or material adverse effect, except with respect to most representations and warranties where the failure of such representations and warranties to be true and correct does not have and is not reasonably expected to have a material adverse effect;

the performance by the other party in all material respects of its obligations under the merger agreement; and

the receipt by such party of a legal opinion from its counsel with respect to certain federal income tax consequences of the merger.

In addition, the obligation of CME Holdings to complete the merger is subject to the consummation of the repurchase by CBOT Holdings of its outstanding share of Class B common stock from the CBOT Subsidiary Voting Trust, and the obligation of CBOT Holdings to complete the merger is subject to the appointment of the CBOT Directors to CME Group's board of directors, executive committee and nominating committee in accordance with the merger agreement.

See The Merger Agreement Conditions to Complete the Merger beginning on page 119.



**Non-Solicitation**

Each of CBOT Holdings and CME Holdings has agreed that it will not initiate, solicit, facilitate or encourage any inquiries or proposals regarding, or take certain other actions in connection with, any acquisition proposals by third parties. If, however, a party receives an unsolicited takeover proposal from a third party that the party's board of directors or, in the case of CBOT Holdings, the CBOT Holdings special transaction committee, determines in good faith, after consultation with its legal and financial advisors, constitutes a superior

## **Table of Contents**

proposal or could reasonably be expected to lead to a superior proposal, then that party may furnish information to the third party and engage in negotiations regarding a takeover proposal with the third party, subject to specified conditions.

Each party has agreed that its board of directors will not change its recommendation to its stockholders or members or approve any alternative agreement. However, at any time prior to the applicable stockholder or member approval, the applicable board of directors and, in the case of CBOT Holdings, the CBOT Holdings special transaction committee, may make a change in recommendation in response to a superior proposal or if required to comply with its fiduciary duties, subject to certain conditions.

The merger agreement requires each party to call, give notice of and hold a meeting of its stockholders or members, as applicable, for the purposes of obtaining the applicable stockholder or member approval. This stockholder meeting requirement does not apply to a party if the other party terminates the merger agreement. In addition, this stockholder meeting requirement does not apply to a party if that party makes a change in recommendation in response to a superior proposal, unless the other party exercises its option, within five business days after the change in recommendation, to cause the applicable board of directors to submit the merger agreement to its stockholders for approval, which we refer to as the stockholder vote option. If a party exercises its stockholder vote option, it will not be entitled to certain termination rights under the merger agreement.

See The Merger Agreement No Solicitation of Alternative Transactions beginning on page 117.

## **Termination of the Merger Agreement**

CME Holdings and CBOT Holdings may mutually agree at any time to terminate the merger agreement without completing the merger. Also, either of CME Holdings or CBOT Holdings can terminate the merger agreement in various circumstances, including the following:

the merger is not completed by October 17, 2007 (other than because of a breach of the merger agreement caused by the party seeking termination), provided, that if all conditions to closing, other than the termination or expiration of the required waiting period under the Hart-Scott-Rodino Antitrust Improvements Act and the absence of any pending action by the government to enjoin the merger or impose a burdensome condition or the receipt of required regulatory approvals, have been satisfied or waived on that date, such date may be extended by either party up to an aggregate of 120 days;

a governmental entity or self-regulatory organization has issued a rule, regulation, statute, ordinance, order, injunction, judgment or similar action of a court or other governmental entity or self-regulatory organization having the effect of making the merger illegal or otherwise prohibiting the merger and such action has become final and non-appealable; or

the other party has not obtained its required stockholder approval of the merger and related transactions, and in the case of CBOT Holdings, the required CBOT member approval, at its stockholder or member meeting, as applicable.

A party may also terminate the merger agreement if:

Edgar Filing: CHICAGO MERCANTILE EXCHANGE HOLDINGS INC - Form S-4

the other party is in material breach of the merger agreement after prior written notice of the breach and such material breach remains uncured or is incapable of being cured;

the other party is in breach in any material respect of its obligations regarding solicitation of alternative transaction proposals;

subject to a party not exercising its stockholder vote option, the other party's board of directors:

fails to authorize, approve or recommend the merger agreement to its stockholders;

changes its recommendation to its stockholders; or

**Table of Contents**

fails to remain silent with respect to a third party tender offer or exchange offer or fails to recommend that its stockholders reject a tender offer or exchange offer within specified time periods; or

such party makes a change in recommendation in response to a superior proposal and the other party does not exercise its stockholder vote option.

See The Merger Agreement Termination of the Merger Agreement beginning on page 120.

**Termination Fees and Expenses**

CBOT Holdings or CME Holdings, as the case may be, must pay a termination fee of \$240.0 million to the other party if the merger agreement is terminated due to:

such party's breach in any material respect of its obligations regarding solicitation of alternative transaction proposals;

subject to the other party not exercising its stockholder vote option, such party's board of directors (i) failing to authorize, approve or recommend the merger agreement to its stockholders, (ii) changing its recommendation to its stockholders or (iii) failing to remain silent with respect to a third party tender offer or exchange offer or failing to recommend that its stockholders reject a tender offer or exchange offer; or

such party making a change in recommendation (provided that in connection with a change in recommendation in response to a superior proposal the other party does not exercise its stockholder vote option).

If the merger agreement is terminated due to:

a party being in uncured willful material breach of the merger agreement;

a party not obtaining its stockholder approval of the merger and related transactions and, in the case of CBOT Holdings, the required CBOT member approval, at such party's stockholder or member meeting; or

the merger not being completed by October 17, 2007 (as such date may be extended pursuant to the terms of the merger agreement) and a party has not obtained its required stockholder approval of the merger and related transactions and, in the case of CBOT Holdings, the required CBOT member approval;

and, in each case, a takeover proposal for such party has been made or announced; then, if such party enters into or consummates the transactions contemplated by the takeover proposal within 12 months of termination of the merger agreement, such party must pay a termination fee of \$240.0 million to the other party.

If a party is required to pay a termination fee to the other party, such party must also reimburse the other party for its expenses, up to a maximum amount of \$6.0 million.

See The Merger Agreement Fees and Expenses beginning on page 122.

**Regulatory Approvals Required for the Merger**

Completion of the transactions contemplated by the merger agreement is subject to the receipt of approvals or consents from, or the making of filings with, various regulatory authorities, including United States antitrust authorities.

## **Table of Contents**

CME Holdings and CBOT Holdings have completed, or will complete, filing all of the required applications and notices with applicable regulatory authorities.

See Regulatory Approvals beginning on page 123.

### **The Merger Generally Will Be Tax-Free to Holders of CBOT Holdings Class A Common Stock to the Extent They Receive CME Holdings Class A Common Stock**

The exchange by U.S. holders of CBOT Holdings Class A common stock for CME Holdings Class A common stock has been structured to be generally tax free for U.S. federal income tax purposes, except that:

U.S. holders of CBOT Holdings Class A common stock that receive both cash and CME Holdings Class A common stock generally will recognize gain, but not loss, to the extent of the cash received; and

U.S. holders of CBOT Holdings Class A common stock that receive only cash generally will recognize gain or loss.

Holders of CBOT Holdings Class A common stock should consult with their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

See Material U.S. Federal Income Tax Consequences of the Merger beginning on page 125.

## **The Companies**

### **Chicago Mercantile Exchange Holdings Inc.**

20 South Wacker Drive

Chicago, Illinois 60606

(312) 930-1000

CME Holdings is the parent company of CME. Founded in 1898, CME is the largest futures exchange in the United States for the trading of futures contracts and options on futures contracts, as measured by 2005 annual trading volume. In 2005, CME customers, who include its members, traded more than 1.0 billion futures contracts and options on futures contracts. CME owns its clearinghouse, which is the largest derivatives clearing operation in the world for futures and options on futures.

See The Companies CME Holdings and CME beginning on page 129.

**CBOT Holdings, Inc. and Board of Trade of the City of Chicago, Inc.**

141 West Jackson Boulevard

Chicago, Illinois 60604

(312) 435-3500

CBOT Holdings is the parent company of CBOT. Founded in 1848, CBOT is the world's leading marketplace for agriculture, grains and U.S. Treasury futures as well as options on futures. In 2005, 15% of the global listed futures and options on futures contracts traded on CBOT. In 2005, CBOT's flagship U.S. Treasury futures and options products traded approximately 535 million contracts and CBOT traded 92 million agricultural futures and options on futures contracts.

See The Companies CBOT Holdings and CBOT beginning on page 129.

**Table of Contents****Comparative Stock Price and Dividends**

Shares of CME Holdings Class A common stock are listed on the NYSE and the Nasdaq Global Select Market and shares of CBOT Holdings Class A common stock are listed on the NYSE. The following table presents the last reported closing sale price per share of CME Holdings Class A common stock and CBOT Holdings Class A common stock, as reported on the New York Stock Exchange Composite Transaction reporting system on October 16, 2006, the last full trading day prior to the public announcement of the merger, and on December 20, 2006, the last trading day for which this information could be calculated prior to the filing of this document.

	CME Holdings Class A Common Stock	CBOT Holdings Class A Common Stock	CBOT Holdings Class A Common Stock Equivalent Per Share(1)
October 16, 2006	\$ 503.25	\$ 134.51	\$ 151.28
December 20, 2006	\$524.50	\$157.30	\$157.66

- (1) The equivalent per share data for CBOT Holdings Class A common stock has been determined by multiplying the closing price of a share of CME Holdings Class A common stock on each of the dates by the exchange ratio of 0.3006. See The Merger Agreement Consideration To Be Received in the Merger beginning on page 109.

The most recent quarterly dividend declared by CME Holdings is \$0.63 per share payable on December 26, 2006 to holders of CME Holdings Class A and Class B common stock of record as of December 8, 2006. CME Holdings' annual dividend target is approximately 30% of the prior year's cash earnings. The decision to pay a dividend, however, remains with the CME Holdings board of directors and may be affected by various factors, including earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions and other considerations the board of directors deems relevant. Also, the merger agreement provides that CME Holdings may not declare or pay dividends except quarterly dividends consistent with past practice. CBOT Holdings has not paid any cash dividends on its common stock, and the merger agreement provides that CBOT Holdings may not declare or pay dividends.

See Market Price and Dividend Data beginning on page 131.



**Table of Contents**

**Summary Historical Financial Data**

CME Holdings and CBOT Holdings are providing the following financial information to aid you in your analysis of the financial aspects of the merger. This information is only a summary, and you should read it in conjunction with the historical consolidated financial statements of each of CME Holdings and CBOT Holdings and the related notes contained in the annual reports and other information that each of CME Holdings and CBOT Holdings has previously filed with the SEC and which is incorporated herein by reference. See [Where You Can Find More Information](#) beginning on page 161.

**Summary Historical Consolidated Financial Data of CME Holdings**

The following summary historical consolidated financial data as of and for the five years ended December 31, 2005 have been derived from CME Holdings' audited consolidated financial statements. Historical financial data as of and for the nine months ended September 30, 2006 and 2005 have been derived from CME Holdings' unaudited consolidated financial statements that include, in management's opinion, all normal recurring adjustments considered necessary to present fairly the results of operations and financial condition of CME Holdings for the periods and at the dates presented. Operating results for the nine months ended September 30, 2006 do not necessarily indicate the results that can be expected for the year ending December 31, 2006.

	<b>As of and for the Year Ended December 31,</b>	<b>As of and for the Nine Months Ended September 30,</b>
&nbsp;		