UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
	:	
MF GLOBAL HOLDINGS LTD., *et al.*,	:	**Case No. 11-15059 (MG)**
	:	
Debtors.	:	**(Jointly Administered)**
	:	
_____	:	
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	:	**DISCLOSURE STATEMENT FOR THE PLAN OF LIQUIDATION FOR MF GLOBAL HOLDINGS LTD., MF GLOBAL FINANCE USA INC., AND THEIR DEBTOR AFFILIATES**
	:	_____
	:	
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Dated: January 10, 2013

THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED FOR APPROVAL, BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. THE FILING AND DISSEMINATION OF THIS DISCLOSURE STATEMENT IS NOT, AND SHOULD NOT BE CONSTRUED AS, A SOLICITATION OF VOTES WITH RESPECT TO THE PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE OR AN OFFER WITH RESPECT TO ANY SECURITIES. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT, AND SHALL NOT, BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. IN ANY EVENT, THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CHANGE.

IMPORTANT INFORMATION[1]

THE DEADLINE TO VOTE ON THE PLAN IS [___], 2013, AT 5:00 P.M. EASTERN TIME.

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE NOTICE AND CLAIMS AGENT BEFORE THE VOTING DEADLINE.

This Disclosure Statement for the *Plan of Liquidation for MF Global Holdings Ltd., MF Global Finance USA Inc., and Their Debtor Affiliates* (the "Plan") has been prepared for the purpose of soliciting votes of the Holders of Claims and Interests entitled to vote to accept the Plan. Nothing in this Disclosure Statement may be relied upon or used by any entity for any other purpose.

This Disclosure Statement does not and shall not be deemed to provide legal, financial, securities, tax, or business advice to Holders of Claims against and Interests in the Debtors. The Bankruptcy Court's approval of the adequacy of disclosures contained in this Disclosure Statement does not constitute the Bankruptcy Court's approval of the merits of the Plan or a guarantee of the accuracy or completeness of the information contained herein. The Plan Proponents have not authorized any entity to provide any information about or concerning the Plan other than the information contained in this Disclosure Statement. Without limiting the generality of the forgoing, the Plan Proponents have not authorized any representations concerning the value of the Debtors' properties other than as set forth in this Disclosure Statement. Any information, representations, or inducements made by anyone to obtain acceptance of the Plan, which are other than or inconsistent with the information contained in this Disclosure Statement or in the Plan should not be relied upon by any Holder of a Claim or Interest entitled to vote to accept or reject the Plan.

The Plan Proponents urge every Holder of a Claim or Interest entitled to vote on the Plan to (a) read this Disclosure Statement and the Plan carefully, (b) consider all of the information in this Disclosure Statement, including, importantly, the risk factors described in Article XV of this Disclosure Statement, and (c) consult with its own advisor(s) before deciding whether to vote to accept or reject the Plan.

This Disclosure Statement contains summaries of the Plan, certain statutory provisions, events in the Chapter 11 Cases, events in the liquidation proceedings for MFGI and MFGUK, and certain documents related to the Plan. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or other documents referenced herein, the Plan or such other documents shall govern for all purposes. Further, the statements in this Disclosure Statement concerning the provisions of any document are not necessarily complete, and in each instance reference is made to such document for the full text thereof.

Except where otherwise specifically noted, factual information contained in this Disclosure Statement has been obtained from statements made by the Debtors, the Chapter 11 Trustee, MFGI, the SIPA Trustee, MFGUK, the Administrators and public sources. The Plan Proponents do not have access to information that the forgoing entities have chosen not to disclose. Consequently, the Plan Proponents cannot represent or warrant that the information contained herein or attached hereto is without any material inaccuracy or omission.

Although the Plan Proponents have used their reasonable business judgment to ensure the accuracy of the financial information contained in, or incorporated by reference into, this Disclosure Statement, such financial information has not been and shall not be audited or reviewed by the Plan Proponents. Although the Plan Proponents may subsequently update the information in this Disclosure Statement, the Plan Proponents have no affirmative duty to do so, and parties reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was filed.

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1 All capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meanings given to them in the Plan.

Neither this Disclosure Statement nor the Plan is or should be construed as an admission of fact, liability, stipulation, or waiver. No reliance should be placed on the fact that a particular Claim or Interest or potential objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Plan Administrator may investigate, file, and prosecute claims or causes of action against other entities, including Holders of Claims or Interests and may object to or assert counterclaims against Holders of Claims or Interests after the Effective Date of the Plan irrespective of whether this Disclosure Statement identifies any such Claims or Interests or objections to or counterclaims against any such Claims or Interests.

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

Neither this Disclosure Statement nor the Plan has been filed with the United States Securities and Exchange Commission (the "SEC") or any state authority. The Plan has not been approved or disapproved by the SEC or any state securities commission and neither the SEC nor any state securities commission has passed upon the accuracy or adequacy of this Disclosure Statement or the merits of the Plan.

This Disclosure Statement has been prepared in accordance with § 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and does not necessarily satisfy all requirements of federal or state securities laws or other similar laws.

This Disclosure Statement contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "expect," "anticipate," "estimate," or "continue," or the negative thereof, or other variations thereon or comparable terminology. Forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The Liquidation Analysis set forth in Exhibit III and the distribution projections, and other information contained herein are estimates only, and the timing and amount of actual distributions to Holders of Allowed Claims or Allowed Interests may differ from such estimates. You should carefully read Article XI herein titled "Risk Factors."

Investment decisions based on the information contained in this Disclosure Statement and/or the Plan is therefore highly speculative.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan, or any of the documents attached hereto or referenced herein, please refer to the Document Website. If you have questions about the solicitation and voting process, please contact Jones Day by calling (213) 243-2533 or mfglobalbk@jonesday.com.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS

Page

TABLE OF CONTENTS

Page

TABLE OF CONTENTS

Page

TABLE OF CONTENTS

Page

TABLE OF CONTENTS

Page

TABLE OF EXHIBITS

I. PRELIMINARY STATEMENT AND OVERVIEW OF THE PLAN

A. Preliminary Statement

MF Global Holdings Ltd. ("Holdings") and MF Global Finance USA Inc. ("Finance USA," and together with Holdings, the "Initial Debtors"), filed petitions for voluntary relief under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") on October 31, 2011 in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On December 19, 2011, MF Global Capital LLC ("MFG Capital"), MF Global FX Clear LLC ("MFG FX"), and MF Global Market Services LLC ("MFG Market Services," and together with MFG Capital and MFG FX, the "LLC Debtors") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. On March 2, 2012, MF Global Holdings USA Inc. ("MFG Holdings USA," and together with the LLC Debtors, the "Subsequent Debtors") filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Initial Debtors and Subsequent Debtors are referred to collectively as the "Debtors." The Debtors' bankruptcy cases (collectively, the "Chapter 11 Cases") are jointly administered by the Bankruptcy Court as *In re MF Global Holdings Ltd.*, Case No. 11-15059 (MG). The Chapter 11 Cases are assigned to United States Bankruptcy Judge Martin Glenn.

On December 21, 2012, the Chapter 11 Trustee reached a settlement of substantially all claims between the Debtors and Holdings' subsidiary MF Global Inc. ("MFGI"), an entity liquidating in a case under the Securities Investor Protection Act ("SIPA") and between the Debtors and Holdings' subsidiaries that are subject to administration cases in London, England. These settlements removed a series of substantial obstacles to the resolution of the Debtors' financial affairs. The Plan Proponents have proposed the Plan to facilitate the prompt and efficient conclusion of the Chapter 11 Cases. A copy of the Plan is attached as Exhibit I.

This Disclosure Statement is submitted by the Plan Proponents in connection with the solicitation of acceptances of the Plan. The information contained in this Disclosure Statement is based on the public record in the Chapter 11 Cases, the SIPA Proceeding,[2] the MFGUK Administration[3] and other public sources. Sources of information contained herein include but are not limited to (a) the Declaration of Bradley I. Abelow Pursuant to Local Bankruptcy Rule 1007-2 and In Support of Chapter 11 Petitions and Various First-Day Applications and Motions (Docket No. 9) (the "Abelow First Day Declaration"); (b) Declaration of Laurie R. Ferber Pursuant to Local Bankruptcy Rule 1007-2 and in Support of Chapter 11 Petitions and Various First-Day Motions (Case No. 11-15808, Docket No. 2) (the "Ferber First Day Declaration"); (c) the First Report of Louis J. Freeh, Chapter 11 Trustee of MF Global Holdings Ltd., et al., for the Period October 31, 2011 through June 4, 2012 (Docket No. 711) (the "Freeh Interim Report"); (d) various reports by the SIPA Trustee (Case No. 11-2790, Docket Nos. 835, 896, 1865, 2758, 3674, 4763) (report at Docket No. 1865, the "SIPA Trustee First Interim Report" and report at Docket No. 4763, the "SIPA Trustee Second Interim Report"); (e) the Administrators' Progress Report issued May 30, 2012 for the six month period October 31, 2011 to April 30, 2012 (the "Administrators' Report");[4] (f) the Administrators' Progress Report issued November 29, 2012 for the six month period May 1, 2012 to October 30, 2012 (the "Administrators' Second Report"),[5] (g) the Administrators' Illustrative Effect of Conditional US Settlements filed on January 8, 2013 (the "Administrators' Illustrative Report"),[6] (h) the claims register maintained by GCG, Inc. at

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[2] MFGI's SIPA Proceeding was filed on November 1, 2011. It is Case Number 1:11-ap-02790 (Bankr. S.D.N.Y.) before Judge Glenn and discussed in further detail in Section III.O.

[3] The MFGUK Administration was filed on October 31, 2011. It is discussed in further detail in Section III.R.

[4] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Advisory/MF-Global-6-Month-progress-report.PDF.

[5] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Advisory/mf-global-6-monthly-report-nov2012.pdf.

[6] See http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Advisory/illustrative-effect-of-us-settlement-final.pdf.

http://mfglobalcaseinfo.com/index.php, (i) the MFGI-MFGUK Settlement Agreement (as defined herein) and (j) the MFGI-Debtors Letter Agreement (as defined herein).[7]

B. Overview of the Plan

A plan is a vehicle for satisfying the rights of holders of claims against and equity interests in a debtor. Confirmation of a plan is the overriding purpose of a chapter 11 case. Upon confirmation, a plan becomes binding on the debtor and all of its creditors and equity interest holders.

In these Chapter 11 Cases, the Plan contemplates a liquidation of each of the Debtors and is therefore referred to as a "plan of liquidation." The primary objective of the Plan is to maximize the value of the ultimate recoveries to all Holders of Allowed Claims and Allowed Interests and to distribute any Property of the Estates that is or becomes available for Distribution generally in accordance with the priorities established by the Bankruptcy Code. As discussed more fully in Articles VI - IX, the Plan provides for, among other things: (i) the liquidation, by the Plan Administrator, of all of the Property of the Estate of each Debtor, including but not limited to the prosecution and collection of claims against third parties; (ii) periodic Distributions to Holders of Allowed Claims and Allowed Interests; (iii) rejection of all Executory Contracts and Unexpired Leases to which any Debtor is a party that were not previously assumed, assigned, or rejected or are not being assumed as part of the Plan; and (iv) certain other transactions to effect the Plan.

The Plan constitutes a separate chapter 11 plan of liquidation for each Debtor. For convenience, a letter is assigned to each of the Debtors and a number to each of the Classes of Claims against or Interests in the Debtors. For consistency, similarly designated Classes of Claims and Interests are assigned the same number across each of the Debtors. Claims against and Interests in the Debtors are classified in up to six separate Classes as follows:

Debtor Letter	Debtor Name
A	Holdings
B	Finance USA
C	MFG Capital
D	MFG FX
E	MFG Market Services
F	MFG Holdings USA

Class Number	Designation
1	Priority Non-Tax Claims
2	Secured Claims
3	Liquidity Facility Secured Claims
4	Liquidity Facility Unsecured Claims
5	General Unsecured Claims
6	Preferred Interests
7	Common Interests

1. Identification of Classes of Claims Against and Interests in Holdings (Debtor A)

The following table designates the Classes of Claims against and Existing Interests in Holdings and specifies which Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code, or (c) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
1A	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
2A	Secured Claims	Unimpaired	No (deemed to accept)
3A	Liquidity Facility Secured Claims	Impaired	Yes
4A	Liquidity Facility Unsecured Claims	Impaired	Yes
5A	General Unsecured Claims	Impaired	Yes
6A	Preferred Interests	Impaired	No (deemed to reject)
7A	Common Interests	Impaired	No (deemed to reject)

[7] *See In re MF Global Inc.*, No. 11-02790-mg (Bankr. S.D.N.Y.) (Docket No. 5168).

2. Identification of Classes of Claims Against and Interests in Finance USA (Debtor B)

The following table designates the Classes of Claims against and Existing Interests in Finance USA and specifies which Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code, or (c) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
1B	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
2B	Secured Claims	Unimpaired	No (deemed to accept)
3B	Liquidity Facility Secured Claims	Impaired	Yes
4B	Liquidity Facility Unsecured Claims	Impaired	Yes
5B	General Unsecured Claims	Impaired	Yes
7B	Common Interests	Impaired	Yes

3. Identification of Claims Against and Interests in MFG Capital (Debtor C)

The following table designates the Classes of Claims against and Existing Interests in MFG Capital and specifies which Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code, or (c) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
1C	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
5C	General Unsecured Claims	Impaired	Yes
7C	Common Interests	Impaired	Yes

4. Identification of Claims Against and Interests in MFG FX (Debtor D)

The following table designates the Classes of Claims against and Existing Interests in MFG FX and specifies which Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code, or (c) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
1D	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
2D	Secured Claims	Unimpaired	No (deemed to accept)
5D	General Unsecured Claims	Impaired	Yes
7D	Common Interests	Impaired	Yes

5. Identification of Claims Against and Interests in MFG Market Services (Debtor E)

The following table designates the Classes of Claims against and Existing Interests in MFG Market Services and specifies which Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code, or (c) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
1E	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
5E	General Unsecured Claims	Impaired	Yes
7E	Common Interests	Impaired	Yes

6. Identification of Claims Against and Interests in MFG Holdings USA (Debtor F)

The following table designates the Classes of Claims against and Existing Interests in MFG Holdings USA and specifies which Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code, or (c) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
1F	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
2F	Secured Claims	Unimpaired	No (deemed to accept)
5F	General Unsecured Claims	Impaired	Yes
7F	Common Interests	Impaired	Yes

C. SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN

The estimated percentage recovery for each class under the Plan is shown in the table below. In accordance with § 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified. For a discussion of certain additional matters related to Administrative Claims and Priority Tax Claims, see Sections VI.B.1. The Plan Proponents' estimate of recoveries for Holders of Claims in Class 4 and Class 5 and Holders of Interests in Class 6 and Class 7 under the Plan, accordingly, are based on the Plan Proponents' estimate of the Administrative Claims, Cure Amount Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims and Liquidating Facility Secured Claims that ultimately shall be Allowed, including those that were Filed as of the date of this Disclosure Statement; *however*, there can be no assurance that the Plan Proponents' estimate of the likely aggregate Allowed amount of such Claims shall prove to be accurate.

The estimated amounts of Claims shown in the table below are based upon the Plan Proponents' preliminary review of certain (but not all) of the Claims Filed on or before November 30, 2012 and on any other information publicly available to the Plan Proponents. These estimates will undoubtedly change as additional information becomes available. In addition, the amount of any Disputed Claim that ultimately is allowed by the Bankruptcy Court may be significantly more or less than the estimated amount of such Claim.

The "Estimated Percentage Recovery" for each Class is the quotient of the estimated Property of the Estate to be distributed to Holders of Allowed Claims or Allowed Interests in such Class, divided by the estimated aggregate amount of Allowed Claims or Allowed Interests in such Class. The Property of the Estate estimate and the estimated aggregate amount of Allowed Claims or Allowed Interests are based on public information and on certain assumptions made by the Plan Proponents as described below. The Plan Proponents do not have sufficient information to evaluate all components of the Property of the Estates of the Debtors. For example, these calculations do not include any value attributable to preference actions.

For a discussion of various factors that could materially affect the amounts to be distributed pursuant to the Plan, see Section XV of this Disclosure Statement and the Feasibility Analysis attached hereto as Exhibit II. For example, of the approximately 1,800 Claims filed, approximately 150 Claims have been asserted in unliquidated amounts and are not included into the calculations below. In addition, the Plan Proponents' estimates of recoveries by Holders of Allowed Claims or Allowed Interests are based on the Plan Proponents' current view of the likely amount of Allowed Claims or Allowed Interests incurred by the Debtors through Confirmation of the Plan. There can be no assurance that the Plan Proponents' estimates of Allowed Claims will prove to be accurate.

1. Summary of Sources of Recovery

As discussed in detail in Articles IV and V hereto, the Debtors have multiple potential sources of recovery that were considered in determining how to calculate the Estimated Percentage Recovery for each Debtor. A separate recovery analysis for each Debtor will be filed with the Plan Supplement ten (10) days prior to the Voting Deadline. The following is an explanation of assumptions made in calculating the Estimated Percentage Recovery figures in the chart below.

The Plan Proponents first prepared a recovery analysis with respect to the MFGI estate since projected distributions from MFGI are material sources of assets for the Debtors' estates. The Plan Proponents used publicly available information, including information from the reports filed by the SIPA Trustee in the SIPA Proceeding, to calculate a value of $6.823 - $6.923 billion on account of segregated assets, utilizing a $500 - $600m recovery range for MFGI from MFGUK provided in the MFGI-MFGUK Settlement Agreement. Based on information in the SIPA Trustee's October 5, 2012 Report, the Plan Proponents calculated the total segregated claims at $6.767 billion, allowing for payment in full of all MFGI customer claims and a surplus of approximately $56 - $156 million. After aggregating MFGI's cash on hand, the customer claims surplus and other assets and estimating administrative claims in the SIPA Proceeding at approximately $75 - 150 million, the Plan Proponents estimate that MFGI will hold net assets of between $1.086 - $1.261 billion. After accounting for the claims allowed per the terms of the MFGI-MFGUK Settlement Agreement of approximately $1.153 billion, the Plan Proponents estimate the balance of claims against MFGI at $291 million - $2.913 billion. This would result in a 26.7 - 87.2% recovery to holders of general unsecured claims against MFGI and a $0 recovery to the $600 million of subordinated debt claims against MFGI held by Holdings and Finance USA.

The Plan Proponents prepared a recovery analysis of Finance USA based on the cash on hand reported in its November monthly operating report plus payment of its claims filed against MFGI (after taking into account claims settled in the MFGI-Debtors Letter Agreement, discounted for the 26.7 - 87.2% recovery discussed above) plus other assets comprised of securities claims against MFGI, third party receivables, and all accounts receivable against Debtors, Non-debtor U.S. Subsidiaries and Non-debtor Foreign Subsidiaries (after discounting for the applicable recovery percentages for each such entity) to arrive at approximately $475 million - $1.162 billion in total assets of Finance USA. After accounting for payment of Administrative Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims and Class 3B Liquidity Facility Secured Claims, the Plan Proponents estimate that the net assets of Finance USA would be approximately $431 million - $1.118 billion. Accordingly, the holders of the Estimated Allowed Claims in Class 4B Liquidity Facility Unsecured Claims and Class 5B General Unsecured Claims would be expected to receive a Distribution of 14.1 - 36.6%.

The Plan Proponents similarly calculated a recovery analysis for Holdings taking into account cash on hand reported in its November monthly operating report plus its claims against Finance USA and against MFGI as settled in the MFGI-Debtors Letter Agreement, estimated a range of $0 - $250 million on account of $250 million subordinated claim held by MFG Finance Europe against MFGUK, and other assets including but not limited to accounts receivable against Debtors, Non-debtor U.S. Subsidiaries and Non-debtor Foreign Subsidiaries (after discounting for the applicable recovery percentages for each such entity) to arrive at approximately $397 million - $1.115 billion in total assets of Holdings. After accounting for payment of Administrative Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims and Class 3A Liquidity Facility Secured Claims, the Plan Proponents estimate that the net assets of Holdings would be approximately $276 - $994 million. Accordingly, the holders of the Estimated Allowed Claims in Class 4A Liquidity Facility Unsecured Claims and Class 5A General Unsecured Claims would be expected to receive a Distribution of 11.5 - 41.5%.

Finally, the Plan Proponents used the same methodology to calculate the recovery analysis for each of remaining Debtors. In the case of MFG Capital, MFG FX, and MFG Market Services, this resulted in an estimate that the creditors of each such Debtor would be paid in full. In the case of MFG Holdings USA, the estimated recovery analysis produced a 19.8 - 35.0% return.

For purposes of calculating the estimated percentage recovery, the Plan Proponents have been conservative in their estimates and have ascribed, for example, no value for the assets and potential sources of recovery in Sections V.C, V.D or V.E herein because of their contingent nature. To the extent that additional sources of recovery add to the Property of the Estates or Claims estimated by the Plan Proponents in the Total Estimated Allowed Claims amounts are smaller than currently estimated, the Estimated Percentage Recovery shall increase. For purposes of computation of administrative expenses and for other, similar purposes, the Effective Date is assumed to occur on March 31, 2013. There can be no assurance, however, when or if the Effective Date will actually occur.

2. Summary of Claims and Estimated Percentage Recovery

Approximately 1,800 Claims were filed against the Debtors in a total amount of approximately $11.33 billion. These claims are set forth in the column entitled "Total Amount of Claims as Filed" in the chart below. Additionally, as discussed in Section IV.A, the Debtors have scheduled intra-Debtor accounts receivable of approximately $2.3 billion after setoffs. To the extent a Debtor is liable for the corresponding payable, that payable has also been included as a Claim in the column entitled "Total Amount of Claims as Filed" in the chart below.

The Plan Proponents have conducted a preliminary analysis of the Claims based on certain assumptions. The methodology, assumptions and analysis are detailed in Exhibit V hereto. The results of such analysis are set forth in the column entitled "Total Estimated Allowed Claims" in the chart below.

Class	Designation	Impairment	Entitled to Vote	Total Amount of Claims as Filed	Total Estimated Allowed Claims	Estimated % Recovery
1A	Priority Non-Tax Claims against Holdings	Unimpaired	No; deemed to accept	$110,292,718	$25,218,796	100%
1B	Priority Non-Tax Claims against Finance USA	Unimpaired	No; deemed to accept	$52,837,675	$2,600	100%
1C	Priority Non-Tax Claims against MFG Capital	Unimpaired	No; deemed to accept	$159,663	$101,038	100%
1D	Priority Non-Tax Claims against MFG FX	Unimpaired	No; deemed to accept	$75,517	$16,892	100%
1E	Priority Non-Tax Claims against MFG Market Services	Unimpaired	No; deemed to accept	$46,900	$0	100%
1F	Priority Non-Tax Claims against MFG Holdings USA	Unimpaired	No; deemed to accept	$29,037,850	$2,743,672	100%
2A	Secured Claims against Holdings	Unimpaired	No; deemed to accept	$243,280,698	$17,611,929	100%
2B	Secured Claims against Finance USA	Unimpaired	No; deemed to accept	$91,411,375	$8,975,574	100%
2D	Secured Claims against MFG FX	Unimpaired	No; deemed to accept	$4,950,178	$4,783,642	100%
2F	Secured Claims against MFG Holdings USA	Unimpaired	No; deemed to accept	$29,088	$21,861	100%
3A	Liquidity Facility Secured Claims against Holdings	Impaired	Yes	$1,665,021 as of 11/30/12	$1,665,021 as of 11/30/12	100%
3B	Liquidity Facility Secured Claims against Finance USA	Impaired	Yes	$21,077,759 as of 11/30/12	$21,077,759 as of 11/30/12	100%
4A	Liquidity Facility Unsecured Claims against Holdings	Impaired	Yes	$1,172,834,500 as of 11/30/12	$1,172,834,500 as of 11/30/12	11.5 – 41.5%
4B	Liquidity Facility Unsecured Claims against Finance USA	Impaired	Yes	$1,153,353,008 as of 11/30/12	$1,153,353,008 as of 11/30/12	14.1 – 36.6%
5A	General Unsecured Claims against Holdings	Impaired	Yes	$5,010,703,052[8]	$1,220,124,859	11.5 – 41.5%
5B	General Unsecured Claims against Finance USA	Impaired	Yes	$2,590,605,568[7]	$1,901,339,503	14.1 – 36.6%

[8] JPMorgan Chase Bank, N.A. Filed Claims 891 and 893 on account of the guarantees by Holdings and Finance USA of the MFGI Secured Facility discussed in Section II.G.1 in an unliquidated amount. Accordingly, although these Claims are included in Classes 5A and 5B, no amount for these Claims is included in the "Total Amount of Claims as Filed" column. In addition, as explained in Exhibit V, the "Total Estimated Allowed Claims" for these Classes do not include any amount for these Claims.

Class	Designation	Impairment	Entitled to Vote	Total Amount of Claims as Filed	Total Estimated Allowed Claims	Estimated % Recovery
5C	General Unsecured Claims against MFG Capital	Impaired	Yes	$691,782,680	$39,229,559	100%
5D	General Unsecured Claims against MFG FX	Impaired	Yes	$676,165,566	$12,157,091	100%
5E	General Unsecured Claims against MFG Market Services	Impaired	Yes	$672,508,490	$17,561,780	100%
5F	General Unsecured Claims against MFG Holdings USA	Impaired	Yes	$972,101,321	$273,107,837	19.8 - 35%
6A	Preferred Interests in Holdings	Impaired	No; deemed to reject	N/A	N/A	N/A
7A	Common Interests in Holdings	Impaired	No; deemed to reject	N/A	N/A	N/A
7B	Common Interests in Finance USA	Impaired	Yes	N/A	N/A	N/A
7C	Common Interests in MFG Capital	Impaired	Yes	N/A	N/A	N/A
7D	Common Interests in MFG FX	Impaired	Yes	N/A	N/A	N/A
7E	Common Interests in MFG Market Services	Impaired	Yes	N/A	N/A	N/A
7F	Common Interests in MFG Holdings USA	Impaired	Yes	N/A	N/A	N/A
			TOTAL			

The Plan Proponents hold approximately (a) $788 million of the $1.172 billion of loans outstanding under the Liquidity Facility classified as Classes 3A, 3B, 4A and 4B and (b) $647 million of the $1 billion in Notes classified as Class 5A.

D. Overview of Voting and Confirmation

The Plan Proponents believe that the Plan is fair and equitable to all Holders of Claims and Interests and is in the best interests of all creditors and other stakeholders. All creditors entitled to vote are urged to vote in favor of the Plan by no later than the Voting Deadline.

At the Confirmation Hearing, the Bankruptcy Court shall confirm the Plan only if all of the applicable requirements of § 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan of liquidation are that the plan: (i) is accepted by the requisite holders of claims and interests in impaired classes of creditors and equityholders; (ii) is in the "best interests" of each holder of a claim or interest in each impaired class; and (iii) complies with the applicable provisions of the Bankruptcy Code. In this instance, only Holders of Allowed Claims in Classes 3A, 3B, 4A, 4B, 5A, 5B, 5C, 5D, 5E, 5F and Holders of Interests in Classes 7B, 7C, 7D, 7E and 7F are entitled to vote to accept or reject the Plan. *See* Section XVI of this Disclosure Statement for a discussion of the Bankruptcy Code requirements for Confirmation of the Plan. In addition, after Confirmation, the occurrence of the Effective Date is subject to certain conditions, which are summarized in Section XVI.B.1 of this Disclosure Statement. There can be no assurance that these conditions will be satisfied.

II. HISTORY OF THE DEBTORS

A. Background[9]

Prior to the Initial Petition Date, Holdings and its affiliates and subsidiaries (collectively, including Debtors and non-Debtors, the "MF Global Group"), through its regulated and unregulated broker/dealers ("B/D") and futures commission merchants ("FCMs"), was a broker in markets for commodities and listed derivatives. MF Global Group provided access to more than seventy exchanges including many of the world's largest derivative exchanges. MF Global Group also was a B/D in markets for commodities, fixed income securities, equities, and foreign exchange. MF Global Group provided execution and clearing services for products in the exchange-traded and over-the-counter ("OTC") derivatives markets, as well as for certain products in the cash market.

MF Global Group was headquartered in the United States and conducted operations in, among other locations, the United Kingdom, France, Singapore, Australia, Hong Kong, Canada, India, Japan and Taiwan. A copy of the MF Global Group's organizational chart is attached hereto as Exhibit IV. MF Global Group's stated priority was to serve the needs of its diversified global client base, which included institutional asset managers and hedge funds, professional traders, corporations, sovereign entities, and financial institutions. MF Global Group also offered services for individual traders and introducing brokers.

B. Organizational Structure[10]

Holdings was a public company. Its common shares traded on the New York Stock Exchange under ticker symbol "MF," and since the Initial Petition Date, its common shares have traded over-the-counter under the ticker symbol "MFGLQ." Holdings is a holding company that is the direct or indirect parent of all of the other companies in the MF Global Group, including each of the Debtors. Finance USA is a New York corporation that provided financing services to affiliated companies and third parties.

C. Business Operations[11]

Prior to the Initial Petition Date, MF Global Group had approximately 2,870 employees worldwide. It derived revenues from three main sources: (i) commissions generated from execution and clearing services; (ii) principal transactions revenue, generated both from client facilitation and proprietary activities; and (iii) net interest income from cash balances in client accounts maintained to meet margin requirements, as well as interest related to MF Global Group's collateralized financing arrangements and principal transactions activities.

For fiscal year 2011, MF Global Group reported total revenues of approximately $2.2 billion, revenues net of interest and transaction-based expenses of approximately $1.1 billion, and net loss of $81.2 million.

1. Product Offerings

MF Global Group provided execution services for five categories of products: commodities, equities, fixed income, foreign exchange, and listed futures and options. Many of the contracts and securities that MF Global Group traded were listed on exchanges, while others were traded over-the-counter. MF Global Group executed orders for its clients on either an agency or principal basis. The instruments that MF Global Group traded, broken down by product, are described below:

Commodities: MF Global Group provided clients with execution services for transactions relating to derivative contracts, including futures, options, forward sale agreements and other types of instruments based on the price of metals and industrial materials. Metal derivatives were traded on exchanges and in the OTC markets. MF Global Group was one of twelve designated ring-dealing members of the world's largest metals exchange, the London Metal Exchange.

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[9] *See* Freeh Interim Report at 1, 4.

[10] *See* Ferber First Day Declaration at 3-4.

[11] Unless otherwise noted, the information contained in Section II.C is based upon the Abelow First Day Declaration at 4-7.

MF Global Group also executed trades in the energy derivatives market, including futures, options, swaps, and forwards on a range of energy products, including crude oil, natural gas, heating oil, gasoline, propane, electricity and other energy commodities. MF Global Group was a participant in both exchange-listed and OTC-traded energy derivatives and consistently had been ranked as one of the leading providers by volume of clearing and execution services on both the New York Mercantile Exchange and ICE Futures Europe.

MF Global Group also delivered to its clients hedging and risk management solutions and helped clients locate trading opportunities in a broad array of agricultural commodities markets. MF Global Group provided trade execution services for a wide range of OTC and listed agricultural commodities markets, including the grain and oilseed futures and options markets and for soft commodities, such as coffee, cocoa, and sugar, on exchanges in North America, Europe and Asia Pacific.

Equities: MF Global Group provided execution services in both cash equities and equity derivative products in many locations around the globe. Equity derivative products included futures, ETFs, options (single stock, index and ETF), contracts for difference (where legally available), and other securities whose underlying value was related to the price of one or more stocks, a basket of stocks, or stock indices.

Fixed Income: MF Global Group provided execution services for a variety of fixed income products. These included U.S. Treasury and agency securities and bonds issued by European governments and by multinational institutions. MF Global Group also traded corporate bonds, mortgage-backed and asset-backed securities, emerging market securities, as well as credit default swaps and interest rate swaps. MF Global Group was designated as a primary leader of U.S. Treasury securities, enabling it to serve as a counterparty to the Federal Reserve Bank of New York (the "Federal Reserve") in open-market operations and to participate directly in U.S. Treasury auctions. MF Global Group also provided analysis and market intelligence to the Federal Reserve's trading desks and to its clients.

Foreign Exchange: MF Global Group delivered access to a range of products and trading opportunities in foreign exchange markets worldwide. Many of these foreign exchange transactions were undertaken by MF Global Group's clients in connection with the purchase or sale of other instruments. Most foreign exchanges were conducted on an OTC basis.

Futures and Options: MF Global Group provided execution services for listed futures and options, including interest rate, government bond, and index futures and options. MF Global Group's floor brokers offered clients access to traditional floor execution for futures and options that continue to have price discovery on trading floors. Where futures and options had moved to electronic trading platforms, MF Global Group provided electronic connectivity to such markets.

2. Service Offerings

In addition to executing client transactions, MF Global Group provided clearing services, which were a component of the futures and options business, as well as a range of services designed to assist clients in developing trading ideas and managing their trading portfolios.

Clearing and Financing: MF Global Group provided a number of prime services, including clearing and settlement of trades, client financing, securities lending, and a range of administrative services. The revenue that MF Global Group earned from prime services activities consisted of commissions, interest income on client custodial accounts, principal transactions and fees. In addition to the clearing transactions MF Global Group executed for its own clients, MF Global Group also cleared transactions for clients that were using other executing brokers or executing their orders directly on an exchange. Moreover, MF Global Group cleared transactions on behalf of other brokers.

Research and Market Commentary: MF Global Group offered market research, analysis, and commentaries that provided clients with information they could use to inform trading strategies and investment decisions. MF Global Group's offerings included research on a wide range of instruments, markets and industries, equity research on many of the world's largest companies and industry sectors, policy-focused research on U.S. legislative and regulatory topics, and analysis of macroeconomic trends and issues driving financial markets.

D. Regulation and Exchange Memberships[12]

MF Global Group's business activities were regulated by a number of U.S. and foreign regulatory agencies and exchanges. These regulatory bodies and exchanges were charged with protecting investors by imposing requirements relating typically to capital adequacy, licensing of personnel, conduct of business, protection of client assets, record-keeping, trade-reporting and other matters. They had broad powers to monitor compliance and punish non-compliance.

In the United States, MF Global Group was principally regulated in the futures markets by the Commodity Futures Trading Commission (the "CFTC"), the Chicago Mercantile Exchange (the "CME"), and the National Futures Association and, in the securities markets by the SEC, the Financial Industry Regulatory Authority ("FINRA"), and the Chicago Board Options Exchange (the "CBOE"). Among other things, the CFTC, SEC, the U.K.'s Financial Services Authority ("FSA"), and other U.S.- and non-U.S. regulators required MF Global Group to maintain specific minimum levels of regulatory capital in Holdings' operating subsidiaries that conduct MF Global Group's futures and securities business. Further, as participants in the financial services industry, MF Global Group's business had to comply with the anti-money laundering laws of the jurisdictions in which MF Global Group does business, including, the USA PATRIOT Act, which required MF Global Group to know certain information about its clients and to monitor their transactions for suspicious activities, as well as the laws of the various states in which MF Global Group does business or where the accounts with which MF Global Group does business reside. MF Global Group's business was also subject to rules promulgated by the U.S. Office of Foreign Assets Control, which required that MF Global Group refrain from doing business, or allow its clients to do business through it, in certain countries or with certain organizations or individuals on a prohibited list maintained by the United States government.

E. Capital Structure[13]

For the quarterly period ended September 30, 2011, the MF Global Group (including all Non-debtor U.S. Subsidiaries and Non-debtor Foreign Subsidiaries) stated that it had consolidated assets of $41.0 billion and consolidated liabilities of $39.7 billion. The following are descriptions of the long-term debt obligations of MF Global Group as of the Initial Petition Date:

1. Liquidity Facility Agreement

Prior to the Initial Petition Date, Holdings and Finance USA (in this capacity, the "Borrowers") entered into a five-year revolving credit facility dated as of June 15, 2007 (as amended, supplemented or otherwise modified from time to time, the "Liquidity Facility"), with JPMorgan Chase Bank, N.A., as Administrative Agent (the "Liquidity Facility Agent"), and the several lenders from time to time parties thereto (such lenders and the Liquidity Facility Agent collectively referred to as the "Liquidity Facility Lenders"). On June 29, 2010, the Liquidity Facility was amended (i) to permit Holdings, in addition to certain of its subsidiaries, to borrow funds under the Liquidity Facility and (ii) to extend the lending commitments of certain of the Liquidity Facility Lenders by two years, from June 15, 2012 to June 15, 2014. As of the Initial Petition Date, $1.172 billion of loans were outstanding under the Liquidity Facility. The Debtors have determined that these amounts were borrowed by Holdings. These obligations are, however, also obligations of Finance USA.

Although the Liquidity Facility is unsecured, approximately $26 million of the Debtors' available cash was held in accounts controlled by the Liquidity Facility Agent as of the Petition Date. The Liquidity Facility Agent asserted setoff rights against these accounts and, by virtue of such setoff rights, a secured claim to the extent of such setoff.[14] Pursuant to the terms of the Cash Collateral Order described in Section III.H hereto, the Debtors have paid

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[12] *See* Abelow First Day Declaration at 7-8.

[13] Unless otherwise noted, for all information contained in Section II.E, see Abelow First Day Declaration at 9, 11-13. Nothing in this Section constitutes or shall be construed as an admission as to the proper characterization of the transactions and liabilities discussed herein.

[14] *See* Cash Collateral Motion (Docket No. 8).

down approximately $4.2 million to the Liquidity Facility Agent as of November 30, 2012.[15] The balance of the claims relating to the Liquidity Facility are accordingly treated as secured, in part, and unsecured, in part, in Classes 3A, 3B, 4A and 4B. Specific treatment of the various Claims related to the Liquidity Facility is described in Sections III.B.3 to III.B.6 of the Plan.

2. Unsecured Convertible Notes

Holdings issued approximately $1 billion in publicly traded notes in four separate issuances. The 3.375% Convertible Notes, the 1.875% Convertible Notes, the 9% Convertible Notes, and the Senior Notes are referred to collectively as, the "Notes." The Indenture Trustee for each of the Notes is Wilmington Trust, N.A., a member of the Committee. These Notes are unsecured obligations of Holdings and are not guaranteed by any of the Debtors, the Non-debtor U.S. Subsidiaries or the Non-debtor Foreign Subsidiaries. Accordingly, the balance of the Notes is classified as a General Unsecured Claim in Class 5A. Specific treatment of the Notes Claim is described in Section III.B.7 of the Plan.

a. 1.875% Convertible Notes.

In February 2011, Holdings issued approximately $287.5 million in principal amount of unsecured debt under that certain 1.875% Convertible Senior Notes due 2016 (the "1.875% Convertible Notes"). Interest accrued on the 1.875% Convertible Notes at a rate of 1.875% per year. The scheduled maturity date of the 1.875% Convertible Notes is February 1, 2016. The 1.875% Convertible Notes were convertible upon the occurrence of certain events relating to the price of its common stock or various corporate events. Accrued and unpaid interest as of the Initial Petition Date was $1,347,656.25.

b. 9% Convertible Notes.

Holdings is the issuer of approximately $78.6 million in aggregate principal amount of unsecured debt under that certain 9.00% Convertible Senior Notes due 2038 (the "9% Convertible Notes"). Interest accrued on the 9% Convertible Notes at a rate of 9.00% per year. The scheduled maturity date of the 9% Convertible Notes is June 20, 2038. The 9% Convertible Notes were convertible upon the occurrence of certain events. Accrued and unpaid interest as of the Initial Petition Date was $2,672,978.

c. 3.375% Convertible Notes.

Holdings is the issuer of approximately $325 million in aggregate principal amount of unsecured debt under that certain 3.375% Convertible Senior Notes due 2018 (the "3.375% Convertible Notes"). Interest accrued on the 3.375% Convertible Notes at a rate of 3.375% per year. The scheduled maturity date of the 3.375% Convertible Notes is 2018. Accrued and unpaid interest as of the Initial Petition Date was $2,711,718.75.

d. Senior Notes.

In August 2011, Holdings issued $325 million in five-year 6.25% senior notes (the "Senior Notes"). Holdings used a portion of the net proceeds from these offerings to repurchase a portion of its existing 9% Convertible Notes, repaid a portion of its outstanding permanent indebtedness under its Liquidity Facility and used the remainder for general corporate purposes. Interest accrued on the Senior Notes at a rate of 6.25% per year. The scheduled maturity date of the Senior Notes is 2016. Accrued and unpaid interest as of the Initial Petition Date was $4,699,240.45.

[15] *See* Monthly Operating Reports for December 2011 (Docket No. 359), February 2012 (Docket No. 561), March 2012 (Docket No. 636), May 2012 (Docket No. 721), June 2012 (Docket No. 751), and September 2012 (Docket No. 861).

3. Equity Interests

As of June 30, 2011, there were 1,500,000 shares of Series A Preferred Stock in Holdings held by J.C. Flowers & Co. LLC. Also as of June 30, 2011, 403,550 shares of Series B Preferred Stock remain outstanding. As of June 30, 2011, Holdings had 164,893,000 shares of common stock outstanding.

F. Insurance

Holdings maintained several types of insurance through multiple carriers, including, among others, (i) professional liability, or "errors and omissions," policies (the "E&O Policies") issued by MFG Assurance Company Limited ("MFGA"), a wholly-owned, captive insurance subsidiary of Holdings, domiciled in Bermuda and regulated by the Bermuda Monetary Authority, and certain third-party excess insurers, and (ii) directors and officers policies (the "D&O Policies") issued by various insurance companies, for the policy period May 31, 2011 to May 31, 2012 (the "Policy Period").

1. The E&O Policies

For the Policy Period, Holdings entered into one primary policy and twelve excess E&O Policies with MFGA providing a total of $120 million in aggregate limits of coverage. Holdings purchased four additional excess layers of coverage providing an additional $30 million in aggregate limits above the MFGA-issued layers. Therefore, Holdings had $150 million in aggregate limits of coverage under the various E&O Policies during the Policy Period. The E&O Policies are "claims made" policies, which provide coverage for claims actually made against the insured during the applicable policy period, subject to certain extensions and other terms set forth in the policies.

MFGA fully reinsured the entire $120 million "tower" of E&O coverage through various third-party reinsurance carriers, with the sole exception of the self-insured primary layer providing $7.475 million in coverage, with no aggregate limits, in excess of a $25,000 retention (similar to a deductible). Under the primary E&O Policy, the first $25,000 of loss arising from each single claim is borne by the insured or individual insured, and MFGA covers the next $7.475 million of such loss, without recourse to reinsurance. Loss from any single claim in excess of $7.5 million is insured by MFGA up to an aggregate limit of $120 million, subject to third-party reinsurance policies that mirror the coverage of the MFGA policies. Other third-party carriers directly insured Holdings against loss from a single claim exceeding $120 million, up to $150 million.

The E&O Policies cover Holdings and its subsidiaries, both domestically and abroad, as well as their directors, officers and employees for their actual or alleged acts, errors or omissions while in the performance of services provided by Holdings and its subsidiaries. For a further detailed discussion of the terms of the E&O Policies, *see* Chapter 11 Trustee Report at 75-80 (Docket No. 711).

2. The D&O Policies

Holdings maintained a D&O insurance program during the Policy Period comprising twenty-one primary and excess D&O Policies with a total aggregate limit of $225 million. These policies provided what is commonly known in the insurance industry as Side A, Side B, and Side C coverage. Side A coverage provides officers and directors of Holdings and its subsidiaries with coverage for "Loss" arising from claims made against those directors and officers for "Wrongful Acts" except when and to the extent that Holdings has indemnified those directors and officers. Therefore, to the extent Holdings or its subsidiaries do not indemnify the officer or director, the D&O Policies cover such "Loss." Side B coverage (provided under the D&O Policies by part (B)(1) of the coverage grant) reimburses Holdings or its subsidiaries for losses that Holdings or its subsidiaries paid on behalf of "Insured Persons." Side C coverage (provided under the D&O Policies by part (B)(2) of the coverage grant) provides entity coverage to Holdings or its subsidiaries limited to "Loss" arising from securities claims as defined by the policies.

The Side A coverage does not have a deductible. The Side B coverage and Side C coverage each have a $2.5 million retention by Holdings and its subsidiaries. The first ten layers of the D&O Policy tower provide $150 million in aggregate limits as to types of coverage (Sides A, B and C). The next four layers -- which provide coverage for losses arising from a single claim from $150 million to $200 million -- provide $50 million in Side A

coverage to officers and directors. The top two layers -- aggregate coverage from $200 million to $225 million -- provide Side A coverage exclusively for the benefit of "Independent Directors."

The excess layers contain a "following form" provision that provides the same coverage as the primary layer.

G. Description of MFGI Business and Role in Global Operations[16]

MFGI is a wholly-owned subsidiary of MFG Holdings USA and an indirect subsidiary of Holdings. MFGI provided brokerage services to customers and affiliates on United States securities and commodity futures exchanges and on overseas exchanges through affiliates or independent correspondent clearing brokers. MFGI also was engaged in principal and proprietary trading in United States government and corporate securities, futures, and purchase and resale agreements, as well as stock/bond borrow and stock/bond loan activities.

MFGI was registered with the SEC as a securities B/D. As a securities B/D, MFGI was a member of several regulatory organizations, including FINRA, the CBOE, the Depository Trust Clearing Corporation, the National Securities Clearing Corporation, and the Fixed Income Clearing Corporation. The CBOE was the designated examining authority of the MFGI B/D's securities related activities.

MFGI also was registered with the CFTC as an FCM. As an FCM, MFGI was a member of the National Futures Association, an industry self-regulatory agency. Additionally, MFGI was a member of the CME, the Chicago Board of Trade, the New York Mercantile Exchange, the Intercontinental Exchange, the Kansas City Board of Trade, and the Minneapolis Grain Exchange. The CME was the MFGI FCM's designated self-regulatory organization.

Beginning in February 2011, MFGI was one of 20 "primary dealers" to the Federal Reserve. Designation as a "primary dealer" enabled MFGI to serve as counterparty to the Federal Reserve in open-market operations, participate directly in U.S. Treasury auctions, and provide analysis and market intelligence to the Federal Reserve's trading desks.

1. Secured Facility

On June 29, 2011, MFGI, a subsidiary of Holdings,[17] entered into a $300 million 364-day secured revolving credit facility (the "MFGI Secured Facility") with a syndicate of lenders. JPMorgan Chase Bank, N.A., who serves as the Liquidity Facility Agent, is also the Administrative Agent under the MFGI Secured Facility. MFGI reportedly had borrowed approximately $210 million as of the Initial Petition Date.[18]

The indebtedness under the MFGI Secured Facility is secured by eligible collateral that was held by MFGI. The Chapter 11 Trustee reportedly believes that the borrowings under the MFGI Secured Facility were over-collateralized by securities pledged by MFGI.[19] Holdings and Finance USA, each guaranteed the obligations of MFGI under the MFGI Secured Facility on an unsecured basis.

The MFGI Secured Facility Guarantee Claim is classified as a General Unsecured Claim in Class 5A. The treatment of the MFGI Secured Facility Guarantee Claim is described in Sections III.B.7 and III.B.8 of the Plan.

2. Repos-To-Maturity

In or around September 2010, the MF Global Group began acquiring long positions in European sovereign debt securities in MFGI as part of its proprietary trading activities. MF Global U.K. Ltd. ("MFGUK"), an indirect

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[16] Except as otherwise specifically noted, all information contained in Section II.G is based upon the Freeh Interim Report at 32-45.

[17] As discussed below in Section III.N, MFGI is a debtor in a case under the Securities Investor Protection Act, 15 U.S.C. § 78aaa et. seq. ("SIPA"). *See In re MF Global Inc.*, No. 11-02790-mg (Bankr. S.D.N.Y.) (the "SIPA Proceeding").

[18] *See* Abelow First Day Declaration ¶ 27.

[19] *See* Freeh Interim Report at 31.

subsidiary of Holdings, acted as agent for the acquisitions, including the repurchase transactions ("Repos") to finance the purchases, and also cleared the trades since it was the only member of the MF Global Group that was a member of the relevant clearinghouses, such as the LCH.Clearnet Ltd. (in London) or LCH.Clearnet SA (in Paris) (collectively, "LCH.Clearnet") or Eurex (together with LCH.Clearnet, the "Exchanges"). Therefore, MFGUK served as the "counterparty" to MFGI in these transactions.

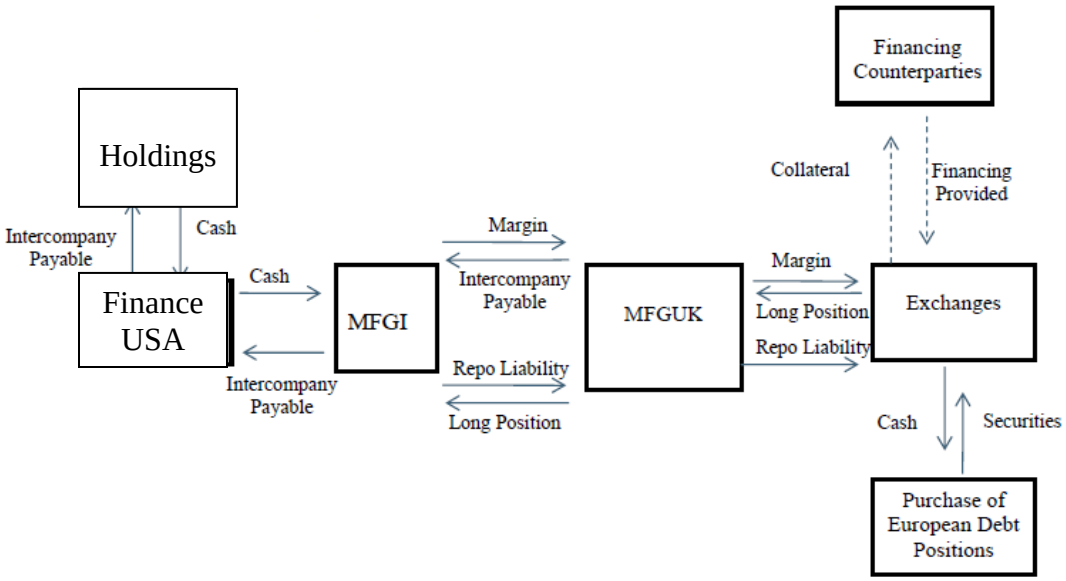
To finance the MF Global Group's sovereign debt purchases, MFGUK would enter into back-to-back Repo transactions consisting of two legs -- a Repo leg with third parties to finance the acquisition and a reverse Repo leg, with MFGI to finance MFGI's long position. By entering into the two offsetting back-to-back Repos, MFGUK was "flat" to the market and did not bear any of the associated risk that may have resulted from fluctuations in the market value of the European sovereign debt positions. As a result, the economic risk of ownership was transferred from MFGUK to MFGI.

Under the terms of the Repos with third parties, MFGUK agreed to sell to the third party (and the third party agreed to purchase) European sovereign debt securities while MFGUK simultaneously agreed to repurchase those securities from the third party at an agreed upon repurchase price, on a date falling immediately prior to the maturity date of the securities. MFGUK and the third parties entered into the Repos either on a bilateral basis or cleared the transactions through the Exchanges. In the cases where an Exchange cleared the Repo, the Exchange would become the counterparty to the original parties under the Repo. MFGUK would then look to the Exchange, and not the financing counterparty, to satisfy the financing counterparty's obligations under the Repo trade (i.e., delivery of securities to MFGUK upon maturity of Repo against payment by MFGUK of Repo financing). LCH.Clearnet acted as a clearing house (or exchange) and was essentially an intermediary that helped mitigate counterparty credit risk. LCH.Clearnet played a similar role as that of the Fixed Income Clearing Corporation in the United States. MFGUK posted the initial margin with the Exchanges to finance the leveraged long positions in European sovereign debt.

Under the terms of MFGUK's reverse Repo with MFGI, MFGI agreed to sell to MFGUK various European sovereign debt securities, while MFGI simultaneously agreed to repurchase the securities from MFGUK at an agreed upon repurchase price, on a date falling immediately prior to the maturity date of those securities. The reverse Repo transactions were governed by the master securities sale and repurchase agreement previously entered into between MFGI and MFGUK, dated July 19, 2004 (substantially in the form of the Global Master Repurchase Agreement ("GMRA") published by the International Capital Market Association) and the confirmations that provided the details for each of the individual trades entered into thereunder. Under the terms of the reverse Repos, MFGI would post initial margin with MFGUK to finance the leveraged long positions in European sovereign debt. MFGI's purchase of the sovereign debt positions, with the associated financing from MFGUK, resulted in the benefits and risks of economic ownership shifting from MFGUK to MFGI.

At the time the MF Global Group began acquiring the European sovereign debt positions, each of the sovereign debt issuances was rated as investment grade (rated A or better by Moody's Investor Service ("Moody's")). MFGUK, therefore, was required by the clearinghouses or third parties who were the counterparties to their trades to post only a small initial margin payment -- as low as 3% of the face amount of the securities to be financed through the repurchase-to-maturity ("RTM") transaction -- and in turn required only this amount from MFGI. This allowed the MF Global Group to build a highly leveraged portfolio. MFGI met its initial margin obligations to MFGUK and subsequent variation margin calls as required by MFGUK using MFGI's own liquidity as well as intercompany loans provided by Finance USA. The below diagram shows the structure of the RTM transactions prior to August 2011.

End-to-End Structure of RTM Transactions



Under the terms of a Repo transaction, the financing counterparty (e.g., MFGUK) generally has the right to require the borrower under the Repo (e.g., MFGI) to post additional cash or securities as collateral resulting from decreases in the market value of the collateral underlying the Repo transaction. To accomplish this, the financing counterparty would issue a margin call. Accordingly, financing the acquisition of securities through the use of Repos had the potential to create a significant risk to the liquidity of MFGI and the MF Global Group as a whole. A summary of the MF Global Group's net sovereign debt holdings is described in the below table.

The MF Global Group's RTM Summary as of 9/30/2011

	Italy(1)	**Spain(1)**	**Belgium**	**Portugal**	**Ireland**	**Net Total**
Net size ($ in millions)	$3,213	$1,111	$603	$997	$368	$6,292
% of total portfolio	51%	18%	10%	16%	6%	100%
Weighted Avg. Maturity of Long Positions	Dec 2012	Oct 2012	Dec 2012	Mar 2012	Feb 2012	Oct 2012
Maturity Schedule	6% - 3/2012 3% - 8/2012 91% - 12/2012	12% - 4/2012 61% - 10/2012 27% - 12/2012	100% - 12/2012	3% - 10/2011 36% - 11/2011 61% - 6/2012	18% - 11/2011 82% - 3/2012	5% - 11/2011 7% - 3/2012 3% - 4/2012 7% - 6/2012 2% - 8/2012 15% - 10/2012 61% - 12/2012

(1) Includes France's short positions of $1.3 billion as proxy hedges, split equally between Italy and Spain.
Source: Second Fiscal Quarter 2012 Results Investor Presentation[20]

[20] *Available at* http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MTEyMzM2fENoaWxkSUQ9LTF8VHlwZT0z&t=1.

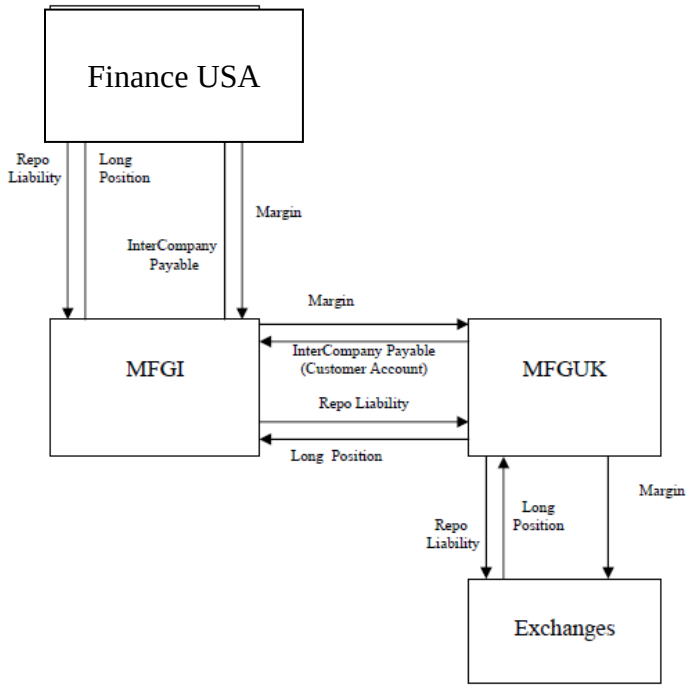
As the value of the MF Global Group's European sovereign debt positions deteriorated in the Summer and Fall of 2011, MFGUK -- and consequently MFGI (and later Finance USA) -- were required to post additional variation margin. In late October 2011, as the MF Global Group's credit ratings were downgraded, the Exchanges also required additional initial margin. MFGUK, as counterparty to the Exchanges, was responsible for meeting the Exchanges' margin calls, which at certain points were issued on a daily basis. MFGUK would then issue margin calls to MFGI, which the Chapter 11 Trustee reports as being funded in whole or in part by loans from Finance USA. According to the Chapter 11 Trustee, MFGUK made one or more "house" margin calls to MFGI that were in excess of MFGUK's margin requirements with the Exchanges in order to cover potential intra-day liquidity risk on margin calls to MFGI and to satisfy MFGUK's regulators.

According to the Chapter 11 Trustee, two approaches taken to hedge the European sovereign debt portfolio and to limit the margin posting requirements therewith were: (i) MFGUK shorted $1.3 billion of French sovereign debt through the Exchanges as a proxy-hedge against its exposure to Italian and Spanish sovereign debt; and (ii) MFGUK entered into trades with counterparties, including overnight, short-term and medium-term reverse Repos that were cleared through the Exchanges to reduce margin requirements (i.e. margin reduction trades) (with a back-to-back Repo transaction into MFGI).

3. The RRTM

In order to ensure that MFGI was in compliance with its capital requirements as of August 24, 2011, in late August 2011, MFGI entered into "back-to-back" reverse repo-to maturity ("RRTM") transactions with Finance USA for a portion of the RTM portfolio pursuant to a master repurchase agreement dated January 6, 2011 between MFGI and Finance USA (the "Finance USA MRA") and the transaction confirmations thereunder. These trades effectively made Finance USA the beneficial holder of €2.925 billion of Italian bonds. This strategy allowed the MF Global Group to transfer the economic benefits and risks from MFGI (a regulated entity) to Finance USA (an unregulated entity), and thereby reduced MFGI's regulatory capital requirements. The below diagram shows the RRTM transactions between MFGI and Finance USA.

MFGI RRTM Transaction



The SIPA Trustee has indicated that the RRTM was booked flat, meaning that the financing was equal to the underlying value of the securities position. The Plan Proponents cannot verify that this information is accurate because they do not possess any supporting documents relied upon by the SIPA Trustee for this assertion.

4. Pre-Petition Funding of MFGI

The relationship between the Debtors and MFGI can be reduced to three distinct types of intercompany activities: (a) financing of various kinds including subordinated debt financing, intercompany loans, margin financing and repo financing; (b) trading; and (c) general corporate administration.

a. Financing

(i) Subordinated Debt Financing

MFG Holdings USA and Finance USA provided a total of $600 million in subordinated debt financing (the "Sub-Debt") to MFGI prior to the Initial Petition Date. The Sub-Debt was memorialized in multiple loan agreements. The subordinated notes carried interest at the rate of 30-day LIBOR plus 500 basis points (5%). As described in Section IV.C, the $130 million in claims filed by Holdings and $470 million in claims filed by Finance USA are to be allowed as general unsecured claims against MFGI, but subordinated to all other allowed general unsecured claims for distribution purposes.

Lender	CME/CBOE Loan Number	Effective Date	Maturity Date	Amount
Holdings	287-120706-0001	12/31/2007	6/28/2013	$65,000,000
Holdings	287-120707-0001	12/31/2007	9/30/2013	$65,000,000
Finance USA	287-120701-0001	12/31/2007	expired	$0
Finance USA	287-120702-0001	12/31/2007	6/29/2012	$130,000,000
Finance USA	287-120703-0001	12/31/2007	3/30/2012	$130,000,000
Finance USA	287-120704-0001	12/31/2007	expired	$0
Finance USA	287-120705-0001	12/31/2007	9/30./2011	$50,000,000
Finance USA	287-081001-0001	8/9/2010	7/31/2013	$0
Finance USA	287-081001-002	8/10/2010	7/31/2013	$160,000,000
			Total	**$600,000,000.00**

(ii) Intercompany Loans

It appears that Finance USA generally acted as the financing arm for the U.S. operations of the MF Global Group. Finance USA, using moneys borrowed from Holdings, provided substantial amounts of working capital financing to MFGI. In addition to the Sub-Debt, Finance USA provided an additional approximately $991 million in non-subordinated intercompany funding to MFGI (the "Intercompany Loans"). Substantially all of the Intercompany Loans ($875 million) were funded during October 2011. The Plan Proponents have limited access to information that would aid in determining the purposes of MFGI's funding requests. The Chapter 11 Trustee has indicated that he believes that a portion of the Intercompany Loans (approximately $233 million to $293 million) was used by MFGI to fund variation margin payments to MFGUK during the ten (10) days prior to the Initial Petition Date. Below is a schedule detailing the margin calls from MFGUK to MFGI during that timeframe. The claims filed by Finance USA relating to the Intercompany Loans (claims 5492, 5493) have been resolved as part of the MFGI-Debtors Letter Agreement as described in Section IV.C.

Margin Call Statement MFGI – Collateral Financing Portfolio

As of COB:	28-Oct-11	27-Oct-11	26-Oct-11	25-Oct-11	24-Oct-11	21-Oct-11	20-Oct-11	19-Oct-11	18-Oct-11	17-Oct-11
Initial Margin Requirement	495,975,763	454,624,390	410,963,534	277,302,875	278,049,205	277,679,685	273,604,300		273,939,212	275,899,318
Variation Margin	199,344,363	182,811,558	185,592,415	188,277,470	182,979,874	174,800,604	173,978,422		167,180,609	151,003,397
Buffer Margin for Fx Exposure	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000		5,000,000	5,000,000
Increase Coverage	23,219,740	23,280,489								
Total Margin Requirement	723,539,866	665,716,437	601,555,949	470,580,345	466,029,079	457,480,289	452,582,722		446,119,821	431,902,715
Collateral Received	-663,925,523	-604,003,047	-492,732,015	-464,694,118	-457,962,808	-452,795,960	-451,731,735		-430,943,455	-430,882,493
Additional Collateral Required	59,614,333	61,713,370	108,823,934	5,886,227	8,066,181	4,684,329	850,987		15,176,366	1,010,222
Fx Rates	1	1	1	1	1	1	1		1	1
Change Attributable to Movement in Fx Rate	1,675,841	15,397,744	-2,975,361	-100,430	823,043	n/a	n/a		n/a	n/a
For Reference:										
I.M. Breakdown	**28-Oct-11**	**27-Oct-11**	**26-Oct-11**	**25-Oct-11**	**24-Oct-11**	**21-Oct-11**	**20-Oct-11**	**19-Oct-11**	**18-Oct-11**	**17-Oct-11**
Eurex	122,303,820	101,486,439	97,908,521	98,729,580	98,761,993	98,676,172	97,341,174		97,377,072	98,066,691
LCH Clearnet SA	324,580,597	318,916,812	285,469,981	159,129,290	159,848,240	159,182,204	156,221,795		156,784,797	157,247,059
LCH SA Fund Margin	37,345,178	22,282,810	10,991,748	11,094,572	11,087,739	11,063,861	11,256,792		10,946,410	11,734,066
LCH Clearnet Ltd	11,746,168	11,938,329	16,593,284	8,349,433	8,351,233	8,757,449	8,784,540		8,830,933	8,851,501
Total	495,975,763	454,624,390	410,963,534	277,302,875	278,049,205	277,679,686	273,604,301		273,939,212	275,899,317
V.M. Breakdown										
Eurex	13,764,761	9,717,223	17,035,399	16,877,226	17,107,177	16,480,844	16,371,063		19,123,032	15,418,817
LCH Clearnet SA	92,250,980	69,275,628	69,053,086	69,733,482	68,393,188	66,916,000	67,042,082		61,412,708	50,992,502
LCH Clearnet Ltd	93,551,632	106,431,756	98,390,637	100,548,637	95,296,345	89,594,614	88,843,948		87,174,875	87,285,593
Bilateral	-223,020	-2,613,049	1,113,293	1,118,125	2,183,164	1,809,145	1,721,329		-530,005	-2,693,515
	199,344,353	182,811,558	185,592,415	188,277,470	182,979,874	174,800,603	173,978,422		167,180,610	151,003,397

(iii) Margin Financing

Finance USA provided margin financing to certain MFGI customers. The purpose of this financing was to allow customers to acquire additional securities or futures positions. Generally, the documentation memorializing the financing terms provided that the customers of MFGI granted Finance USA a security interest in the customer's securities and/or futures accounts and MFGI, as custodian of the securities and/or futures accounts, acknowledged Finance USA's security interest. The SIPA Trustee, however, made distributions to these margin customers

irrespective of the Finance USA security interest in the account. According to the Chapter 11 Trustee, in certain instances, the SIPA Trustee actually disbursed more money to the margin borrowers than they were entitled to receive. The Chapter 11 Trustee has reported that this may have been a result of the SIPA Trustee calculating the net equity of the margin borrower's account without taking into account any outstanding loan obligation to Finance USA. As a result, the SIPA Trustee actually distributed the Debtors' property to certain of the margin borrowers. The Chapter 11 Trustee sent letters to ten former customers of MFGI requesting that they repay the margin financing received from Finance USA in the approximate aggregate amount of $36.9 million. As of June 2012, Finance USA had not received any funds back from these customers.

These claims remain unresolved and are described as the Held Open Chapter 11 Claims in the MFGI-MFGUK Settlement Agreement discussed further in Section III.S.

(iv) Repo Financing

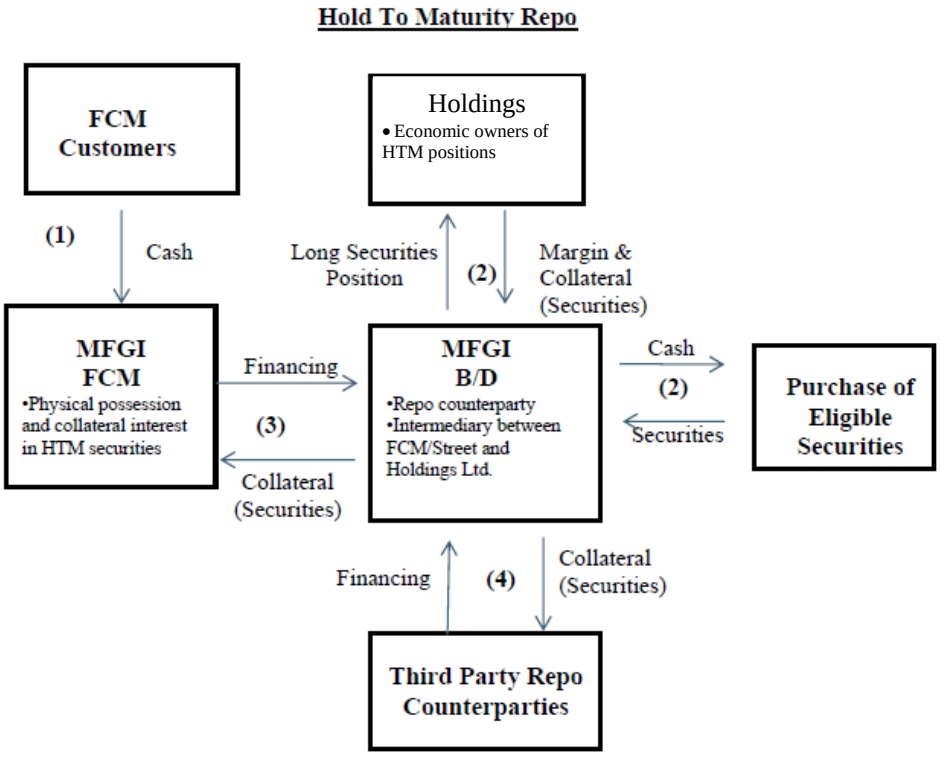
(a) HTM Repo

In or around June 2009, Holdings began acquiring a portfolio of securities classified on its balance sheet for account purposes as hold-to-maturity ("HTM") and financed the purchases with Repo financing provided by MFGI. Each Repo was governed by a master repurchase agreement dated May 19, 2009 between Holdings and MFGI and the confirmations issued detailing the specific transaction details (the "Holdings MRA").

Initially, the FCM provided substantially all of the financing MFGI made available for the HTM portfolio. Later, the MFGI B/D diversified the financing of the HTM portfolio to include third party investors. The FCM was able to provide this financing because the HTM securities were eligible investments under CFTC Regulation 1.25 ("Regulation 1.25").[21] Pursuant to authority under Section 4(c) of the Commodity Exchange Act, the CFTC established a list of permitted investments under Regulation 1.25 that, prior to the Initial Petition Date, included general obligations issued by any enterprise sponsored by the United States, bank certificates of deposit, commercial paper, corporate notes, general obligations of a sovereign nation (but only to the extent that the FCM had balances in segregated accounts owed to its customers denominated in that country's currency) and interests in money market mutual funds. In addition, an FCM could buy and sell permitted investments pursuant to resale or repurchase agreements, including Repos entered into with an affiliate and so-called "in-house" transactions, e.g., between the B/D and FCM businesses of the same legal entity. The Chapter 11 Trustee has reported that over time, the HTM portfolio was increasingly financed by third-party investors (as opposed to using FCM financing) via back-to-back Repo financing transactions entered into with counterparties by the MFGI B/D.

As of October 25, 2011, the HTM portfolio consisted of government agency securities and corporate bonds (mainly issued by financial institutions) with a market value of $8.644 billion (including accrued interest). The Repo financing associated with the HTM portfolio totaled $8.567 billion as of October 25, 2011. As a result, Holdings had margin equity of $77 million in the Repo portfolio. The structuring of the HTM Repo is illustrated in the below diagram.

[21] *See* 17 CFR § 1.25.



(1) FCM customers posted cash (i.e., margin) at the FCM to enable them to trade futures.

(2) Holdings purchased $8.6 billion (market value as of October 25, 2011) of Regulation 1.25-eligible securities that formed the HTM portfolio from various third party counterparties. The purchase was made by the MFGI B/D side of the MFGI business on behalf of Holdings. Holdings received economic ownership of the positions in exchange for initial margin and the posting of the securities back at MFGI as collateral.

(3) The purchase of eligible securities was financed partially using FCM customer funds. The MFGI B/D entered into intra-company Repos with the FCM, whereby securities were posted as collateral in exchange for financing. The FCM retained physical possession of the securities.

(4) The purchase of eligible securities also was financed partially by third parties. MFGI entered into repo transactions with third party repo counterparties, whereby securities were posted as collateral in exchange for financing.

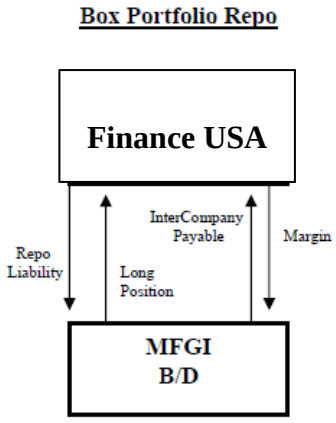
- Finance USA appears to have provided financing for some HTM positions. There appears to have been $10.3 million (par value) of HTM positions that were not financed by the third-parties (the "Street") or with FCM funds and were instead financed through intercompany repos between MFGI and Finance USA.

From October 25, 2011 until the Initial Petition Date, Holdings undertook a massive liquidation of HTM positions with the goal of freeing up liquidity, during which time the HTM portfolio was reduced by about $7.2 billion to approximately $1.4 billion by October 31, 2011.

(b) Box Repo

Finance USA entered into Repo financing transactions with the MFGI B/D (the "Box Repo") where Finance USA agreed to buy from the MFGI B/D various securities (the "Box Portfolio"), with a simultaneous agreement of the MFGI B/D to repurchase from Finance USA those securities (or securities considered equivalent thereto) at a repurchase price the next day. This type of agreement is commonly referred to as an overnight Repo. The Box Repo transactions were governed by the terms of the Finance USA MRA and the confirmations issued for each transaction entered into thereunder. The MFGI B/D held the securities comprising the Box Portfolio in custody

for Finance USA. The MFGI B/D had the right to substitute collateral of equivalent value in the Box Portfolio and the Box Repo was generally rolled-over on a daily basis; however, the securities that formed the Box Repo portfolio are identifiable. As of the Initial Petition Date, the MFGI B/D was obligated to repurchase the Box Repo collateral from Finance USA for $177,715,443.11.



b. Trading

The LLC Debtors conducted certain trading activity, including futures, through MFGI (and also faced certain of its counterparties directly). In addition, a non-debtor wholly-owned subsidiary of Holdings, MF Global Special Investor LLC ("MFG Special Investor"), also acquired a securities portfolio from MFGI and conducted its securities trading activities through MFGI.

c. General Administration

As a global trading organization, the MF Global Group had integrated systems, including global accounting and tax systems and programs. Many of the MF Global Group's regulated entities also acted as clearing brokers and custodians for their affiliates. As a global organization, certain overhead costs and expenses for shared services that were incurred at the corporate level were allocated across the group in the ordinary course of their business. According to the Chapter 11 Trustee, it was generally believed that system integration, as opposed to operating each of the affiliates in a silo, was a more cost-effective use of the MF Global Group's resources.

H. Description of MF Global Group Entities in the United Kingdom[22]

MF Global Holdings Europe Limited ("Holdings Europe") is a wholly-owned subsidiary of Holdings. Holdings Europe is an investment holding company that is currently not in administration or liquidation.

MFGUK is a wholly-owned subsidiary of Holdings Europe and an indirect subsidiary of Holdings. As described in Section II.F above, MFGUK was a broker providing agency services, matched principal execution and clearing services for exchange-traded and OTC derivative products, and non-derivative foreign exchange products and securities in the cash markets, including interest rates, equities, currencies, energy, metals, agricultural and other commodities. In connection with such business, MFGUK was registered with the FSA and authorized to carry on a number of regulated activities including advising and arranging deals in investments, arranging, safeguarding and administering assets, and dealing in investments as agent and principal.

MFG Global UK Services ("MFG UK Services"), a direct subsidiary of Holdings Europe and an indirect subsidiary of Holdings, provides employee and pension services in relation to MFGUK's operations.

[22] *See* Freeh Interim Report at 53-54.

MF Global Overseas Limited ("MFG Overseas") is a wholly-owned subsidiary of MF Global Holdings Overseas Limited ("Holdings Overseas") and an indirect subsidiary of Holdings. MFG Overseas acted principally as an investment holding company for the MF Global Group's assets in Asia and Canada.

MF Global Finance Europe Limited ("MFG Finance Europe") is a wholly-owned subsidiary of Holdings. It was registered in England and Wales and its principal purpose was to provide financing services to the MF Global Group. The Plan Proponents believe that MFG Finance Europe holds a $250 million subordinated claim against MFGUK. The documentation evidencing this claim is regarded as confidential by the Administrators. The Plan Proponents' efforts to obtain a copy of such documentation have been unsuccessful.

For a chart of the MF Global Group Entities in the United Kingdom, see Organizational Chart attached hereto as Exhibit IV.

I. Events Leading Up To The Debtors' Chapter 11 Filings

1. Events Leading Up To The Initial Chapter 11 Cases[23]

In the Fall of 2011, the MF Global Group was confronted by numerous challenges. On September 1, 2011, Holdings announced that FINRA informed it that MFGI, was required to modify its capital treatment of certain RTM transactions that were collateralized with European sovereign debt and increase its net capital pursuant to SEC Rule 15c3-1, with which MFGI complied.

In addition, on October 24, 2011, Moody's downgraded Holdings' rating to one notch above "junk" status based on the grounds that (i) Holdings would announce lower than expected earnings and (ii) the current low interest rate environment and volatile capital markets conditions made it unlikely that the MF Global Group would be able to meet, in the short term, the profitability targets Moody's had set for the MF Global Group. Moody's also raised concerns about the MF Global Group's RTM positions, increased risk appetite and capitalization, as well as internal risk management or control issues.

On October 25, 2011, Holdings announced its consolidated results for its second fiscal quarter ended September 30, 2011. Holdings disclosed that it posted a $191.6 million GAAP net loss in the second quarter, compared with a loss of $94.3 million for the same period the prior year. The net loss reflected, among other things, a decrease in net revenue primarily due to the contraction of proprietary principal activities. The loss also included valuation allowances against deferred tax assets, which accounted for $119.4 million of the $191.6 million in GAAP net loss. With regard to the RTM position, concerns over euro zone sovereign debt had caused global market fluctuations in prior months and, in particular, the weeks leading up to the bankruptcy filings of the Initial Debtors. The MF Global Group's weakened core profitability and increased risk-taking, in the form of its European RTM positions, reportedly led Fitch Ratings and Moody's to further downgrade the MF Global Group to "junk" status on October 27, 2011. This sparked an increase in margin calls against MFGI and an exodus of customers, threatening overall liquidity.

In addition, also following the October 24 Moody's downgrade, some of MFGI's principal regulators -- the CFTC, the SEC and the CME -- expressed concerns about MFGI's viability and whether it should continue operations in the ordinary course. The MF Global Group reportedly explored a number of strategic alternatives with respect to its business operations, including a sale of the businesses in part or in whole. On October 30, 2011, with the MF Global Group's overall liquidity quickly diminishing to unsustainable levels, a sale to Interactive Brokers collapsed when Holdings advised Interactive Brokers, and the regulators, that a potential significant shortfall in customer segregated funds had been identified.

Although Holdings has represented that it explored a number of strategic alternatives with respect to MFGI, according to the Debtors, no viable alternative was available in the limited time leading up to the regulators' deadline. As a result, the Initial Debtors filed their respective cases on October 31, 2011. On the same day, MFGI

[23] Except as otherwise specifically noted, all information contained in Section II.I has been taken from the Freeh Interim Report at 1-3 and Abelow First Day Declaration at 13-14.

and MFGUK also began their respective liquidation proceeding as described in further detail in Sections III.N.2 and III.R below.

2. The Second Bankruptcy Filings[24]

The LLC Debtors are unregulated entities that conducted primarily over-the-counter business in commodities, foreign exchange, credit default swaps and interest rates. Specifically, MFG Capital entered into foreign exchange transactions on a matched principal basis and provided OTC foreign exchange, prime brokerage and energy commodity and credit default swaps brokerage services to customers and affiliates. MFG FX provided foreign exchange execution and clearing services via an electronic trading platform to customers and affiliates and entered into these OTC foreign exchange transactions on a matched principal basis. MFG Market Services entered into matched principal based over-the-counter trading of energy and agricultural products with clients, financial institutions and affiliated companies.

The commencement of the Initial Debtors' Chapter 11 Cases severely impacted the LLC Debtors. Shortly after the Initial Petition Date, the LLC Debtors discontinued their operations and began winding down their former businesses ultimately filing voluntary petitions in the Bankruptcy Court on December 19, 2011 (the "Second Petition Date").

3. The Third Bankruptcy Filing[25]

MFG Holdings USA provided administrative services to Holdings and its domestic subsidiaries. These services included, but were not limited to, administration of certain benefits programs, payroll, and human resources processing. Holdings and its domestic subsidiaries reimbursed MFG Holdings USA for these services. MFG Holdings USA incurred various costs, which were allocated to, and reimbursed by, Holdings and its domestic subsidiaries. In addition, MFG Holdings USA is the holding company for the majority of the U.S. subsidiaries of the MF Global Group. See Organizational Chart attached hereto as Exhibit IV.

The commencement of the Initial Debtors' Chapter 11 Cases as well as the commencement of the SIPA Proceeding negatively impacted MFG Holdings USA. MFG Holdings USA filed a petition for chapter 11 relief on March 2, 2012 (the "Third Petition Date") to facilitate the ongoing orderly wind-down of the Debtors and their Non-debtor U.S. Subsidiaries.

III. EVENTS DURING THE CHAPTER 11 CASES[26]

A. First Day Relief in the Initial Debtors' Chapter 11 Cases

On the Initial Petition Date, the Initial Debtors Filed a number of motions and other pleadings. On November 2, 2011, the Bankruptcy Court entered several orders granting the following first-day relief in the Initial Debtors' cases on a final basis: (i) joint administration of the Initial Debtors; (ii) authorization to prepare a consolidated list of the top 50 unsecured creditors in lieu of a creditor matrix; (iii) extension of deadlines to file schedules and statements; and (iv) authorization to retain GCG, Inc. as claims and noticing agent.

On November 2, 2011, the Bankruptcy Court provided interim relief on two additional first day motions: (i) authorization of continued use of the Initial Debtors' cash management system and (ii) authorization to use cash collateral. On December 14, 2011, the Bankruptcy Court authorized the use of the Initial Debtors' cash management system and cash collateral on a final basis, subject to certain terms and restrictions.

[24] Ferber First Day Declaration at 6-7.

[25] Ferber First Day Declaration at 7.

[26] Except as otherwise specifically noted, all information contained in Sections III.A - III.E has been taken from the Abelow First Day Declaration at 14-21 and Freeh Interim Report at 4-29.

B. Appointment of Creditors' Committee

On November 7, 2011, the U.S. Trustee appointed an official committee of unsecured creditors (the "Committee") in the Initial Debtors' cases. On January 19, 2012, the Bankruptcy Court authorized the Committee's retention of Dewey & LeBoeuf LLP as legal counsel, *nunc pro tunc* to November 9, 2011.[27] On February 9, 2012, the Bankruptcy Court authorized the Committee's retention of Capstone Advisory Group, LLC, together with its wholly-owned subsidiary Capstone Valuation Services, Inc. as the Committee's financial advisor, *nunc pro tunc* to November 9, 2011. On June 14, 2012, the Bankruptcy Court approved the retention of Rust Consulting, Inc. as administrative agent to establish and maintain the Committee's website and to assist the Committee in providing the Debtors' unsecured creditors with access to information in connection with the Chapter 11 Cases.

The current membership of the Creditors' Committee and the professional advisors to the Creditors' Committee are as follows:

Creditors' Committee Members: Wilmington Trust Company 50 South Sixth Street - Suite 1290 Minneapolis, Minnesota 55402-1544 Attn: Julie J. Becker - Vice President		
J.E. Meuret Grain Co., Inc.[28] 101 Franklin St. PO Box 146 Brunswick, NE 68720 Attn: James P. Meuret	JP Morgan Chase Bank, N.A., as Agent[29] 383 Madison Avenue - 23rd Floor New York, New York 10179 Attn: Charles Freedgood	
Counsel: Proskauer Rose LLP Eleven Times Square New York, New York 10036-8299 Attn: Martin J. Bienenstock	**Financial Advisor:** Capstone Advisory Group, LLC 104 West 40th Street, 16th Floor New York, NY 10018 Attn: Christopher J. Kearns	**Administrative Agent:** Rust Consulting, Inc. 1120 Avenue of the Americas, 4th Flr New York, NY 10036-6700 Attn: Paul H. Deutch

C. Appointment of Chapter 11 Trustee

The Committee and the Initial Debtors, on November 21, 2011, jointly moved the Bankruptcy Court for an order directing the U.S. Trustee to appoint a chapter 11 trustee and on November 25, 2011, the U.S. Trustee filed an application to appoint a chapter 11 trustee. On November 28, 2011, the Bankruptcy Court entered an Order Approving the Appointment of Chapter 11 Trustee, pursuant to which Louis J. Freeh, Esq. was appointed the chapter 11 trustee (the "Chapter 11 Trustee") of the Initial Debtors. On December 1, 2011, the Chapter 11 Trustee, as principal, and Travelers Casualty and Surety Company of America, as surety, executed a $26 million bond for the faithful performance by the Chapter 11 Trustee of his official duties as trustee (filed on December 2, 2011 at Docket No. 211).[30]

The Chapter 11 Trustee filed a motion requesting, and on December 12, 2011 the Bankruptcy Court entered an order establishing, case management procedures and a scheduling of hearings.

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[27] In or around May 2012, Dewey & Leboeuf attorneys of record for the Committee ended their affiliation with Dewey & LeBoeuf and joined Proskauer Rose LLP. To ensure continuity of representation, the Committee requested that Proskauer substitute for Dewey as Committee counsel, which the Court approved on July 11, 2012.

[28] J.E. Meuret replaced Elliot Management Corporation as a member of the Committee on July 2, 2012. Bank of America, N.A. was a member of the Committee until September 6, 2012.

[29] JP Morgan Chase Bank currently acts as agent under the $1.2 billion Revolving Credit Facility dated June 15, 2007.

[30] The Chapter 11 Trustee and Travelers Casualty and Surety Company of America subsequently executed a $33.6 million bond for the faithful performance by the Chapter 11 Trustee of his official duties as trustee for the LLC Debtors on or about January 3, 2012. MFG Holdings USA was added to the bond on March 15, 2012.

D. Debtors' Exclusive Period to File a Plan

In accordance with § 1121(c)(1) of the Bankruptcy Code, the Debtors' exclusive period in which to file a plan expired upon the appointment of the Chapter 11 Trustee on November 22, 2011.

E. Retention of Debtors' Professionals

FTI: On November 18, 2011, the Initial Debtors filed a motion seeking to employ FTI Consulting, Inc. as restructuring advisor *nunc pro tunc* to November 1. On January 23, 2012, the Chapter 11 Trustee filed an amended application to retain FTI as financial advisors to the Initial Debtors from October 31, 2011 to November 28, 2011. On February 9, 2012, the Bankruptcy Court entered an order authorizing the retention of FTI. On December 20, 2012, the Bankruptcy Court entered an order amending the terms of FTI's retention authorizing an increase in FTI's monthly fixed fee to $900,000 per month as of September 1, 2012.

Skadden: On January 23, 2012, the Chapter 11 Trustee filed an application to retain Skadden, Arps, Slate, Meagher & Flom LLP, *nunc pro tunc* to the Initial Petition Date, as the Initial Debtors' bankruptcy counsel through November 28, 2011 and thereafter as special counsel to the Chapter 11 Trustee through March 31, 2012. Prior to the Initial Petition Date, Skadden was retained for advice on strategic options in connection with efforts to respond to the Debtors' financial circumstances. On February 9, 2012, the Bankruptcy Court entered an order authorizing the retention of Skadden through and including March 31, 2012.

Kasowitz: On January 23, 2012, the Chapter 11 Trustee filed an application to retain Kasowitz, Benson, Torres & Friedman LLP as the Initial Debtors' conflict counsel and thereafter as special investigative counsel to the Chapter 11 Trustee in connection with certain formal and informal investigative matters and the transition of those matters to the Chapter 11 Trustee and his counsel, Freeh Sporkin & Sullivan, LLP. On February 9, 2012, the Bankruptcy Court entered an order authorizing the retention of Kasowitz.

F. Retention of Chapter 11 Trustee's Professionals

Freeh Group International Solutions, LLC: On January 23, 2012, the Chapter 11 Trustee filed an application to retain Freeh Group International Solutions, LLC (the "Freeh Group") as his business and operations advisors, *nunc pro tunc* to November 28, 2011. According to its employment application, the Freeh Group was retained to (i) manage the facilitation and coordination of information and data exchange between the various worldwide administrations, (ii) coordinate workflow administration between the Chapter 11 Trustee's professionals, the Committee and its professionals, and the various worldwide administrations, (iii) assist the Chapter 11 Trustee with the day-to-day management of the bankruptcy process, including evaluation of strategic and tactical options with respect to the SIPA Proceeding, and various insolvency administrations throughout the world, as well as management of the wind-down of the Debtors' operations, and (iv) assist the Chapter 11 Trustee in undertaking additional tasks that the Bankruptcy Court may direct, to the extent those tasks are consistent with these delineated services. On April 5, 2012, the Chapter 11 Trustee and the U.S. Trustee entered into a stipulation regarding the retention and employment of the Freeh Group, and on April 10, 2012, the Bankruptcy Court entered an order authorizing such retention.

Freeh Sporkin & Sullivan, LLP: On January 23, 2012, the Chapter 11 Trustee filed an application to retain Freeh Sporkin & Sullivan, LLP ("FSS") as his investigative counsel, *nunc pro tunc* to November 28, 2011. According to its employment application, FSS was retained to (i) represent the Chapter 11 Trustee in his dealings with various regulatory authorities, (ii) represent the Chapter 11 Trustee in his dealings with various prosecutors' offices and law enforcement authorities, (iii) represent the Chapter 11 Trustee in his dealings with various U.S. House and Senate Committees and Sub-Committees, (iv) coordinate information requests and responses to all regulators, congressional committees, prosecutors' offices, lender groups, and other parties in interest in the bankruptcy process, (v) assist the Chapter 11 Trustee in his investigation of the acts and conduct of the Debtors, including conducting witness interviews, and (vi) assist the Chapter 11 Trustee in undertaking additional tasks that the Bankruptcy Court may direct, to the extent those tasks are consistent with these delineated services. On February 9, 2012, the Bankruptcy Court entered an order authorizing the retention of FSS. In August 2012, FSS was acquired by Pepper Hamilton LLP. The transition of FSS's role in these cases to Pepper Hamilton is discussed below.

Morrison & Foerster LLP: On January 23, 2012, the Chapter 11 Trustee filed an application to retain Morrison & Foerster LLP ("MoFo") as general bankruptcy counsel to the Chapter 11 Trustee, *nunc pro tunc* to November 28, 2011. According to its employment application, MoFo is responsible for (i) advising the Chapter 11 Trustee with respect to his powers and duties as Chapter 11 Trustee and in the continued management and operation of the businesses and properties of the Debtors, (ii) attending meetings and negotiating with creditors and parties in interest, (iii) advising the Chapter 11 Trustee in connection with any sale of assets in the Chapter 11 Cases, (iv) taking all necessary action to protect and preserve the Debtors' Estates, including prosecuting actions on behalf of the Chapter 11 Trustee and the Debtors, defending any action commenced against the Chapter 11 Trustee or the Debtors, and representing the Debtors' interests in negotiations concerning all litigation in which the Debtors are involved, including, but not limited to, objections to Claims filed against the Debtors, (v) preparing all motions, applications, answers, orders, reports, and papers necessary to the administration of the Chapter 11 Cases, (vi) appearing before the Bankruptcy Court, any appellate courts, and the U.S. Trustee, and protecting the interests of the Debtors before such courts and the U.S. Trustee, (vii) performing other necessary legal services to the Chapter 11 Trustee in connection with the Chapter 11 Cases, including (a) analyzing the Debtors' leases and executory contracts and the assumption or assignment thereof, (b) analyzing the validity of liens against the Debtors, and (c) advising on corporate, litigation, and other legal matters, and (viii) taking all steps necessary and appropriate to bring the Chapter 11 Cases to conclusion. On February 9, 2012, the Bankruptcy Court entered an order authorizing the retention of MoFo.

Pepper Hamilton LLP: On January 23, 2012, the Chapter 11 Trustee filed an application to retain Pepper Hamilton LLP ("Pepper Hamilton") as special counsel to the Chapter 11 Trustee, *nunc pro tunc* to November 28, 2011. According to its employment application, Pepper Hamilton was retained to provide services related to (i) tax issues, including tax audits and refunds, and tax issues involving affiliates, employee benefit issues, and certain insurance matters affecting the Debtors' estates, (ii) WARN Act litigation matters and insurance litigation related to insurance claims, defenses and indemnities, (iii) miscellaneous real estate issues involving leases, furniture, fixture and equipment relating to the Debtors' relocation, and employment issues affecting the operation of the remaining business of the Estates, and (iv) any matters as to which MoFo has a conflict involving JP Morgan Chase, Bank of America, or UBS, A.G. and their affiliates. On February 9, 2012, the Bankruptcy Court entered an order authorizing the retention of Pepper Hamilton. After Pepper Hamilton acquired FSS, the Chapter 11 Trustee filed an application to amend the scope of employment of Pepper Hamilton to include all services previously provided by FSS and to clarify that Pepper Hamilton shall not provide any advice to the Chapter 11 Trustee on insurance matters. On December 20, 2012, the Bankruptcy Court entered an order amending the scope of Pepper Hamilton's employment.

Covington & Burling LLP: On March 27, 2012, the Chapter 11 Trustee filed an application to retain Covington & Burling LLP ("Covington") as special insurance counsel to the Chapter 11 Trustee, *nunc pro tunc* to November 28, 2011. According to its employment application, Covington was retained to (i) provide legal analysis and advice concerning the Chapter 11 Trustee's rights and obligations with respect to the captive insurance subsidiary MFGA, and policies issued to the Debtors by MFGA, (ii) review claims asserted under outstanding insurance policies and insurers' responses to such claims, and advise the Chapter 11 Trustee with respect to such claims, (iii) represent the Chapter 11 Trustee in the Chapter 11 Cases with respect to matters involving the scope or availability of insurance coverage or entitlement to proceeds under the policies, and (iv) confer with, and assist when appropriate, the Chapter 11 Trustee's bankruptcy counsel concerning insurance coverage issues within the scope of Covington's special expertise, and pursue potential claims for indemnification or reimbursement under such policies on behalf of the Chapter 11 Trustee. On April 12, 2012, the Bankruptcy Court entered an order authorizing the retention of Covington.[31]

G. Interim Professional Compensation

In September 2012, the Chapter 11 Trustee filed a motion for an order establishing procedures by which the Estates' professionals would be permitted to receive interim compensation and reimbursement of expenses. The Bankruptcy Court entered an order (at Docket No. 841) establishing the following procedures:

- Professionals may File a monthly fee application by the 28th of each month, which must be served on the Chapter 11 Trustee, the U.S. Trustee, counsel for the Liquidity Facility,

[31] On January 23, 2012, the Chapter 11 Trustee filed a motion to employ certain ordinary course professionals. That motion was withdrawn without prejudice on February 7, 2012 and has not been re-filed.

the Committee, and any other Committee appointed in the Chapter 11 Cases (each a "Notice Party").

- The Notice Parties have thirty-five (35) days from the date of service to object to a monthly fee application.

- When the Debtors' Estates have available funds, and subject to Bankruptcy Court approval as part of the interim and final fee application process, the Chapter 11 Trustee may seek a further order of the Bankruptcy Court authorizing the Chapter 11 Trustee to pay 80% of the fees and 100% of the expenses in the monthly fee application if there have been no objections to the fee application.

- Once every one-hundred twenty (120) days, but no more than every one-hundred fifty (150) days, each Professional may serve and file an application for interim or final approval and allowance of the compensation and reimbursement of expenses requested in the monthly applications served and filed during the applicable fee period.

A hearing on the first and second interim fee applications for all Professionals was held on December 19, 2012. The Professionals sought the approval of approximately $43 million in fees and expenses as part of the first and second interim fee applications. On December 26, 2012, the Bankruptcy Court entered an order allowing approximately $42 million in total fees and expenses, authorizing the immediate payment of approximately $21.5 million in fees, and disallowing approximately $866,000 in requested fees and expenses. After adjusting for the amounts approved by the Bankruptcy Court, as of November 30, 2012, Professional fees and expenses in the Chapter 11 Cases totaled approximately $48.65 million. A chart summarizing the Professional fees and expenses as of November 30, 2012 is included below. Approximately $27.2 million in Professional fees through November 30, 2012 remain unpaid.

PROFESSIONAL	TOTAL FEES	TOTAL EXPENSES	TOTAL PAID TO DATE	TOTAL UNPAID TO DATE
Dewey LeBoeuf[32]	$3,660,364.25	$79,106.47	$1,909,288.60	$1,830,182.12
Proskauer Rose LLP	$3,639,673.05	$171,440.54	$1,310,446.88	$2,500,666.71
Garden City Group[33]	$930,483.00	$0.00	$66,353.00	$864,130.00
Kasowitz, Benson, Torres & Friedman LLP	$1,149,122.00	$5,051.38	$579,612.38	$574,561.00
Pepper Hamilton LLP	$2,297,709.31	$77,905.91	$856,088.68	$1,519,526.54
Covington & Burling LLP	$623,202.15	$4,567.48	$267,396.59	$360,373.04
Skadden, Arps, Slate, Meagher & Flom LLP	$2,470,388.97	$66,294.20	$1,301,488.69	$1,235,194.48
FTI Consulting, Inc.[34]	$11,200,000.00	$170,709.80	$5,315,532.51	$6,055,177.29
Morrison & Foerster LLP	$12,200,712.08	$475,126.24	$5,622,487.35	$7,053,350.97
Freeh Group International Solutions, LLC	$1,259,064.51	$36,237.17	$545,943.24	$749,358.44
Freeh Sporkin & Sullivan, LLP	$1,597,636.50	$193,935.89	$992,754.15	$798,818.24
Capstone Advisory Group, LLC	$6,317,704.00	$19,754.28	$2,712,115.73	$3,625,342.55
TOTAL	**$47,346,059.82**	**$1,300,129.36**	**$21,479,507.80**	**$27,166,681.38**

[32] The amount of Dewey's professional fees in its Interim Fee Application (Docket No. 683) totals $4,010,660.85 comprised of $3,899,936.25 for fees and $110,724.60 for expenses. However, according to the November MOR filed by the Chapter 11 Trustee (Docket No. 944), the fees and expenses total $4,087,659. The fees noted in the above chart represent a difference of $76,998.15 from the amount asserted in its Interim Fee Application.

[33] The amount of GCG's fees in its First and Second Interim Fee Applications (Docket Nos. 763, 873) totals $132,706 through September 30. According to the November MOR filed by the Chapter 11 Trustee at Docket No. 944, the total for GCG is $797,777 through October 31. The fee noted in the above chart is the same as that in the MOR which represents a difference of $628,019 from the amount asserted in its Interim Fee Applications.

[34] FTI's total fees and costs have been filed only through August 31, 2012. On December 20, 2012, the Bankruptcy Court authorized an increase in FTI's monthly allowed fees to $900,000 *nunc pro tunc* to September 1, 2012. *See* Docket No. 957. The fees noted in the above chart account for the increased rate.

H. Use of Cash Collateral

It is the Plan Proponents' understanding that immediately following the commencement of the Initial Debtors' Chapter 11 Cases, the Initial Debtors began to wind down their former operations, reducing employee headcount and other costs and taking additional actions to preserve the assets of their Estates for the benefit of stakeholders. The Initial Debtors simultaneously focused on obtaining debtor-in-possession financing to fund an orderly wind down of their Estates. Despite their best efforts and extensive negotiations with potential lenders, the Initial Debtors were unable to secure debtor-in-possession financing.

The Initial Debtors secured an interim cash collateral agreement through a stipulated order with JP Morgan Chase Bank, N.A., the Liquidity Facility Agent, which, along with the recovery of unencumbered, liquid assets, provided the Initial Debtors with $8 million and allowed them to continue wind down operations. Immediately after the appointment of the Chapter 11 Trustee, the Initial Debtors entered into negotiations with the Liquidity Facility Agent to increase the available cash collateral for use by the Initial Debtors to fund the Initial Debtors' operations. Thereafter, the Initial Debtors reached an agreement with the Liquidity Facility Agent for the consensual use of approximately $21.3 million in cash collateral through and until September 30, 2012. The Bankruptcy Court approved the terms of the stipulation and entered a final order on December 14, 2011 (the "Cash Collateral Order"). Subsequently, the outside termination date was extended to March 21, 2013, or such other date as the Chapter 11 Trustee, the Committee, and the Liquidity Facility Agent might later agree. The Bankruptcy Court also authorized the Liquidity Facility Agent to obtain reimbursement of reasonable fees and expenses up to $750,000.

The Cash Collateral Order (Docket No. 275) contains a provision providing for certain cash payments to be made to the Liquidity Facility Agent on account of its asserted setoff claim currently classified as Claims in Class 3A and 3B. As of November 30, 2012, $4,251,721 has been paid by the Debtors and credited toward the Claim in Class 3B.

As a part of the Bankruptcy Court's written opinion issued with the Final Cash Collateral Order, the Bankruptcy Court ordered the Chapter 11 Trustee to conduct an investigation into whether funds of the customers of MFGI that should have been segregated pursuant to CFTC and SEC rules had been commingled with the Debtors' Cash Collateral in the JPM Cash Collateral account. After the Chapter 11 Trustee conducted an investigation, he issued his report on February 16, 2012 that determined that none of the funds in the JPM account were commingled funds (Docket No. 451). The SIPA Trustee (as defined below) did not disagree with the conclusion reached by the Chapter 11 Trustee's investigation.

I. First Day Relief in the Subsequent Debtors' Chapter 11 Cases[35]

In the Subsequent Debtors' Chapter 11 Cases, the Subsequent Debtors sought and ultimately obtained certain first day relief including:

- Joint administration of the Subsequent Debtors' Chapter 11 Cases with those of the Initial Debtors (granted December 21, 2011 and March 6, 2012);
- An order directing that certain orders in the Chapter 11 Cases of the Initial Debtors be made applicable to the Subsequent Debtors' Chapter 11 Cases (granted December 23, 2011 and March 7, 2012);
- Authorization for the continued use of the Debtors' existing cash management system, bank accounts, and business forms and authorizing the continuation of intercompany transactions among the Debtors and Non-debtor U.S. Subsidiaries (granted January 19, 2012 and April 12, 2012); and
- Authorization for the Chapter 11 Trustee to pay prepetition employee compensation and expense reimbursements and confirmation that the Chapter 11 Trustee may pay withholding and payroll-related taxes (granted April 12, 2012).

[35] *See* Ferber First Day Declaration at 8-17 and various Orders entered in Case No. 12-10863, Docket Nos. 298, 303, 304, 306, 373, 528, 534, 548, 557, 625, 626.

The Chapter 11 Trustee was appointed as Chapter 11 Trustee of the Estates of the Subsequent Debtors on December 23, 2011 and March 8, 2012 respectively. These appointments were approved by the Bankruptcy Court and accepted by the Chapter 11 Trustee on December 27, 2011 and March 12, 2012 respectively.

J. Employees[36]

Prior to the Initial Petition Date, the MF Global Group employed approximately 2,870 employees worldwide, with approximately 1,300 employees in the United States. Of these, approximately 250 of the United States employees were employed by the Debtors, while the remaining U.S.-based employees worked for MFGI.

In the period immediately following the commencement of the Initial Debtors' Chapter 11 Cases, however, the Debtors began a wind-down of their former operations, reducing employee headcount and other costs and taking additional actions to reportedly preserve the Property of the Estate of each Debtor for the benefit of stakeholders. By December 2011, the Debtors had 30 employees remaining as a result of the headcount reductions. By June 4, 2012, the Debtors only had 13 employees in addition to Holdings' President, Chief Financial Officer and General Counsel, who have remained to assist the Chapter 11 Trustee with the wind-down of the Debtors' Estates.

K. Real Estate and Leases[37]

Prior to the Initial Petition Date, the Debtors maintained offices at 717 Fifth Avenue, New York, New York 10022 (the related lease is referred to herein as the "717 Lease"). In November 2011, the Debtors terminated the 717 Lease and moved into temporary office space located at 1350 Avenue of the Americas, New York, New York 10019. As of March 1, 2012, the Debtors entered into a lease to maintain their offices at 142 West 57th Street, New York, New York 10019 (the "57th Street Lease"). The 57th Street Lease terminates on June 29, 2013. By terminating the 717 Lease and entering into the 57th Street Lease, the Debtors have reduced their rent obligations by approximately $9 million on an annual basis.

L. Assumption and Rejection of Certain Unexpired Executory Contracts and Leases[38]

The Debtors have the right under § 365 of the Bankruptcy Code, subject to the approval of the Bankruptcy Court, to assume, assume and assign, or reject Executory Contracts and unexpired leases. On February 17, 2012, the Debtors filed a motion to reject certain Executory Contracts and to approve procedures for the future rejection of additional Executory Contracts. The Executory Contracts proposed to be rejected included agreements for marketing services, IT consulting services, media monitoring services, office supplies, and a host of other agreements related to the Debtors' former operations no longer required by the Debtors. The court approved the rejection of these Executory Contracts and also issued an opinion establishing procedures for the rejection of additional Executory Contracts.

The procedures approved by the Bankruptcy Court include: (i) parties in interest have fourteen (14) days from the time the Debtors file a rejection notice to object to the Debtors' proposed rejection; and (ii) if no objection is filed, the proposed rejection shall be deemed approved. Since the Bankruptcy Court's approval of these procedures, the Debtors have filed two notices of rejection of Executory Contracts. In the first rejection notice, Filed on April 13, 2012, the Debtors proposed to reject eighty-five (85) Executory Contracts. The Debtors Filed a second rejection notice on August 10, 2012 proposing to reject four (4) Executory Contracts. No objections were Filed to either of the rejection notices, and the Executory Contracts were therefore deemed rejected.

Except as otherwise provided in the Plan, in any contract, instrument, release or other agreement or document entered into in connection with the Plan or in a Final Order of the Bankruptcy Court, on the Effective Date, pursuant to § 365 of the Bankruptcy Code, the Debtors shall be deemed to reject each Executory Contract or Unexpired Lease not previously assumed, assumed and assigned, or rejected during the Chapter 11 Cases or

[36] *See* Freeh Interim Report at 23-24.

[37] *See* Freeh Interim Report at 25-26.

[38] *See* Motion to Reject (Docket No. 454); Order Approving Procedures Regarding the Future Rejection of Executory Contracts (Docket No. 566); Notice of Rejection of Executory Contracts (Docket No. 634); Second Notice of Rejection of Executory Contracts (Docket No. 782).

pursuant to the Plan, which includes, but is not limited to, the Executory Contracts and Unexpired Leases identified on Exhibit VII.A.1 to the Plan. To the extent that the Chapter 11 Trustee Files further motions to reject certain burdensome or unnecessary Executory Contracts and Unexpired Leases prior to the Effective Date as the Chapter 11 Trustee winds down the Debtors' remaining business operations, the Plan Proponents shall update this Disclosure Statement.

M. Claims Process and Bar Dates[39]

On May 18, 2012, the Initial Debtors and LLC Debtors Filed their Schedules identifying the assets and liabilities of their Estates. On May 30, 2012, MFG Holdings USA Filed its Schedules. On June 15, 2012, each of the Debtors Filed amended Schedules. Every claim listed in the Schedules was marked contingent, unliquidated, and/or disputed.

In addition, pursuant to an order dated June 28, 2012 (the "Bar Date Order"), the Bankruptcy Court established the following bar dates for the filing of proofs of Claim in the Chapter 11 Cases:

- August 22, 2012 as the general bar date for all Claims (the "General Bar Date"), except as noted below;
- August 29, 2012 as the bar date for government units holding Claims against the Debtors;
- The later of (i) the General Bar Date and (ii) thirty (30) days after the date of entry of the applicable rejection order of an Executory Contract or Unexpired Lease as the bar date for any Claims arising from the rejection of the Executory Contract or Unexpired Lease; and
- The later of (i) the General Bar Date and (ii) thirty (30) after the date that a notice of an amendment or supplement to the Schedules is served on a claimant as the bar date for Claims that arise from such amendment or supplement to the Schedules.

The Bar Date Order did not require that a Debtor having a Claim against another Debtor or any of the Non-debtor U.S. Subsidiaries of the Debtors having a Claim against any of the Debtors file a Claim. As discussed further in Section IV.A, none of the Debtors have filed Claims against any of the other Debtors.

As of October 31, 2012, approximately 1,800 Claims had been Filed against the Debtors totaling approximately $11.33 billion. The Filed and scheduled Claims can be categorized as follows (the Claims in the below categories overlap):

- Approximately 1300 Claims were Filed asserting general unsecured status in the approximate amount of $8.35 billion.
- Approximately 150 Claims were Filed asserting that the amount owed is unliquidated.
- Approximately 420 Claims were Filed by the Debtors' employees in the approximate amount of $135 million. These Claims assert amounts owed for WARN Act failures; breach of employment contract; and unpaid wages, commission and severance.
- Approximately 12 Claims were Filed by and/or scheduled for the Debtors' secured and unsecured lenders in the approximate amount of $3.64 billion.
- Approximately 30 Claims relating to prepetition Taxes owed by the Debtors were Filed in the approximate amount of $163 million. These Taxes include corporate, sales, unemployment and withholding Taxes including asserted penalty and interest amounts.

As summarized in Section I.A above, the Plan Proponents believe that there are valid objections to many of the Claims that have been Filed and, thus, the ultimate allowed amount of such Claims is expected to be significantly less than the asserted amounts.

[39] *See* Schedules and Statements of Financial Affairs (Docket Nos. 692-701, 707-08, 722-29); Bar Date Order (Docket No. 740); Chapter 11 Trustee's Motion to Approve Claim Procedures (Docket No. 888); Claims Register (http://cert.gardencitygroup.com/mfg/fs/searchcr).

On November 1, 2012, the Chapter 11 Trustee filed a motion to approve claim objection and claim settlement procedures which was approved by the Bankruptcy Court by order entered on November 13, 2012. To date, however, the Chapter 11 Trustee has only filed one claim objection.

N. Litigation

1. Insurance-Related Litigation[40]

Prior to the Initial Petition Date, Non-debtor U.S. Subsidiary MFGA issued professional liability policies to Holdings. The policies provided coverage up to a certain limits. The policies also required that MFGA, as insurer, pay all losses, including all costs and expenses of claimants and co-defendants, defense costs, certain damage awards, and settlements negotiated with the insured's (Holdings') consent. The policies further provided that the defense costs are subject to the aggregate coverage limit.

Prior to the Initial Petition Date, MFGA advanced defense costs to Holdings on behalf of certain individual insureds in respect of claims against individual insureds, and after the Initial Petition Date, certain individual insureds have sought continued payment of defense costs by MFGA under the policies.

On February 3, 2012, the Chapter 11 Trustee and MFGA served notice that they had entered into a stipulation under the terms of which, MFGA and the Chapter 11 Trustee agreed that (i) the insurance policies are not property of the Debtors' Estates and thus the automatic stay does not apply, (ii) MFGA is entitled to make payments in accordance with the terms of the policies on behalf of any insured for loss as it deems appropriate, and (iii) any payment of loss by MFGA shall reduce the aggregate limit of liability of MFGA under the applicable policy by the amount of such payment. MFGA and the Chapter 11 Trustee sought to have the stipulation approved by the Bankruptcy Court which resulted in four objections, all from customers of MFGI.

By separate motion, on February 8, 2012, U.S. Specialty moved the Bankruptcy Court to lift the automatic stay to allow U.S. Specialty to advance defense costs and otherwise meet its financial obligations under its D&O Policy with Holdings. This resulted in three responses from customers of MFGI.

The Bankruptcy Court consolidated these matters and held a hearing on April 2, 2012 to determine whether the automatic stay should be lifted to allow the payment of defense costs of the individual insureds under either the D&O Policies or the E&O Policies or both. On April 10, 2012, the Bankruptcy Court issued its opinion, which overruled the various objections and allowed an initial "soft cap" of $30 million of defense costs to be paid by MFGA and U.S. Specialty, to be apportioned as those insurers saw fit.

Among those who objected to the stipulation to allow MFGA to perform under the E&O Policies were Sapere Wealth Management LLC, Granite Asset Management, and Sapere CTA Fund L.P. (collectively, "Sapere"). Sapere appealed the April 2012 Bankruptcy Court's decision to lift the automatic stay to allow MFGA and U.S. Specialty to pay defense costs out of their respective policy proceeds. Sapere also sought a stay pending appeal, which the Bankruptcy Court denied in a written opinion. After a hearing on May 22, 2012, the District Court likewise denied Sapere's request for a stay pending appeal because, among other reasons, there was not a substantial likelihood that Sapere would succeed on its appeal. Sapere pursued the appeal. The case was assigned to Judge Katherine Forrest *Sapere Wealth Management LLC v. Freeh*, No. 12-civ-04596-KBF, 12-civ-04597-KBF, and 12-mc-00143-KBF (S.D.N.Y. District Court). After briefing in June and July 2012, oral argument was heard on November 13, 2012. The District Court affirmed the April 2012 Bankruptcy Court decision and dismissed the appeal by order of the District Court on November 13, and the cases closed on November 14, 2012. Sapere filed a notice of appeal of that decision to the United States Court of Appeals for the Second Circuit (Case No. 12-cv-04597, Docket No. 23). As of December 4, 2012, approximately $12.5 million in defense costs has been paid by the relevant E&O and D&O insurers.[41]

[40] *See* Free Interim Report at 83-84.

[41] *See* SIPA Trustee Second Interim Report at 25.

2. Administration of the Chapter 11 Estates

On December 11, 2011, Sapere filed a motion alleging that the Debtors stole customer funds from MFGI and asserted that the Debtors were commodity brokers, and as such the Debtors' estates should be administered as a Commodity Broker Liquidation under subchapter IV of chapter 7 of the Bankruptcy Code, and the Part 190 Regulations. Sapere argued that MFGI's customers were entitled to receive priority treatment for the alleged $1.6 billion in "missing" customer funds.

On February 1, 2012, the Bankruptcy Court denied the motion. Sapere filed a notice of appeal and a motion seeking direct certification of its appeal to the Second Circuit Court of Appeals. The Chapter 11 Trustee and Committee objected. On April 25, 2012, the Bankruptcy Court filed a memorandum opinion and order denying Sapere's request for certification of its appeal. On May 11, 2012, the District Court docketed the Sapere appeal. *See In re MF Global Holdings Ltd.*, No 12-cv-03757 (JMF). On October 5, 2012, the District Court issued an opinion finding that the Bankruptcy Court's memorandum opinion was not a final order subject to appeal, but rather interlocutory, and the District Court denied Sapere leave to appeal (Case No. 12-cv-03757, Docket No. 20). Sapere has appealed the District Court's ruling to the United States Court of Appeals for the Second Circuit (Case No. 12-cv-03757, Docket No. 23). Sapere also filed Claim 1481 against Holdings in the approximate amount of $932 million including an asserted priority claim of approximately $93.2 million. As Sapere's Claim is the same in basis as the litigation denied by the District Court, for purposes of the Claims analysis described in Section I.C.2 above, the Plan Proponents have reclassified the priority portion of the Sapere Claim and have disallowed the exemplary damages portion.

3. Applicability of Bankruptcy Code Sections 523 and 507

On February 6, 2012, Adam Furgatch ("Furgatch"), a customer of MFGI, filed a motion requesting that the Debtors' Estates be administered pursuant to Bankruptcy Code §§ 523 and 507, contending that corporate parents and subsidiaries are "persons" as such term is defined in the Bankruptcy Code and therefore, MFGI is entitled to receive "domestic support" from its parent, Holdings, which obligations are granted priority status under the Bankruptcy Code. Objections were filed and a hearing on the motion was held on March 6, 2012. Following the hearing, the Bankruptcy Court filed a memorandum opinion denying the motion.

On March 20, 2012, Furgatch filed a motion for leave to appeal. The Chapter 11 Trustee filed an objection to the motion for leave to appeal on April 3, 2012. In his objection, the Chapter 11 Trustee argued that the Bankruptcy Court correctly found that the relief sought in the motion had no basis in law and, accordingly, the appeal was frivolous and did not satisfy the standard for appeal of an interlocutory motion, namely, that the appeal "involves a controlling question of law as to which there is substantial ground for difference of opinion." The District Court has not granted Furgatch leave to appeal.

O. Congressional Hearings[42]

The Subcommittee on Oversight and Investigations of the House Committee on Financial Services Majority Staff (Subcommittee) undertook an investigation into the collapse of MF Global Group. Over the course of its yearlong investigation, the Subcommittee conducted over fifty interviews and held three hearings at which it considered the testimony of nineteen witnesses, including former senior managers and principal regulators. Additionally, the Subcommittee examined more than 243,000 documents produced by MF Global Group, the company's federal commodities and securities regulators, the company's independent auditor, credit rating agencies, the Federal Reserve, the self-regulatory organizations, exchanges, and clearing houses to which the company belonged.

On November 14, 2012, the Subcommittee issued its report attributing blame for MF Global Group's collapse on Jon Corzine, the former CEO. "During his nineteen-month tenure as Chairman and CEO of MF Global, Jon Corzine made several fateful decisions, the cumulative effects of which caused MF Global's bankruptcy and

[42] Staff Report prepared for Rep. Randy Neugebauer, Chairman Subcomm. on Oversight & Investigations Comm. on Fin. Servs., 112th Cong., Nov. 15, 2012, at 3, 76-95 available at http://financialservices.house.gov/uploadedfiles/256882456288524.pdf.

jeopardized customer funds. Soon after joining MF Global, Corzine decided to turn the company into a full-service investment bank. This decision charted a radical new course for the financially troubled company. By expanding MF Global into new business lines without first returning its core commodities business to profitability, Corzine ensured that the company would face enormous resource demands and exposed it to new risks that it was ill-equipped to handle…. These risks were compounded by the atmosphere that Corzine created at MF Global, in which no one could challenge his decisions…. As MF Global's chief executive, Corzine was responsible for ensuring that the company maintained integrated systems and controls for managing the company's liquidity and protecting customer funds. However, under Corzine's tenure, the company's cash management, liquidity monitoring, and regulatory compliance functions remained fragmented among several of the company's departments. MF Global lacked any formal liquidity management framework, and the company could not fully assess and anticipate its liquidity needs. Under Corzine's leadership, the company failed to address concerns raised in an internal audit suggesting that MF Global's liquidity tracking and forecasting capabilities lagged behind the firm's evolving business needs. Consequently, MF Global was unable to coordinate its activities during the liquidity crisis in its final days of operation… [T]he responsibility for failing to maintain the systems and controls necessary to protect customer funds rests with Corzine. This failure represented a dereliction of his duty as MF Global's Chairman and CEO."

Additionally, the Subcommittee made a number of other findings: (a) the SEC and CFTC failed to share critical information about MF Global Group with one another, leaving each regulator with an incomplete understanding of the company's financial health; (b) MF Global Group was not forthright with regulators or the public about the degree of its exposure to its European bond portfolio, nor was the company forthright about its liquidity condition; (c) Moody's and S&P failed to identify the biggest risk to MF Global Group's financial health; (d) MF Global Group's use of the "alternative method"[43] allowed the company to use some customer funds as a source of capital for the company's day-to-day operations, which subjected customers to the risk that MF Global Group would not be able to return those funds to customer accounts upon the company's insolvency; (e) the Federal Reserve should have exercised greater caution in determining whether to designate MFGI as a primary dealer, given the company's prior risk management failures, chronic net losses, and evolving business strategy; and (f) differences between foreign and U.S. law gave rise to the potential that MFGI customers trading on foreign exchanges would experience a "shortfall" in funds owed to them, despite the fact that such funds were set aside in accounts designated as secured accounts.

P. SIPA Proceeding for MFGI

1. The SIPA Proceeding

On the Initial Petition Date, the Securities Investor Protection Corporation ("SIPC") began the liquidation of MFGI when it filed a complaint in the United States District Court for the Southern District of New York (the "District Court") under SIPA for the liquidation of MFGI (the "SIPA Proceeding"). *SIPC v. MF Global, Inc.*, No. 11-civ-7750 (S.D.N.Y.). At that time, SIPC moved for an order determining that the customers of MFGI were in need of the protections afforded under SIPA. The District Court entered the order, thereby commencing the SIPA Proceeding. The SIPA Proceeding was then transferred to the Bankruptcy Court as required by SIPA. The SIPA Proceeding is pending as *In re MF Global Inc.*, No. 11-2790-MG-SIPA.[44]

SIPC appointed James W. Giddens as trustee for the liquidation of MFGI (the "SIPA Trustee"). The SIPA Trustee then hired his firm, Hughes Hubbard and Reed, LLP as counsel. The SIPA Trustee has also retained Ernst

[43] For customer property held for use on foreign exchanges, an FCM must maintain a "secured" account that holds an amount that is greater than or equal to the "secured amount," which is defined as the aggregate amount of funds required to support each customer's open foreign futures and options positions, plus or minus gains or losses on those positions (the "Alternative Method"). Because the "secured amount" represents an FCM's minimum obligation under the rule, an FCM, if it chooses, may set aside funds equal to the net liquidated value of all customer property (the "Net Liquidation Method"). The difference between these two methods is that the Alternative Method does not require customer ledger or cash balance amounts to be included in the secured account, whereas the net liquidation method does. The Alternative Method thus permits an FCM to maintain a lower minimum secured account balance than would be required under the Net Liquidation Method.

[44] *See* Freeh Interim Report at 30-32.

& Young and Deloitte as consultants and forensic accountants. To assist the SIPA Trustee with matters in Europe, he retained Slaughter and May as U.K. counsel. Blake, Cassels & Graydon LLP was retained as Canadian counsel. In addition, the SIPA Trustee retained Haynes and Boone, LLP as conflicts counsel. In addition, on August 8, 2012, the Bankruptcy Court authorized the SIPA Trustee to retain Levine Lee LLP to advise on matters related to Koch Supply and Trading, LP arising from a certain letter of credit with MFGI.[45]

Under SIPA, the SIPA Trustee generally has the same fiduciary duties as a chapter 7 trustee, as long as those duties do not conflict with SIPA. *See* SIPA § 78fff-1. The statute provides: "To the extent consistent with the provisions of this chapter or as otherwise ordered by the court, a trustee shall be subject to the same duties as a trustee in a case under chapter 7 of title 11." Chapter 7 of the Bankruptcy Code requires the SIPA Trustee to, among other things, "furnish such information concerning the estate and estate administration as is requested by a party in interest." *See* 11 U.S.C. § 704(a)(7). Courts reviewing the interplay between SIPA and the Bankruptcy Code have determined that a SIPA trustee is bound to serve all of the creditors of an estate, not one particular subset over another. Indeed, these courts determined that a chapter 7 trustee's primary duty is not to any individual creditor or even any particular class of creditors, but to the estate as a whole. Similarly, a SIPA proceeding largely mirrors that of a chapter 7 proceeding under the Bankruptcy Code, except where the statutes conflict, in which case SIPA controls. SIPA provides: "To the extent consistent with the provisions of [SIPA], a liquidation proceeding shall be conducted in accordance with, and as though it were being conducted under chapter 1, 3, and 5 and subchapters I and II of chapter 7 of [the Bankruptcy Code]." *See* SIPA § 78fff(b).

2. Status of MFGI Claims

The SIPA Trustee has filed periodic reports including the most recent SIPA Trustee Second Interim Report wherein the SIPA Trustee details actions taken in the SIPA Proceeding, including resolution and distributions made to holders of the various customer claims, how much in assets have been marshaled to date, and what claims are outstanding and reserved for. Subsequent to the filing of the SIPA Trustee Second Interim Report, the SIPA Trustee entered into the MFGI-MFGUK Settlement Agreement and the MFGI-Debtors Letter Agreement. Based on these sources, as discussed in Section I.C.2 above, the Plan Proponents have prepared a recovery analysis with respect to the MFGI estate estimating a 100% recovery to all MFGI customer claims and a 26.7 – 87.2% recovery to holders of general unsecured claims against MFGI.

3. Intercompany Claims filed between the Debtors and MFGI

The Debtors and their Non-debtor U.S. Subsidiaries filed over $2 billion in claims against the MFGI estate as detailed in Section IV.A hereto. The Debtors' Estates are highly dependent on the SIPA estate not only for information, but for the return of value to their creditors, since the Debtors infused the SIPA estate with in excess of $950 million in the month of October 2011 alone and more than $2 billion overall.

In May and June 2012, the SIPA Trustee issued determination letters (i) denying customer protection to each of the securities claims and denying customer protection to the commodities claims filed by Holdings and Finance USA and (ii) allowing certain of the commodities claims filed by MFG Capital, MFG FX, MFG Special Investor, and MFG Market Services as non-public commodities customer claims.[46]

In August 2012, the SIPA Trustee in turn filed a single consolidated Claim (Claim No. 1068) against all of the Debtors including: (i) a Claim in the amount of $89,121,319 based on intercompany receivables owed to MFGI as recorded in the Oracle GL System, (ii) a Claim for the amount of the shortfall in the funds of securities and commodities customer property, (iii) a Claim for all amounts owed on derivative, repurchase and securities and other financial contracts between MFGI and the Chapter 11 Debtors, and (iv) other contingent and unliquidated Claims for any intercompany indebtedness or other open payables owed by the Debtors to MFGI. The SIPA Trustee's professionals have also substantially reconciled the Debtors' general creditor claims against MFGI.

As described in Section IV.C and IV.C.1, per the terms of the MFGI-Debtors Letter Agreement, the parties have resolved substantially all of the claims filed between the Debtors and MFGI. Of the claims by the Debtors

[45] *See* SIPA Trustee Second Interim Report at 24.

[46] *See* SIPA Trustee Second Interim Report at 14-15.

against MFGI, the proposed settlement will result in a total allowed claim of approximately $1.2 billion plus an additional $600 million general unsecured claim subordinated to all other payments. In addition, of the claims by MFGI against the Debtors, $15 million of the $89 million Claim has been allowed as a General Unsecured Claim against the various Debtors which will be setoff against the previous balance.

4. Insurance Claim Asset

On July 25, 2012, the SIPA Trustee's professionals submitted a proof of loss to the Fidelity Bond insurers for segregation failures at MF Global Group. The SIPA Trustee continues to pursue recovery for the MFGI estate on a 2008 Fidelity Bond claim. That claim relates to the trading activities of Evan Dooley, who over the course of a single night of improper overnight trading in wheat futures in 2008, amassed more than $141 million in losses. MFGI filed a claim with its Fidelity Bond insurers, which denied the claim and filed a declaratory judgment action in New York State Court, entitled New Hampshire Ins. Co., et al. v. MF Global Inc., seeking a ruling that the Fidelity Bond did not cover the loss. The insurers asserted multiple grounds for denying coverage and moved for summary judgment on one of those grounds, i.e., that MFGI did not sustain a direct loss. The New York Supreme Court ruled against the insurers, finding that MFGI did sustain a direct loss. The New York Supreme Court also found that Mr. Dooley was an employee of MFGI (one of the insurers' other grounds for denying coverage). The insurers appealed and, before the appellate argument occurred, the SIPA Proceeding commenced, staying those appeal proceedings. Since October 2011, the SIPA Trustee and his professionals have participated in ongoing meetings with the insurers to attempt to settle the claim, but no settlement has been reached as of December 4, 2012. In November 2012, the insurers moved to lift the automatic stay to allow the appeal to proceed (SIPA Proceeding ECF No. 4509). The SIPA Trustee reportedly is evaluating his response to this motion and expects to pursue litigation on his claim if the matter cannot be resolved consensually.

5. SIPA Proceeding Professional Fees

Although not part of the Chapter 11 Cases, professional fees in the SIPA Proceeding are relevant to the overall recovery in the SIPA Proceeding and, accordingly, amounts available for the Chapter 11 Debtors. Below is a summary of certain of the professional fees in the SIPA Proceeding after approval of the Bankruptcy Court on December 21, 2012. The fees noted below do not include other advisory services performed, for example, by Deloitte which amounts are believed to be significant.

Professional	As of	Fees	Expenses
Hughes Hubbard & Reed LLP	June 30, 2012	$27,784,009	$372,949
Haynes and Boone	Sept. 30, 2012	$924,602	$22,093
Slaughter and May	Aug. 31, 2012	$3,046,227	$143,791
Levine Lee LLP	Sept. 30, 2012	$165,563	$303
	TOTAL	**$31,920,401.00**	**$539,136.00**

Q. Stipulation and Protective Order Between the Chapter 11 Trustee and the SIPA Trustee[47]

Prior to the Initial Petition Date, certain employees of MFGI and external legal counsel retained by MFGI provided legal services to the Debtors and to the non-Debtor members of the MF Global Group. Certain employees of the Debtors and the non-Debtor members of the MF Global Group, and external legal counsel retained by the Debtors and the non-Debtor members of the MF Global Group, also provided legal services to MFGI.

On November 11, 2011, the SIPA Trustee issued a subpoena to Holdings. The Chapter 11 Trustee asserted attorney-client privilege, shared privilege with MFGI, and work product protection for some of the documents sought by the SIPA Trustee. The SIPA Trustee and Chapter 11 Trustee engaged in negotiations under Federal Rule of Evidence 502 and agreed to the terms of a Protective Order in connection with the SIPA Trustee's subpoena.

The Protective Order provides a limited waiver by the Chapter 11 Trustee of certain privileges and protections with respect to documents, communications, and information relating to the business operations of MFGI, the Debtors, and the Debtors' direct and indirect subsidiaries, including but not limited to documents relating

[47] *See* Notice of Presentment of Protective Order and Stipulation (Docket No. 147).

to or concerning segregated funds of MFGI, during the period between October 17, 2011 and October 31, 2011. The Protective Order also provides that various government authorities shall have access to the relevant documents to facilitate their investigations of MFGI's and the Debtors' business operations. The agreed-upon waiver by the Chapter 11 Trustee does not constitute a broader waiver under Federal Rule of Evidence 502(a)(3), and the Protective Order does not affect any claim or waiver of attorney-client or shared privilege or work product protections held by persons or parties other than the Chapter 11 Trustee.

R. MFGUK Administration[48]

On the Initial Petition Date, the directors of MFGUK filed an application for a special administration order pursuant to the Investment Bank Special Administration Regulations 2011 with the High Court of Justice (the "High Court"). The High Court granted the application and appointed Richard Fleming, Richard Heis, and Michael Pink of KPMG LLP ("KPMG") as joint special administrators of MFGUK (the "Administrators") on October 31, 2011 (the "MFGUK Administration"). The Administrators were also appointed as joint administrators of MFG UK Services on October 31, 2011. On December 19, 2011, Blair Nimmo of KPMG was appointed as an additional administrator of MFG UK Services with the role of primarily and independently acting on behalf of MFG UK Services in relation to the negotiation of a management agreement with the Administrators. Finally, on November 2, 2011, the boards of MFG Finance Europe and MFG Overseas resolved to appoint the Administrators for both entities.

The initial meeting of creditors and clients of MFGUK was held on January 9, 2012. During the meeting, the creditors approved the Administrators' proposals and elected a creditors' committee. The MFGUK creditors' committee currently consists of (i) Unipec Singapore Pte Limited, (ii) KIT Finance Europe AS, (iii) MFGI, (iv) Financial Services Compensation Scheme (FSCS), and (v) Carval Investors.[49]

The Administrators established three separate bar dates depending on the class of claim to be filed against MFGUK. The bar date for client assets claims was February 29, 2012. The bar date for client money claims was March 30, 2012. The bar date for general creditor claims was April 30, 2012. Claims can still be made in respect of all these categories of claims after such dates. However, in respect of client monies and general creditor claims, any claim made after the bar date is not entitled to share in the first interim distribution in respect of such claims (as discussed further below). Any client assets claims made after this date cannot disrupt any title acquired by any other person to whom such assets have been transferred.

As of October 30, 2012, the Administrators have recovered in excess of £1 billion into the MFGUK estate.[50] The Administrators have also made recoveries of client monies and assets in excess of $923 million. The Administrators also have rejected a total of 125 client asset, client money and creditor claims with a value of approximately $5 billion. The majority of the rejected claims have been submitted by customers of MFGI, who themselves had no direct trading relationship with MFGUK.

The Debtors' claims against MFGUK include proprietary claims against assets held by or on behalf of MFGUK including in the client money pool (as discussed further below) and unsecured claims and the Trustee's agreement to settle such claims are discussed in further detail in Section IV.C.3 hereto.

1. Client Assets

The Administrators are not permitted to return client assets within three months of the bar date referred to above and are required to establish a distribution plan setting out, among other things, the process and mechanism, for the return of client assets and a schedule of dates on which client assets are to be returned. On July 18, 2012, the High Court approved the MFGUK asset distribution plan for the return of approximately £54m of client assets

[48] Except as otherwise specifically noted, all information contained in Section III.R has been taken from Freeh Interim Report at 54-58, the Administrators' Report and the Administrators' Second Report.

[49] BB Energy (Gulf) DMCC and Peabody Coal Trade International Limited resigned as members of the MFGUK Creditors' Committee and were replaced by FSCS and Carval Investors.

[50] *See* Administrators' Second Report at 8.

largely comprising shareholdings plus some physically held securities and LME commodities and warrants.[51] As of October 30, 2012, £23.6 million of client assets had been returned to clients, either directly or through transfer to alternative brokers. Client money and general creditor claims are not part of the distribution plan and are dealt with separately below. Furthermore, assets held at MFGI currently are not under the control of the Administrators and are classed as "Not Held Client Assets;" the Administrators have requested that the SIPA Trustee return these Not Held Client Assets. As part of the MFGI-MFGUK Settlement Agreement, approximately $196 million of client assets (or $192 million net of expenses) will be returned to MFGI.

2. Client Monies

In relation to client monies, the Administrators took control of approximately $910 million of segregated monies. An interim distribution was declared at 26% of the amount of claims that have been accepted. The Administrators commenced making interim distributions on client money claims in February 2012. In the Administrators' Second Report, the Administrators state that with respect to agreed claims, payments of $179.3 million have been made to 2,362 clients as of October 30, 2012. The Administrators note that, as of November 23, 2012, 1,323 claims (including the claim filed by MFGI discussed at Section IV.C.2) have been submitted totaling $2.4 billion which conflict with MFGUK's classification of their accounts and their entitlement to client protection (which represents approximately 20% of all valid claims received). Of these 698 claims have been resolved, 331 have been issued with determinations, and 294 were subject to further review.[52]

The Administrators also state that as of October 31, 2011, a significant portion of client money was held by third parties including clearing houses and exchanges. They state that as at October 30, 2012, $923 million had been received by the Administrators in relation to client money and a further $134.3 million is due from affiliates (with 99% of the remaining client monies to be recovered now being held at affiliated entities).[53]

Client money claims against MFGUK have been affected by the UK Supreme Court judgment in *LBIE v CRC Credit Fund*, which was handed down on February 29, 2012 (commonly referred to as the Lehman Ruling). This was a directions hearing regarding the FSA's client money and client money distribution rules contained in chapter 7 of the FSA's Client Assets Sourcebook ("CASS"). Under the CASS rules, all client monies held by the relevant firm are pooled upon certain events, including a special administration, and all clients entitled to such assets share *pro rata* in the client money pool. The U.K. Supreme Court held that (i) a statutory trust attaches to all client money paid into a firm's house account from the moment it is received (whether money is client money shall depend upon a number of factors including whether the client is retail or professional and the relevant terms of business), (ii) the client money pool consists of all client money that is identifiable in any account of the firm, whether or not a segregated account, and (iii) all clients that have an entitlement in respect of client money are entitled to a distribution from the client money pool by reference to their objective contractual entitlement to have client money segregated as at the date of pooling (whether or not actually segregated).

The Administrators have stated that as a result of this Lehman Ruling, they need to, and in fact have undertaken to, conduct a detailed and thorough regulatory and legal analysis of each client's position to establish if they had a claim in respect of client money that should have been segregated and conduct a forensic analysis into MFGUK's own bank accounts and, potentially, other assets to seek to identify client monies that were transferred to such accounts. The Administrators noted that the assistance of the High Court was likely to be needed to deal with these issues. As further noted in the Administrators' Second Report, the Administrators have made a reserve on the assumption that all disputed claims could potentially result in the related assets being traced and therefore would not be available to distribute to the general creditors of MFGUK.[54]

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[51] *See* MFGUK Press Release, *MF Global UK special administrators to return £54m of client assets following High Court approval of asset distribution plan*, at http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/NewsReleases/Pages/MF-Global-UK-special-administrators-to-return-54m-of-client-assets.aspx.

[52] *See* Administrators' Second Report at 14, 21.

[53] *See* Administrators' Second Report at 19.

[54] *See* Administrators' Second Report at 20.

On May 3, 2012, the Administrators filed two applications for directions with the High Court. The first application (commonly referred to as the 30.7 Application) (i) relates to U.S. treasury bills transferred by MFGI to MFGUK in respect of which MFGI claims were transferred subject to CFTC Rule 30.7, and (ii) seeks direction as to, among other things, (a) the legal basis on which such treasury bills were transferred to MFGUK and (b) whether MFGI has a proprietary interest and/or client asset claim and/or client money claim in relation thereto. Case management conferences took place on June 1, November 15 and November 16, 2012. On November 16, the High Court issued an order giving procedural directions down to trial in relation to the disputed ownership of US T-bills transferred from MFGI to MFGUK prior to the Special Administration. The High Court also joined LCH.Clearnet and ICE Clear to the 30.7 Application. The substantive hearing was set to start on April 9, 2013 and require an estimated 20 days but is currently on hold pending approval of the MFGI-MFGUK Settlement Agreement.[55]

On July 4, 2012, the Administrators applied to the High Court (the "RTM Application") seeking directions in relation to a claim made by MFGI in the administration in connection with certain RTM transactions. The RTM transactions concerned the repo of certain European debt securities by MFGI to MFGUK and the onward repo of those securities by MFGUK to clearing houses. As described in Section II.G.1 above, the MFGI repos were governed by a GMRA, which provided that the net amount payable by one of the parties upon termination of the GMRA was to be determined by the "non-Defaulting Party." The High Court handed down judgment in the RTM Application on November 1, 2012 in favor of the Administrators. The High Court ruled that MFGUK is the "non-Defaulting Party" under the GMRA, and that accordingly, it is MFGUK that is entitled to calculate the close out amount payable with respect to the repos to maturity performed under the GMRA.[56] The SIPA Trustee has decided not to appeal the November 1, 2012 judgment.[57]

The forgoing matters are resolved under the MFGI-MFGUK Settlement Agreement as described in Section III.S below.

3. Non-Segregated Assets Available for General Creditors

In relation to non-segregated assets, the Administrators state in the Administrators' Second Report that they have now received approximately £1.0 billion of non-segregated assets with approximately £470 million of identified non-segregated assets remaining to be recovered as of October 30, 2012.[58]

4. Other Assets

On completion of the partial surrender of property occupied by MFGUK, MFGUK's landlord paid more than £1.8 million for furniture, equipment and other fittings to the Administrators and additionally released their security over a letter of credit provided by MFGUK in excess of £3.4 million.[59]

5. Administration's Professional Fees

Professional and other fees incurred in the MFGUK Administration are relevant to the overall recovery in the SIPA Proceeding and, accordingly, amounts available for the Chapter 11 Debtors. KPMG's professional services through October 30, 2012 have totaled £51,660,681.

6. Expected Recovery

On November 1, 2012, the Administrators published a financial outcome range of potential returns for clients and creditors of MFGUK, updating the first estimated outcome published on June 29, 2012. In terms of total

[55] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/mf-global-30-7-application.aspx.

[56] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/MFGlobalUK-RTMApplication.aspx.

[57] *See* SIPA Trustee Second Interim Report at 16.

[58] *See* Administrators' Second Report at 27.

[59] *See* Administrators' Second Report at 31.

funds, the high end of the estimated range is approximately $3.2 billion of funds recovered (unchanged from the first estimated outcome published) while the low end of the estimated range would amount to approximately $3 billion (previously $2.75 billion). In terms of claims against these funds, the low end of the estimated range is approximately $3 billion (this is unchanged) while the high end of the estimated range is approximately $3.6 billion (previously $3.85 billion).[60] Accordingly, as of November 1, 2012, the range of recovery was from 83.33 – 100% plus approximately $200 million available to pay to holder of Interests in MFGUK, namely Holdings.

The Administrators have filed several claims against the Debtors in the total amount of approximately $1.7 billion.[61]

The Administrators issued a press release on December 22, 2012 stating that in early January, they will produce a further updated estimated outcome statement showing the projected position of MFGUK post-settlement and an estimate of the increase in the client money distribution percentage and the amount of an initial dividend.[62]

S. MFGI–MFGUK Settlement Agreement

On December 22, 2012, the SIPA Trustee filed a motion pursuant to Bankruptcy Rule 9019 for approval of a settlement and compromise between MFGI and the SIPA Trustee on the one hand and MFGUK and the Administrators on the other hand to resolve all claims by and between MFGI and MFGUK (the "MFGI-MFGUK Settlement Agreement").[63] As part of the MFGI-MFGUK Settlement Agreement, the Chapter 11 Trustee has agreed to resolve 58 out of 68 of the claims the Debtors and Non-debtor U.S. Subsidiaries have filed against MFGI and all claims filed by MFGI against the Debtors (the "MFGI-Debtors Letter Agreement" attached as Exhibit 2 to the MFGI-MFGUK Settlement Agreement).

The MFGI-MFGUK Settlement Agreement currently is scheduled for approval at a hearing on January 31, 2013. If approved, the MFGI-MFGUK Settlement Agreement would resolve all issues and disputes between MFGI and MFGUK with a net inflow of several hundred million dollars to the MFGI estate primarily for the benefit of MFGI's former commodities customers who traded on foreign exchanges. Once effective, the MFGI-MFGUK Settlement Agreement would also guarantee a mutual certainty to the resolution of the disputes between the two estates, the value of which (according to the SIPA Trustee) exceeds one billion dollars, and which are currently the subject of costly and time-consuming litigation or would require additional costly and time-consuming litigation with uncertain outcome.

More particularly, if the conditions of the MFGI-MFGUK Settlement Agreement are satisfied (one of which is the effectiveness of the MFGI-Debtors Letter Agreement), the result will be the immediate influx of approximately $230 million to the MFGI estate from MFGUK, plus a further $60 million to follow shortly thereafter, which will be part of an overall recovery to the MFGI estate from MFGUK estimated to be approximately $500 - $600 million (after offset). Ultimately, MFGI's recovery on account of the claims settled could be as much as $900 million. The MFGI-MFGUK Settlement Agreement also gives certainty to the valuations of MFGUK's claims into the MFGI estate, which allows the Trustee to release millions of additional dollars currently being reserved for the MFGUK claims.

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[60] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/NewsReleases/Pages/MF-Global-UK-special-administrators-publish-improved-financial-outcome-range.aspx.

[61] Claim 1027 against MFG FX in the amount of $258,995; Claim 1028 against MFG Market Services in the amount of $275,151; Claim 1029 against MFG Holdings USA in the amount of $73,320.66; and Claim 1030 against Holdings in the amount of $1,097,804.05 for a total of $1,705,270.71.

[62] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/NewsReleases/Pages/mf-global-trustees-administrators-agreements.aspx.

[63] *See In re MF Global Inc.*, No. 11-02790-mg (Bankr. S.D.N.Y.) (Docket No. 5168).

IV. DEBTORS' SOURCES OF RECOVERY AGAINST MF GLOBAL GROUP ENTITIES

A. Recoveries Against Other Debtors

As noted in Section III.M, the Bar Date Order is not applicable to intercompany claims among the Debtors. However, each of the Debtors has claims against the other Debtors as noted on the Debtors' Schedules. Included below is a summary of the information compiled by the Plan Proponents from the Debtors' Schedules.

	A/R from Holdings	A/R from MFG Holdings USA	A/R from MFG Capital	A/R from MFG Market Services	A/R from Finance USA	A/R from MFG FX	TOTAL
Holdings	0	22,191,192	0	0	1,887,951,470	76,806	**1,910,219,468**
MFG Holdings USA	53,955,293	0	244,905	249,102	632,636	317,380	**55,399,316**
MFG Capital	499,840	0	0	0	0	62,395	**562,235**
MFG Market Services	2,003,129	0	0	0	20,000	902	**2,024,031**
Finance USA	0	255,378,116	33,708,572	14,397,546	0	0	**303,484,234**
MFG FX	165,449	451,748	24,192	0	6,149,611	0	**6,791,000**
TOTAL	**56,623,711**	**278,021,056**	**33,977,669**	**14,646,648**	**1,894,753,717**	**457,483**	**2,278,480,284**

After taking mutual setoffs into account, the intercompany scheduled claims appear as follows:

	A/R from Holdings	A/R from MFG Holdings USA	A/R from MFG Capital	A/R from MFG Market Services	A/R from Finance USA	A/R from MFG FX	TOTAL
Holdings	--	0	0	0	1,887,951,470	0	**1,887,951,470**
MFG Holdings USA	31,764,101	0	244,905	249,102	0	0	**32,258,108**
MFG Capital	499,840	0	0	0	0	38,203	**538,043**
MFG Market Services	2,003,129	0	0	0	0	902	**2,004,031**
Finance USA	0	254,745,480	33,708,572	14,377,546	0	0	**302,831,598**
MFG FX	88,643	134,368	0	0	6,149,611	--	**6,372,622**
TOTAL	**34,355,713**	**254,879,848**	**33,953,477**	**14,626,648**	**1,894,101,081**	**39,105**	**2,231,955,872**

B. Summary of Potential Bases of Recovery Against MF Global Group Entities Other than the Debtors

The Debtors and Non-debtor U.S. Subsidiaries have filed claims against or have certain interests in MF Global Group Entities other than the Debtors summarized in the table below and discussed in this Article IV. Distributions to the Debtors' creditors are dependent on the amounts that can be collected from these various sources and resolution of the Claims filed against the Debtors. To the extent that an MF Global Group entity is not in its own proceeding such that the Debtors have not filed a formal claim, the Plan Proponents have referenced the accounts receivable figures included in the Debtors' Schedules.

Claims Filed or Held Against	# of Claims	Amount	Reference
MFGI Claims Resolved per MFGI-Debtors Letter Agreement	58	$1,862,889,243 minus setoff of $15 million = $1,847,889,243 Allowed	See Sections IV.C, IV.C.1
MFGI Claims pending resolution	10		See Section IV.C
MFGUK and other UK Subsidiaries	16	$798,893,208 - $916,333,208 Claimed	See Sections IV.C.3, IV.E
MF Global Group Entities in the Rest of the World	28	$31,929,061 Claimed	See Section IV.F
Interests in MF Global Taiwan	N/A	$27,000,000 Claimed	See Section IV.G
Scheduled Accounts Receivable against certain MF Global Group Entities not included above	N/A	$103,476,032 Claimed	See Section IV.H
	TOTAL	**$2,809,187,544 - $2,926,627,544**	

C. Claims Filed Against MFGI

On November 23, 2011, the Bankruptcy Court entered an order establishing January 31, 2012 as the bar date for customers' claims against the SIPA estate and established June 2, 2012 as the general bankruptcy claims bar date. The Debtors and Non-debtor U.S. Subsidiaries filed 68 claims against MFGI totaling in excess of $2.3 billion.[64]

Per the terms of the MFGI-Debtors Letter Agreement, the Chapter 11 Trustee and the SIPA Trustee have reached resolution on 58 of 68 claims as follows:

Claims for Commodity Customer Property					
Claim No.	**Submitted by**	**Filed Claim Amount**	**Resolution**	**Amount Allowed**	**Type of Claim Allowed**
900021287	Finance USA	Unspecified amount	Denied	$0	
900021262, 900021277	MFG FX	$1,242.66 + unspecified amount	Allowed	$1243	Non-Public Customer Claim in the futures account class only
900021263, 900021274, 900021285, 900021286	MFG Market Services	$81,005,475.19 + unspecified amount	Allowed	$31,607,920	Non-Public Customer Claim in the futures account class only
900021282–900021284, 900021288	MFG Capital	$29,132,060.77	Allowed	$28,185,749 $101,730	Non-Public Customer Claim in the futures account class only Non-Public Customer Claim in the foreign futures account class only
900021272, 900021278	MFG Special Investor	$140,841.41 + unspecified amount	Allowed	$83,816	Non-Public Customer Claim in the futures account class only
900021271, 900021273, 900021275, 900021276	Holdings		Denied	$0	
			TOTAL	**$59,980,458**	

[64] *See* Freeh Interim Report at 46-47.

Claims for Securities Customer Property					
Claim No.	**Submitted by**	**Filed Claim Amount**	**Resolution**	**Amount Allowed**	**Type of Claim Allowed**
700000429, 700000445	Finance USA	$127,151,670.05 (amended to $177,715,443.11) + unspecified amount	Allowed	$29,918,812 $33,581,188	Securities Customer Claim General Unsecured Claim
700000428	MFG Capital	Unspecified amount	Allowed	$1,186,113	Securities Customer Claim
700000442, 700000443	MFG FX	Unspecified amount	Denied	$0	
700000431	MFG Market Services	Unspecified amount	Denied	$0	
700000441, 700000444, 700000458	Holdings	$77,332,223.00 + unspecified amount	Allowed	$3,895,074	Securities Customer Claim
700000430, 700000432–700000440, 700000446–700000457	MFG Special Investor	$352,061,741.16	Allowed	$43,768,836	General Unsecured Claim
			TOTAL	**$112,350,024**	

Claims for General Estate Property					
Claim No.	**Submitted by**	**Filed Claim Amount**	**Resolution**	**Amt Allowed (subject to setoff)**	**Type of Claim Allowed**
5489	Holdings	$38,720,558.00	Allowed	$55,492,687.26	General Unsecured Claim (only $48,712,140.49 after setoff of the allowed MFGI claim against Holdings)
5486, 5488	MFG Holdings USA	$36,585,647.00 + unspecified amount	Allowed	$39,405,631.00	General Unsecured Claim (only $33,656,292.42 after setoff of the allowed MFGI claim against MFG Holdings USA
5486	MFG Holdings USA	$130,000,000.00	Allowed	$130,000,000	General Unsecured Claim that is to be subordinated to all other allowed General Unsecured Claims for distribution purposes
5492, 5493	Finance USA	$991,496,127.00	Allowed	$991,496,127	General Unsecured Claim (only $989,802,613.89 after setoff of the allowed MFGI claim against Finance USA)
5491	Finance USA	$470,000,000.00	Allowed	$470,000,000	General Unsecured Claim subordinated to all other allowed General Unsecured Claims for distribution purposes
5490	MFG Capital	$3,733,828.00	Allowed	$3,733,828	General Unsecured Claim (only $3,044,660.15 after setoff of the allowed MFGI claim against MFG Capital)
5487	MFG FX	$398,448.00 + unspecified amount	Allowed	$398,448	General Unsecured Claim (only $311,014.31 after setoff of the allowed MFGI claim against MFG FX)
5484	MF Global FX LLC	$29,300.00 + unspecified amount	Allowed	$29,300	General Unsecured Claim
5485	MFGA	$2,740.00	Allowed	$2,740	General Unsecured Claim
			TOTAL	**$1,690,558,761**	

The following ten customer claims filed by the Debtors remain unresolved per the terms of the MFGI-Debtors Letter Agreement: Claim Nos. 900021264, 900021265, 900021266, 900021267, 900021268, 900021269, 900021270, 900021279, 900021280 and 900021281 all submitted by Finance USA as commodities customer claims (collectively, the "Held Open Chapter 11 Claims"). The Open Chapter 11 Claims all pertain to contractual liens claimed by Finance USA on the accounts of MFGI's former public commodity customers, for which claims the Chapter 11 Trustee and the individual former account holders are continuing to use best efforts to address final distributions. The SIPA Trustee and the Chapter 11 Trustee have agreed that the amounts claimed in the Held Open Chapter 11 Claims are not separate from the amounts claimed by the former account holders and, as such, the SIPA Trustee is not required to reserve for both claimed amounts except and to the extent that the amount claimed by the Chapter 11 Trustee in the name of such former commodity customer exceeds the undistributed portion of a former public commodity customers' allowed claim. The SIPA Trustee and Chapter 11 Trustee have agreed that the SIPA Trustee will accept valid instructions from the former account holders, as approved by the Chapter 11 Trustee, for the distribution of these former accounts pending the resolution of the Chapter 11 Trustee's negotiations with those former account holders.

1. Claims Filed by MFGI against the Debtors

As described above in Section III.P.2, the SIPA Trustee filed a Claim against the Debtors. Per the terms of the MFGI-Debtors Letter Agreement, the SIPA Trustee and the Chapter 11 Trustee have resolved these Claims as follows which allowed amounts will be offset against the claims by the Debtors against MFGI.

Claimant	Claim Filed Against	Class of Claim	Filed Claim Amount	Resolution	Amount Allowed
MFGI	Holdings	General Unsecured	$40,211,374	Allowed	$6,780,547
MFGI	Finance USA	General Unsecured	$10,043,215	Allowed	$1,693,513
MFGI	MFG Capital	General Unsecured	$4,087,043	Allowed	$689,168
MFGI	MFG Market Services	General Unsecured	$165,276	Disallowed	$0
MFGI	MFG FX	General Unsecured	$518,517	Allowed	$87,434
MFGI	MFG Holdings USA	General Unsecured	$34,095,894	Allowed	$5,749,339
			$89,121,319.00		**$15,000,001**

2. Claims Filed by MFGI against MFGUK[65]

Although claims filed by MFGI against MFGUK are not directly Property of the Estate, inasmuch as MFGI is the largest creditor of MFGUK and the Debtors are the largest creditors of MFGI, creditors of the Debtors shall benefit from any recoveries by MFGI against MFGUK.

MFGI's claims against MFGUK arise on account of MFGI's U.S. former futures and options customers who wished to trade on non-U.S. exchanges (the "30.7 Customers") who deposited cash for margin requirements for these trades into MFGI's segregated 30.7 accounts held with Harris Bank. MFGI conducted its trading on foreign exchanges (with the exception of Canadian exchanges) through its UK affiliate, MFGUK. Where MFGUK was to act as carrying broker for such trades, MFGI transferred the margin to segregated 30.7 accounts at MFGUK. MFGUK treated MFGI as its client, although it was aware that MFGI was acting on behalf of its underlying 30.7 Customers as regards margin posted to segregated 30.7 accounts. As of October 31, according to the SIPA Trustee, MFGI's records show that the value of the margin posted to the relevant segregated 30.7 account ("Account 6178T") was $639,918,174 (the "30.7 Funds"). The value of the 30.7 Funds represents a significant portion of the shortfall reported by the SIPA Trustee.

On January 6, 2012 the SIPA Trustee filed preliminary claim forms (for voting purposes only) with the Administrators asserting his position that the 30.7 Funds belong to MFGI for the benefit of MFGI's 30.7 Customers. On March 30, 2012, the SIPA Trustee submitted his formal client money and client asset claim forms to the Administrators. These client claims total approximately $910 million, which includes (i) approximately $640 million in property that should have been secured for former MFGI customers (the 30.7 Funds described in

[65] Except as otherwise specifically noted, all information contained in Section IV.C.1 has been taken from SIPA Trustee First Interim Report at 156-60.

Section III.R.2) and (ii) a client money claim of approximately $270 million, which was comprised of approximately $95 million in respect of MFGI's open positions held with MFGUK as of October 31, 2011 and an additional $175 million MFGI wire transferred to MFGUK on October 28, 2011, originating from segregated customer funds in the U.S. The SIPA Trustee also filed a general creditor claim for, among other things, margin posted by MFGI to support the RTM trades. These general creditor claims total approximately $462.8 million.[66]

On June 18, 2012, the Administrators filed an application with the English High Court seeking directions as to whether or not the client money entitlement of a client of MFGUK in respect of an "open position" should be determined as at the date of the Primary Pooling Event ("PPE"): (i) by reference to the market value or any mark-to-market value as at the PPE; or (ii) by reference to the liquidation value, i.e., the amount at which the open position was subsequently closed out on a date after the PPE (the "Hindsight Proceeding"). The High Court appointed two representative clients of MFGUK to argue the two sides of the case. The SIPA Trustee was not a party to the Hindsight Proceeding but, because the relevant part of the SIPA Trustee's client money claim was prepared on the basis of values as at October 31, 2012, the outcome may impact the SIPA Trustee's client money claim. A hearing on the application was held on October 30–31, 2012, and a decision by the High Court remains pending.

If the MFGI-MFGUK Settlement Agreement described in Section III.S above is approved by the Bankruptcy Court, it would bring final resolution to all of the claims filed by MFGI against MFGUK and obviate ongoing litigation. Specifically, the Administrators have agreed to: (a) accept the full value of all claims in respect of the 30.7 Funds, i.e. $639,918,174, with a portion (approximately $192 million net of expenses) being returned as a client asset, and the balance being returned as an unsecured creditor claim; (b) accept the $175 million wire transfer claim in full as a general unsecured claim; (c) the MFGI client money claim of $54 million, which is an estimate provided by the SIPA Trustee pending resolution of the Hindsight Proceeding; and (d) a closeout valuation for the RTM Application claim.[67]

3. Claims Filed by MFGUK against MFGI[68]

MFGUK filed customer claims against MFGI. Net of duplicate claims, these claims amount to approximately $258 million in commodities claims (the "MFGUK 4(d) Commodities Claim" and "MFGUK 30.7 Commodities Claim") and $147 million in securities claims (the "MFGUK Securities Claim" and "MFGUK DTC Box 7423 Claim"). The Administrators also filed a general unsecured claim in the amount of approximately $5 million.

If the MFGI-MFGUK Settlement Agreement described in Section III.S above is approved by the Bankruptcy Court, it would bring final resolution to all of the claims filed by MFGUK against MFGI and obviate ongoing litigation. Specifically, the SIPA Trustee has agreed to accept: (a) an approximately $233 million MFGUK 4(d) Commodities Claim; (b) an approximately $11 million MFGUK 30.7 Commodities Claim; (c) approximately $70.5 million MFGUK Securities Claim; (d) a claim for the return of MFGUK DTC Box 7423 customer securities; (e) an approximately $68 million claim for MFGUK DTC Box 7423 Claim; and (f) an approximately $2.2 million general unsecured claim.

D. Claims Filed against MFGUK[69]

The Debtors filed claims against MFGUK which are detailed in the chart below. In addition, Finance USA and Holdings each filed a claim for $293 million for advances made to MFGI that were subsequently transferred to MFGUK and which they determined might be recoverable by Finance USA or Holdings. Non-debtor U.S. Subsidiary MF Global Intellectual Properties Kft ("MFG IP"), a Hungarian subsidiary wholly-owned by Holdings, also filed a claim against MFGUK. The LLC Debtors' activities with MFGUK primarily were related to foreign

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[66] *See also* MFGI-MFGUK Settlement Agreement ¶ 16.

[67] *See* MFGI-MFGUK Settlement Agreement ¶¶ 21, 23, 39.

[68] SIPA Trustee First Interim Report at pp. 16-17.

[69] Except as otherwise specifically noted, all information contained in Section IV.C.3 has been taken from the Freeh Interim Report at pp. 58-60. The Plan Proponents have relied on publicly available information, have no direct knowledge of the facts herein, and have no independent basis for verifying the information contained herein.

exchange and derivative product trading governed by ISDA Master Agreements. After the Initial Petition Date, these agreements were terminated.

On January 6, 2012, Finance USA submitted a creditor claim for an amount of between approximately £77.8 - £151.2 million. On January 9, 2012, the Administrators rejected Finance USA's claim for the purposes of voting and, on May 3, 2012, for the purposes of proving. On May 24, 2012 Finance USA issued an application to the High Court under Rule 157(1) of The Investment Bank Special Administration Rules, to reverse the decision of the Administrators to reject the claim. The witness statement made in support of the appeal increased the alleged value of Finance USA's claim to approximately £259 million, and suggested that Finance USA may also have a trust claim. A hearing for directions as to the future conduct of the appeal took place on July 20, 2012. After additional briefing, a further directions hearing is scheduled to take place on January 14, 2013.[70]

Per the terms of the MFGI-Debtors Letter Agreement, the Chapter 11 Trustee has agreed to withdraw the litigation, subject to the Administrators (i) admitting the Debtors' claims filed against MFGUK, (ii) resolving the TPR claim percentage to be paid by the Debtors' UK affiliates and (iii) resolving the memorandum of understanding pertaining to the protocol for upstreaming distributions for the Debtors' rest of world affiliates.[71] The only claim filed by Holdings or Finance USA against MFGUK that was allowed per the terms of the MFGI-MFGUK Settlement Agreement is a claim for $3,897,761. The Plan Proponents have assumed that all claims other than those specifically released or settled will be allowed and paid in full. Accordingly the Plan Proponents have factored in an additional $28.0 – 30.0 million recovery from the MFGUK claims as noted below.

MF Global Group Entities' Claims Against MFGUK[72]

Claimant	Class of Claim	Filed Claim Amount	Allowed/Disallowed per MFGI-MFGUK Settlement Agreement
Holdings	General Unsecured	$3,988,608	$3,897,761 Allowed
Holdings	General Unsecured	$293,000,000^	Released
Holdings USA	General Unsecured	$277,804	Assumed to be paid in full
Finance USA	General Unsecured	$293,000,000^	Released
Finance USA	Client Asset/General Unsecured	$124,480,000 - $241,920,000+ (or £77.8 - £151.2 million)	Released
MFG Capital	General Unsecured	$4,979,060	Assumed to be paid in full
MFG FX	General Unsecured	$17,099,086	Assumed to be paid in full
MFG IP*	General Unsecured	$770,966	Assumed to be paid in full
Holdings Overseas*	General Unsecured	$1,410,172	Assumed to be paid in full
Holdings Europe*	General Unsecured	$354,780	Assumed to be paid in full
	TOTAL	**$446,360,476 - $563,800,476**	

* Entities denoted with an asterisk are Non-debtor U.S. Subsidiaries or Non-debtor Foreign Subsidiaries.

^ Each of the claims filed by Holdings and Finance USA were filed to protect potential claims for the recovery of funds loaned by Holdings and Finance USA to MFGI and then were subsequently transferred to MFGUK. The total does not include both claims.

\+ Denotes claim filed by Finance USA against MFGUK that was rejected by the Administrators and is currently the subject of appeal.

[70] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/mf-global-finance-usa-application.aspx. *See also* Administrators' Second Report at 9, 33.

[71] MFGI-Debtors Letter Agreement at 6.

[72] Although the following claims are shown in U.S. Dollars, all claims submitted against entities in administration in the United Kingdom are required to be converted into GBP at the relevant exchange rate on the debtor's petition date. In relation to US$, the relevant exchange rate on the Initial Petition Date was $1.6141/£.

E. Claims against Other UK Subsidiaries[73]

As described in Section II.H above, MFG UK Services provided employee and pension services in relation to the UK operations. On October 31, 2011, the Administrators were also appointed as joint administrators of MFG UK Services. On December 19, 2011, Blair Nimmo of KPMG was appointed as an additional administrator of MFG UK Services. The Debtors have not filed any claims against this entity; however, as the owner of all outstanding equity interests in MFG UK Services, Holdings Europe should receive a distribution of all property remaining after payment of allowable claims against MFG UK Services. No information is available to the Plan Proponents concerning the assets of and claims against MFG UK Services.

On November 2, 2011, the Administrators were also appointed as joint administrators of MFG Finance Europe and MFG Overseas Limited. Potentially the most significant asset of MFG Finance Europe is a $250 million loan made to MFGUK described in Section II.H above. The Administrators have, however, stated in their reports that the terms of the loan provide for subordination of all payments under the loan. According to the Administrators, MFG Finance Europe's claim for the unpaid loan amount ranks behind amounts payable to unsecured creditors of MFGUK. Thus, to the extent MFGUK has value in excess of the claims of its non-subordinated general creditors, such surplus should be available as a recovery to MFG Finance Europe on account of its $250 million subordinate loan claim. The Plan Proponents have assumed no recovery at the low end and full recovery at the high end of the range on account of this claim that will ultimately inure to the benefit of Holdings and Holdings' creditors.

1. Claims Filed by MF Global Group Entities against UK Subsidiaries[74]

Claimant	Claim Filed Against	Class of Claim	Amount
Holdings	Finance Europe	General Unsecured	$34,224,652
Holdings Overseas*	Finance Europe	General Unsecured	$299,309,693
Holdings Europe*	Finance Europe	General Unsecured	$13,183,008
Holdings	MFG Overseas	General Unsecured	$75,000
Holdings Overseas*	MFG Overseas	General Unsecured	$5,713,600
MF Global Clearing Services Limited*	MFG Overseas	General Unsecured	$26,780
		TOTAL	**$352,532,733.00**

* Entities denoted with an asterisk are Non-debtor U.S. Subsidiaries or Non-debtor Foreign Subsidiaries.

Based on the Plan Proponents' understanding of the MFGI-Debtors Letter Agreement, the Plan Proponents have assumed a $40.0 – 343.0 million recovery from the other UK Subsidiary claims noted above which includes indirect value attributable to subordinated claims against MFGUK held by MFG Overseas.

2. Creditors' Committees of MFG Overseas and MFG Finance Europe

Holdings, by virtue of its direct claims and the claims of Non-debtor U.S. Subsidiaries, controls all three seats on the creditors' committee for MFG Finance Europe and MFG Overseas.

The Administrators are currently adjudicating intercompany claims and liquidating assets held by their estates. The Chapter 11 Trustee and his advisors have reported that they are seeking to develop a strategy for interim distributions with the Administrators, which is likely to be through the establishment of a company voluntary arrangement. A company voluntary arrangement is a binding scheme of arrangement between creditors under supervision of an independent supervisor that must be approved at meetings of creditors and members. The

[73] Except as otherwise specifically noted, all information contained in Section IV.E has been taken from Freeh Interim Report at 60-63. The Plan Proponents have relied on publicly available information, have no direct knowledge of the facts herein, and have no independent basis for verifying the information contained herein.

[74] Although the following claims are shown in U.S. Dollars, all claims submitted against entities in administration in the United Kingdom are required to be converted into GBP at the relevant exchange rate on the debtor's petition date. In relation to US$, the relevant exchange rate on the Initial Petition Date was $1.6141/£.

Chapter 11 Trustee reports that he also is working with the Administrators to develop a strategy in relation to the final distribution of assets.

In addition, the Chapter 11 Trustee and the Administrators have entered into an agreement with the Committee, allowing the Committee "observer" status on the creditors' committees of MFG Finance Europe and MFG Overseas.

On February 22, 2012, the Chapter 11 Trustee and the Administrators entered into a Cross-Border Insolvency Protocol intended to facilitate the coordination of the proceedings in relation to each estate.

F. Claims Filed Against MF Global Group Entities in the Rest of the World[75]

Included below is a summary of all of the Debtors and non-Debtor affiliate claims asserted against the Non-debtor U.S. Subsidiaries.[76] For a description of each of the MF Global Group entities other than those described above, please refer to the Chapter 11 Trustee's report dated June 4, 2012 (Docket No. 711).

Claimant	Claim Filed Against	Jurisdiction	Class of Claim	Amount	Total per Jurisdiction
Holdings	MF Global Australia Limited	Australia	General Unsecured	726,226	
Holdings	MF Global Securities Australia	Australia	General Unsecured	139,628	
MFG Holdings USA	MF Global Australia Limited	Australia	General Unsecured	523,132	
MFG Holdings USA	MF Global Securities Australia	Australia	General Unsecured	919	1,389,905
Holdings	MF Global Canada Co.	Canada	General Unsecured	676,049	
MFG Holdings USA	MF Global Canada Co.	Canada	General Unsecured	396,916	
MFG IP*	MF Global Canada Co.	Canada	General Unsecured	21,676	
MFG Capital	MF Global Canada Co.	Canada	General Unsecured	94,832	
MFG FX	MF Global Canada Co.	Canada	General Unsecured	26,627	1,216,100
Holdings	MF Global Holdings HK Limited	Hong Kong	General Unsecured	114,902	
Holdings	MF Global Hong Kong Limited	Hong Kong	General Unsecured	403,525	
MFG Holdings USA	MF Global Holdings HK Limited	Hong Kong	General Unsecured	408,716	
MFG Holdings USA	MF Global Hong Kong Limited	Hong Kong	General Unsecured	253,822	1,180,965
Holdings	MF Global Sify Securities India Pvt. Limited	India	General Unsecured	695,197	
Holdings	MF Global Centralised Services	India	General Unsecured	51,247	
MFG Holdings USA	MF Global Sify Securities India Pvt. Limited	India	General Unsecured	45,110+	
Holdings	MF Global Middle East DMCC	India	General Unsecured	20,047	
MFG Holdings USA	MF Global Sify Securities India Pvt. Limited	India	General Unsecured	45,110+	
MFG Holdings USA	MF Global Middle East DMCC	India	General Unsecured	13,950^	
MFG FX	MF Global Middle East DMCC	India	General Unsecured	2,653^	832,541
Holdings	MF Global FXA Securities Limited	Japan	General Unsecured	227,065	
MFG Holdings USA	MF Global FXA Securities Limited	Japan	General Unsecured	470,219	
MFG Capital	MF Global FXA Securities Limited	Japan	General Unsecured	6,644	
MFG IP*	MF Global FXA Securities Limited	Japan	General Unsecured	35,849	739,877
Holdings	MF Global Mauritius Pvt Ltd	Mauritius		55,400	55,400
MFG Holdings USA	MF Global Singapore Pte. Limited	Singapore	General Unsecured	1,219,597	
Finance USA	MF Global Singapore Pte. Limited	Singapore	General Unsecured	25,000,000	
MFG IP*	MF Global Singapore Pte. Limited	Singapore	General Unsecured	294,776	26,514,373
				TOTAL	**$31,929,161**

[75] *See* Freeh Interim Report at 63-71.

[76] MF Global Clearing Services Limited (Ireland) is currently dormant and the Chapter 11 Trustee reported that it did not file any claims against it.

* Entities denoted with an asterisk are Non-debtor Foreign Subsidiaries.

+ The Chapter 11 Trustee has reported that Holdings USA filed two claims against MF Global Sify Securities India Pvt. Limited each in the amount of $45,110. *See* Freeh Interim Report at 68. The Plan Proponents have included both amounts herein which may be duplicative. The total with the duplicate claim is $873,314 and without is $828,204 but the Plan Proponents have instead used the figure provided by the Chapter 11 Trustee.

^ Plan Proponents believe these amounts may be reversed as, according to the Debtors' Schedules, Holdings USA scheduled an accounts receivable from MF Global Middle East DMCC in the amount of $2,653 while MFG FX anticipates an accounts receivable of $13,950. *See* Amended Schedules (B16) Accounts Receivable at Docket Nos. 725, 729 and Freeh Interim Report at 68.

G. Interests in MF Global Taiwan[77]

The MF Global Group's interest in Taiwan is comprised of direct and indirect equity interests held in two Taiwanese entities: MF Global Futures Trust Co. Ltd. ("MFG FTE"), in which Holdings has a 67% direct ownership interest, and Polaris MF Global Futures Co. Limited ("Polaris MFG"), a publicly traded Taiwanese B/D that is 11% owned by MFG Overseas.[78]

MFG FTE is a regulated entity and, according to Holdings, one of Taiwan's first fund managers. MFG FTE is not the subject of an insolvency proceeding. As at March 31, 2012, MFG FTE had a net asset position of $8 million. MFG Singapore acted as broker to MFG FTE and, as a result, owes approximately $7.2 million in margin to MFG FTE. MFG Singapore also acted as broker to Polaris MFG and, as a result, the Plan Proponents are informed that MFG Singapore owes Polaris MFG approximately $24 million in margin. Pursuant to a court order restricting repayment of segregated funds to affiliates, payment of margin to MFG FTE and Polaris MFG was held up by the provisional liquidators of MFG Singapore. By order dated May 25, 2012, the prior Singapore court order was clarified to allow payment, as appropriate, to affiliates of MFG Singapore, including MFG FTE and Polaris MFG, and the Plan Proponents understand that MFG Singapore is in the process of approving an interim distribution to MFG FTE and Polaris MFG. The Chapter 11 Trustee is seeking to sell or liquidate MFG FTE. The timing of any direct or indirect realization by the Debtors remains subject to approval by Taiwanese regulators and may be contingent upon all Taiwanese customers of MFG Singapore and its Taiwan branch receiving the balance of their segregated funds from MFG Singapore.

Polaris MFG traded in the TWD30 per share range as of November 20, 2012, valuing MFG Overseas' stake at approximately $27 million.[79] As of September 30, 2011, MFG Overseas' balance sheet reflected a book value for its equity investment in Polaris MFG at £9.99 million. KPMG Taiwan has been instructed to manage the sales process. As with MFG FTE, any sale and realization remains subject to negotiation with the Taiwanese regulators, assuming all Taiwanese customers are made whole for their segregated funds claims.

H. Accounts Receivable as Scheduled

The MF Global Group entities listed below are not currently in any administration or liquidation proceeding. The Debtors have intercompany claims against these entities as reflected on the Debtors' accounts receivable ledger filed as part of the Debtors' Schedule B16 filings. The information provided below is based upon these Schedules.

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[77] Except as otherwise specifically noted, all information contained in Section IV.G has been taken from Freeh Interim Report at 71-72.

[78] Effective April 1, 2012, Polaris merged with Yuanta Futures with MFG Overseas maintaining its approximately 11% ownership share in the surviving entity, Yuanta Polaris Futures Co. Ltd.

[79] *See* http://www.reuters.com/finance/stocks/chart?symbol=6023.TWO.

	Jurisdiction	MFG Holdings USA	Finance USA	Holdings
MF Global (Switzerland) Limited	Switzerland	$2,046.93		
MF Global Clearing Services Limited[80]	Ireland	$4,817.00		$136.66
MF Global Commodities India Private Limited	India			$4,337.25
MF Global Futures Trust Co Ltd	Taiwan	$1,857.76		
MF Global FX LLC	Delaware	$9,454.19		$7,000.00
MF Global Holdings (Switzerland) Limited	Switzerland			$6,938.93
Holdings Europe	UK	$23,581.42		$87,500.00
Holdings Overseas	UK	$165,069.93		$49,654,244.08
MFG IP	Hungary	$30,000.00		$20,416,582.58
MF Global Investment Management LLC	Delaware			$20,063.37
MFG Special Investor	Delaware	$66,682.44	$32,924,492.53	
MFGA	Bermuda	$51,226.86		
	TOTAL	**$354,737**	**$32,924,493**	**$70,196,803**
	GRAND TOTAL			**$103,476,032**

V. OTHER POTENTIAL SOURCES OF RECOVERY[81]

A. Recovery of Trading Close-Out Valuation Under Certain Derivative Transactions.

The Chapter 11 Trustee has recovered in excess of $25 million for the LLC Debtors from the termination of certain master derivative agreements and the related underlying transactions.

B. Recovery of Tax Refunds

The Chapter 11 Trustee has reported that there may be in excess of $30 million in potential federal and state tax refunds which are likely to be collected by the Finance USA and the Subsequent Debtors. Pre-petition, Finance USA and the Subsequent Debtors applied to the IRS for a refund of taxes paid in fiscal year 2009 based on losses from 2011 that could be carried back and applied to the 2009 tax year.

MFG Holdings USA and its subsidiaries were under federal income tax audit for tax years 2007 to 2011 before the commencement of the Chapter 11 Cases. On November 19, 2011, the group filed a federal refund claim for approximately $22 million based on carryback of a net operating loss. The refund has not yet been allowed. The audit is currently suspended while the IRS is in the process of seeking approval of the refund by the Joint Committee on Taxation.[82] No assurance can be given on whether or when tax refunds might be collected by Finance USA or the Subsequent Debtors' Estates.

On July 27, 2012, MFG Holdings USA and the SIPA Trustee jointly filed a protective claim for a refund of telecommunications excise tax and jointly engaged Tax Projects Group, LLP on a contingency fee basis to assist in obtaining the necessary documentation to support the claim. On October 11, 2012, the IRS issued a document request seeking additional information regarding the claim. MFG Holdings USA, the SIPA Trustee's professionals, and the Tax Projects Group are working together on providing the requested information and resolving the refund claim.[83]

[80] According to the Chapter 11 Trustee, MF Global Clearing Services Limited is dormant and it is anticipated that no value will be realized upon its dissolution. *See* Freeh Interim Report at 68.

[81] Except as otherwise specifically noted, all information contained in Article V has been taken from Freeh Interim Report at 72-88.

[82] *See* SIPA Trustee's Second Interim Report at 23.

[83] *See* SIPA Trustee's Second Interim Report at 23.

C. Sale of De Minimis Assets

On March 22, 2012, the Chapter 11 Trustee filed a motion for entry of an order, pursuant to Bankruptcy Code §§ 105, 363 and 365, to: (i) establish procedures for the sale or disposal of de minimis assets and (ii) authorize the Chapter 11 Trustee to (a) pay related fees and (b) assume, assume and assign, or reject related executory contracts or unexpired leases (the "De Minimis Sales Motion"). The Bankruptcy Court granted the De Minimis Sales Motion on April 12, 2012. Following the entry of the order granting the De Minimis Sales Motion, the Chapter 11 Trustee engaged in one de minimis asset sale, as a result of which two computer servers were sold to IT Asset Management Group for $146,640.

D. Insurance

Insurance recoveries can be a source of recovery in chapter 11 cases. The Plan Proponents have not attempted to analyze insurance recoveries and have not included any amounts for such recoveries in the analysis.

E. Litigation

1. Miscellaneous Litigation

Various parties, including customers of MFGI, former employees of the MF Global Group and shareholders of Holdings, have commenced litigation in multiple districts throughout the United States both pre- and post-bankruptcy. Actions filed pre-petition against the Debtors have been stayed pursuant to Bankruptcy Code § 362. Actions filed post-petition, which arose out of the collapse of the MF Global Group, generally do not name the Debtors as parties or are stayed as to the Debtors.

A significant number of the customer actions filed postpetition have been consolidated in the Southern District of New York and are pending as part of *Joseph Deangelis v. Jon Corzine*, Case No. 1:11-07866. On November 5, 2012, plaintiffs' counsel representing former MFGI customers in the existing lawsuits against Holdings' directors and officers, including former CEO Jon Corzine, filed a consolidated amended class action complaint with allegations including violations of the Commodity Exchange Act, breach of fiduciary duty, and negligence, among other causes of action. The consolidated amended class action complaint alleges causes of action against several former directors and officers, MF Global Group's independent auditor PricewaterhouseCoopers LLP (PwC), and CME Group, Inc. (CME Group), along with its subsidiary CME as contemplated by the cooperation and assignment agreement approved by the Bankruptcy Court and the District Court (at SIPA Proceeding Docket No. 3581). Plaintiffs' counsel is pursuing claims against CME Group and CME on behalf of the class, and not on behalf of the SIPA Trustee or MFGI.

The SIPA Trustee did not assign claims against CME Group, CME, or person other than former directors and officers and PwC to plaintiffs' counsel. The Bankruptcy Court approved an agreement between the SIPA Trustee and CME Group (including CME) that has resulted, as of the date hereof, in (i) the return of approximately $130 million in property for the benefit of former commodity customers and (ii) approximately $28 million in non-segregated unallocated funds. The SIPA Trustee may receive additional amounts in the future.

The Plan Proponents understand that the Chapter 11 Trustee is nearing completion of his investigation into the Property of the Estate of each Debtor. The Plan Proponents believe that his focus is on claims against directors and officers and agents and professionals of the Debtors. To the extent that the report identifies claims against the same entities that are being pursued jointly by the SIPA Trustee and attorneys for customers of MFGI discussed above, the Plan Proponents would strongly encourage the negotiation of appropriate arrangements among the Chapter 11 Trustee, the SIPA Trustee, and the class representative customers of MFGI for the joint prosecution of as many claims as possible to minimize unnecessary and duplicative expenses. In the unlikely event that the Chapter 11 Trustee does not complete his investigation prior to the Effective Date, the Plan Administrator will determine whether and how to complete the Chapter 11 Trustee's investigation.

2. Avoidance Actions

To date, the Chapter 11 Trustee has not commenced any avoidance actions. The Plan Proponents have not attempted to analyze avoidance actions. However, the statute of limitations on any such claims should not run until October 31, 2013.

VI. SUMMARY OF THE CHAPTER 11 PLAN

The following is a brief overview of certain material provisions of the Plan. This overview is qualified by reference to the provisions of the Plan and the exhibits thereto. The Plan is attached hereto as Exhibit I.

The Plan does not substantively consolidate any Debtors or their Non-debtor U.S. Subsidiaries.

In the event that any inconsistency or conflict exists between this Disclosure Statement and the Plan, the terms of the Plan shall control. Except as otherwise indicated, the Plan Proponents shall File all exhibits to the Plan with the Bankruptcy Court and make them available for review on the Document Website (http://mfglobalcaseinfo.com/maincase.php) no later than ten (10) days before the Voting Deadline. The Plan Proponents also shall serve the exhibits to the Plan via electronic mail on the parties on the general service list being maintained in the Chapter 11 Cases on or before ten (10) days before the Voting Deadline.

A. The Plan Generally

1. Classification of Claims

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, § 510(b) of the Bankruptcy Code, or otherwise. Pursuant to § 510 of the Bankruptcy Code, the Plan Proponents or the Plan Administrator shall be deemed to have reserved the right to re-classify any Disputed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

2. General Information Concerning Treatment of Claims and Interests

Procedures for the distribution of account of Allowed Claims and Interests are described in Article VI of the Plan. The determination of the relative distributions to be received under the Plan by the Holders of Claims in certain Classes and potential distributions to Holders of Interests was based upon, among other factors, (i) estimates of the amounts of Allowed Claims in such Classes, (ii) the relative priorities of such Allowed Claims, and (iii) the estimates of value of the Debtors' assets. The distributions to be received by creditors in certain Classes could differ from these estimates if any of these estimates of assets proves to be inaccurate.

B. Distributions to Unclassified and Classified Claims and Interests

1. Payment of Administrative Claims

a. Administrative Claims in General

Unless otherwise agreed by the Holder of an Administrative Claim and the applicable Debtor or the Plan Administrator, or unless an order of the Bankruptcy Court provides otherwise, each Holder of an Allowed Administrative Claim (other than a Professional Fee Claim and a Plan Proponent Fee/Expense Claim) shall receive from the Plan Administrator, in full satisfaction of its Administrative Claim, Cash equal to the amount of such Allowed Administrative Claim either: (i) on the Effective Date or as soon as practicable thereafter, or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter; (ii) if the Administrative Claim is not Allowed as of the Effective Date, no later than thirty (30) days after the date on which an order of the Bankruptcy Court Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter or, if not then due, when such Allowed Administrative Claim is due or as soon as

reasonably practicable thereafter; (iii) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the applicable Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claims, without any further action by the Holders of such Allowed Administrative Claims; (iv) at such other time that is agreed to by the Plan Administrator and the Holders of such Allowed Administrative Claim; or (v) at such other time and on such other terms set forth by an order of the Bankruptcy Court. In each case, Holders of Administrative Claims against multiple Debtors for the same liability shall be entitled to Distributions as if the Holder had a single Administrative Claim against the Debtors.

2. Professional Fee Claims

On the Effective Date or as soon as practicable thereafter, the Plan Administrator shall reserve in Cash an amount equal to the Professional Fee Reserve Amount. Professional Fee Claims shall be paid as an Administrative Claim in Cash to the Professionals from funds held in reserve when and to the extent that such Professional Fee Claims are Allowed by a Final Order. When all Allowed Professional Fee Claims are paid in full in Cash, amounts remaining in reserve, if any, shall irrevocably revert to the applicable Debtor as Available Cash for Distributions to the Holders of Allowed Claims.

To receive payment for unbilled fees and expenses incurred through the Effective Date, each Professional shall estimate its Professional Fee Claims incurred prior to and as of the Confirmation Date, along with an estimate of fees and expenses to be incurred through the Effective Date, and shall deliver such estimate to counsel for the Plan Proponents no later than five (5) days prior to the commencement of the Confirmation Hearing; provided, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional. If a Professional does not provide an estimate, the Plan Administrator may estimate the unbilled fees and expenses of such Professional. The total amount so estimated as of the Confirmation Date shall comprise the Professional Fee Reserve Amount.

On the Effective Date, any requirement that Professionals comply with §§ 327 through 331, and 1103 of the Bankruptcy Code or the Professional Fee Order in seeking retention or compensation for services rendered after such date shall terminate, and the Plan Administrator may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Plan Proponent Fee/Expense Claims

The Plan Administrator shall provide reimbursement for the Plan Proponent Fee/Expense Claims in accordance with the procedures set forth in this Section II.A.3 of the Plan.

On the Effective Date or as soon as practicable thereafter, the Plan Administrator shall reserve Cash in an amount equal to the aggregate Plan Proponent Fee Reserve Amount. The Plan Proponent Fee/Expense Claims shall be paid as an Administrative Claim in Cash to the Plan Proponents from funds held in reserve in accordance with the procedures set forth below. For greater certainty, the Plan Proponent Fee/Expense Claims shall not be considered a Class 3A, 3B, 4A, 4B, or 5A Claim. When all Allowed Plan Proponent Fee/Expense Claims are paid in full in Cash, amounts remaining in reserve, if any, shall irrevocably revert to the applicable Debtor as Available Cash for Distributions to the Holders of Allowed Claims.

No later than forty-five (45) days after the Effective Date, the Plan Proponents shall submit to the Plan Administrator and the U.S. Trustee reasonably detailed statements of the Plan Proponent Fee/Expense Claims (which statements shall include descriptions of services provided in summary form without individual time records), and shall concurrently file such statements on the docket in the Chapter 11 Cases. Subject to the limitations set forth above, amounts due under each such statement shall be paid by the Plan Administrator within thirty (30) days of submission of such statement. If, prior to the end of such thirty day period, the Plan Administrator or the U.S. Trustee disputes in writing the reasonableness of any amounts due under any such statements, the applicable parties shall attempt in good faith to resolve any such dispute. If the applicable parties are unable to resolve the dispute, any such party may, within fifteen (15) days after disputing the reasonableness of any such amounts, seek review of the reasonableness of the disputed amounts by the Bankruptcy Court pursuant to § 1129(a)(4) of the Bankruptcy Code, and the undisputed amounts shall be paid without delay.

The Plan Proponents shall provide the Chapter 11 Trustee with an estimate of the Plan Proponent Fee/Expense Claims seven (7) days prior to the anticipated Effective Date which amount shall be the Plan Proponent Fee Reserve Amount; provided, however, that such estimates shall be used solely for administrative purposes and shall not be binding on the Plan Proponents and shall not in any way limit, cap, or reduce the amount of the Plan Proponent Fee/Expense Claims.

C. Payment of Priority Tax Claims

Pursuant to § 1129(a)(9)(C) of the Bankruptcy Code, unless otherwise agreed by the Holder of a Priority Tax Claim and the Plan Administrator, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of its Priority Tax Claim, Cash equal to the amount of such Allowed Priority Tax Claim on the latest of (i) the Effective Date, (ii) forty-five (45) days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, and (iii) the date on which an Allowed Priority Tax Claim would be due and payable in the ordinary course of business. Notwithstanding the foregoing, the Holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment under this provision on account of any penalty arising with respect to or in connection with such Allowed Priority Tax Claim. Any such Claim or demand for any such penalty shall be subject to treatment in Class 5A, 5B, 5C, 5D, 5E or 5F, as applicable. The Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors or the Plan Administrator, or their respective property (other than as a Holder of a Class 5 Claim).

D. Distributions on Account of Allowed Claims

Except as otherwise provided in the Plan, on the Effective Date or as soon as practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim or Allowed Interest against the Debtors shall receive the distributions that the Plan provides for Allowed Claims and Allowed Interest in the applicable Class from the Distribution Trustee. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VI of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date. Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Claim shall, on account of such Allowed Claim, receive a distribution in excess of the Allowed amount of such Claim plus any postpetition interest on such Claim payable in accordance with the Plan.

VII. MEANS FOR IMPLEMENTATION OF THE 11 PLAN

A. Plan Administrator

Holdings shall serve as Plan Administrator for each of the Debtors. Subject to and to the extent set forth in the Plan, the Confirmation Order, or other agreement (or any other order of the Bankruptcy Court entered pursuant to or in furtherance hereof), the Plan Administrator shall be empowered to take the following actions, or other actions deemed by the Plan Administrator to be necessary and proper to implement the provisions in the Plan, on behalf of the each Debtor without further order of the Bankruptcy Court:

i. review, reconcile, compromise, settle or object to Claims and resolve such objections as set forth in the Plan free of any restrictions of the Bankruptcy Code or Bankruptcy Rules;

ii. calculate and make Distributions to Holders of Allowed Claims and Allowed Interests in accordance with the Plan;

iii. review, reconcile, enforce, collect, compromise, settle, or elect not to pursue any or all Litigation Claims or similar actions free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules;

iv. dissolve, wind down or liquidate any of the assets of a Non-debtor U.S. Subsidiary, including authorizing the commencement of insolvency proceedings for any such Non-debtor U.S. Subsidiary in an appropriate forum;

v. retain, compensate and employ professionals and other Persons or Entities to represent the Plan Administrator with respect to and in connection with its rights and responsibilities;

vi. establish, maintain and administer the books and records and accounts of the Debtors as appropriate, which shall be segregated to the extent appropriate in accordance with the Plan;

vii. maintain, conserve, supervise, prosecute, collect, settle, and protect the Property of the Estate (subject to the limitations described herein);

viii. sell, liquidate, transfer, distribute or otherwise dispose of the Property of the Estate or any part thereof or any interest therein upon such terms as the Plan Administrator determines to be necessary, appropriate or desirable;

ix. invest Cash of the Debtors, including any Cash proceeds realized from the liquidation of any assets of the Debtors, proceeds of Litigation Claims, and any income earned thereon, with such investment limited to government securities (unless otherwise approved by the board of directors of Holdings);

x. pay the charges that it incurs on or after the Effective Date for Plan Administration Expenses;

xi. administer each Debtor's tax obligations, including (a) filing appropriate Tax returns and other reports on behalf of each Debtor, (b) paying Taxes or other obligations owed by the Debtors, (c) requesting, if necessary or appropriate, an expedited determination of any unpaid tax liability of each Debtor or its estate under Bankruptcy Code § 505(b) for all taxable periods of such Debtor ending after the applicable Petition Date through the liquidation of such Debtor as determined under applicable tax laws and (d) representing the interests of each Debtor or its estate before any taxing authority in all matters including, without limitation, any action, suit, proceeding, appeal or audit;

xii. prepare and file any and all informational returns, reports, statements, returns or disclosures relating to the Debtors that are required under the Plan, by any Governmental Unit, or applicable law;

xiii. determine whether to create a Liquidating Trust for the assets of a Debtor or Non-debtor U.S. Subsidiary pursuant to Article IX of the Plan and which assets to transfer to such Liquidating Trust or to issue New Securities in accordance with Section XIII.E of the Plan;

xiv. pay statutory fees in accordance with Section II.A.4 of the Plan;

xv. take such actions as are necessary or appropriate to close or dismiss any or all of the Chapter 11 Cases;

xvi. comply with the Plan, exercise the Plan Administrator's rights and perform the Plan Administrator's obligations; and

xvii. exercise such other powers as may be vested in the Plan Administrator under the Plan Trust Agreement, or as deemed by the Plan Administrator to be necessary and proper to implement the provisions of the Plan and the Plan Trust Agreement.

Each of the Debtors shall indemnify and hold harmless the members of the Director Selection Committee and Holdings solely in its capacity as the Plan Administrator and for any losses incurred in such capacity, except to the extent such losses were the result of the Director Selection Committee's or Plan Administrator's gross negligence, willful misconduct or criminal conduct.

B. Plan Trust

1. The Plan Trust shall be established on the Effective Date and shall continue in existence until the Closing Date. The initial Plan Trustees shall be three (3) persons. Each such Plan Trustee shall be appointed by one of the three respective Plan Proponents that are the three largest aggregate beneficial Holders of (i) Class 4A Liquidity Facility Unsecured Claims plus (ii) Class 5A General Unsecured Claims as of January 10, 2013. Each of the Plan Trustees shall continue in such capacity until he or she ceases to be a Plan Trustee in accordance with the terms and conditions set forth in the Plan Trust Agreement. In the event of a vacancy in the office of Plan Trustee, the Plan Proponent designee who appointed such Plan Trustee shall appoint a replacement Plan Trustee if such Plan Proponent who selected such Plan Trustee then holds an Allowed Claim, and if not, by the remaining Plan Trustees without order of the Court.

2. The Plan Trust shall exercise voting rights associated with the Plan Trust Stock in furtherance of the liquidation of the Debtors and compliance with the provisions of the Plan. The sole purpose of the Plan Trust shall be to hold the Plan Trust Stock as provided in Sections III.9.b and III.10.b of the Plan. The Plan Trust shall be governed, in accordance with the Plan Trust Agreement, by the Plan Trustees. Any Distribution from assets of Holdings that is made to the Plan Trust as holder of such share shall be for the benefit of the Holders of Interests in accordance with Section III.9.b and III.10.b of the Plan.

3. The Plan Trust Agreement shall provide that the Plan Trust may act, by majority vote of the Plan Trustees, to remove and replace directors, with cause.

C. Preservation of Causes of Action

Except as provided in the Plan, the Confirmation Order, or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with § 1123(b)(3)(B) of the Bankruptcy Code, the Plan Administrator, on behalf of each Debtor, shall have and retain and may enforce any claims, demands, rights and causes of action that any Estate may hold against any Person to the extent not released otherwise, all of which are included within the Property of the Estate. The Plan Administrator may pursue such claims, demands, rights or causes of action, as appropriate, in accordance with the best interests of the beneficiaries of the Estates. A nonexclusive schedule of currently pending actions and claims brought by one or more Debtors or the Chapter 11 Trustee, as applicable, is attached as Exhibit IV.C to the Plan. In accordance with and subject to any applicable law, the Plan Proponents' inclusion or failure to include any right of action or claim on Exhibit IV.C to the Plan shall not be deemed an admission, denial or waiver of any claims, demands, rights or causes of action that any Debtor or Estate may hold against any Entity. The Plan Proponents intend to preserve all such claims, demands, rights or causes of action (except to the extent any such claim is specifically released herein).

D. Investment of Available Cash

The Plan Administrator shall invest, or shall direct another Person or Entity to invest, on behalf of each Debtor, Available Cash of such Debtor, subject to the limitations established herein; provided, however, that should such Plan Administrator determine, in its sole discretion, that the administrative costs associated with such

investment shall not be materially less than or shall exceed the return on such investment, it may decide not to invest such Cash.

E. Debtor Allocation Agreement

The Debtor Allocation Agreement shall become effective on the Effective Date.

F. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective Distributions and treatments specified in the Plan take into account the relative priority and rights of the Claims and Interests in each Class and all contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, § 510(b) of the Bankruptcy Code, or otherwise. Pursuant to § 510 of the Bankruptcy Code, the Plan Proponents or the Plan Administrator shall be deemed to have reserved the right to re-classify any Disputed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

G. Distribution Record Date

Transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 for which a notice of transfer has been Filed on or prior to the Distribution Record Date shall be treated as the Holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

H. Means of Cash Payments

Except as otherwise specified herein, all Cash payments made pursuant to the Plan shall be in U.S. currency and made by check drawn on a domestic bank selected by the Plan Administrator or, at the option of the Plan Administrator, by wire transfer, electronic funds transfer or ACH from a domestic bank selected by the Plan Administrator; provided, however, that Cash payments to foreign Holders of Allowed Claims may be made, at the option of the Plan Administrator, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

VIII. CORPORATE GOVERNANCE

A. Corporate Form

On the Effective Date, each of the Debtors shall maintain its existing corporate form.

B. The Holdings Board of Directors

1. Composition and Selection

Following the Effective Date, the board of directors of Holdings shall be comprised of three (3) persons. The initial board of directors of Holdings shall be selected by the Director Selection Committee. The Director Selection Committee shall be comprised of three (3) designees. Each such designee shall be appointed by one of the three respective Plan Proponents that are the three largest aggregate beneficial Holders of (i) Class 4A Liquidity Facility Unsecured Claims plus (ii) Class 5A General Unsecured Claims as of January 10, 2013. Each Director Selection Committee member shall appoint one member of the Holdings board of directors. Upon expiration of the term of a director of Holdings, or his or her resignation, death or removal for cause, the Director Selection Committee member who appointed such director may appoint a replacement director if the Plan Proponent who selected such Director Selection Committee member then holds an Allowed Claim, and if not, by the remaining members of the Director Selection Committee without order of the Court. Notwithstanding the foregoing, the Director Selection Committee may, by unanimous decision, modify the methodology for choosing both the initial members of the board of directors of Holdings and any replacement director(s), and the number of directors.

2. Powers of the Holdings Board of Directors

Following the Effective Date, the board of directors of Holdings shall have the power and authority to (i) manage Holdings, (ii) instruct and supervise Holdings and the Plan Administrator with respect to their responsibilities under the Plan; (iii) review and approve the prosecution of adversary and other proceedings, if any, including approving proposed settlements thereof; (iv) review and approve objections to and proposed settlements of Disputed Claims; (v) terminate or replace any officer, employee or agent of the Plan Administrator with or without cause; (vi) appoint replacement officers, employees or agents to carry out the duties of the Plan Administrator; (vii) take any other action that may be necessary or appropriate in connection with the management of the Plan Administrator. In its discretion, following the Effective Date, the board of directors of Holdings may also delegate any powers, authority or duties of the Plan Administrator to any other committee, entity or individual.

3. Term of the Holdings Board of Directors

Each of the initial directors of Holdings shall have initial and, if reappointed, subsequent terms of one year. A director of Holdings may be removed from office by the Plan Trust with cause.

C. Subsidiary Debtor Post-Effective Date Management

Following the Effective Date and through the Closing Date, the respective boards of directors or managers, as applicable, of the Debtors other than Holdings shall consist of one (1) individual who shall be a concurrently serving member of the Holdings board of directors. Each of the initial directors or managers of the Debtors other than Holdings shall have initial and, if reelected, subsequent terms of one year. Thereafter, Holdings shall (i) elect successors of the then-serving members of the boards or managers for such Debtor at each annual meeting or upon the removal or resignation of such individuals and (ii) have the power to act by written consent to remove any director or manager of such Debtor at any time with or without cause.

D. Corporate Existence

1. Maintaining Debtors in Good Standing

After the Effective Date, the Plan Administrator may decide to maintain each Debtor as a corporation in good standing until such time as all aspects of the Plan pertaining to such Debtor have been completed.

2. Sales of Assets and Wind-Down

After the Effective Date, pursuant to the Plan, the Plan Administrator shall wind-down, sell and otherwise liquidate assets of the Debtors and/or Non-debtor U.S. Subsidiaries on any terms it deems reasonable, without further order of the Bankruptcy Court in accordance with Section IV.A.iv of the Plan. The wind-down, sale and liquidation of each such Debtor's assets (as determined for federal income tax purposes) shall occur over a period of not more than three (3) years after the Effective Date (it being understood that such liquidation may include the transfer of all or part of the assets of such Debtor to one or more Liquidating Trusts within the meaning of Treas. Reg. § 301.7701-4); provided, however, that the wind-down and liquidation may extend over a longer period of time if the Debtors receive a private letter ruling or other equivalent guidance from the IRS from which the Plan Administrator reasonably concludes that the continued wind-down and liquidation should not result in a reduction or limitation of the Debtors' tax attributes for federal income tax purposes that materially impairs the expected actual use of such tax attributes.

3. Dissolving Debtors or Non-debtor U.S. Subsidiaries

At such time as the Plan Administrator considers appropriate and consistent with the implementation of the Plan, the Plan Administrator may merge, dissolve or otherwise terminate the corporate existence of one or more Debtors other than Holdings or one or more Non-debtor U.S. Subsidiaries and complete the winding up of such Entity(ies) in accordance with applicable law without the necessity for any other or further actions to be taken by or on behalf of such dissolving Debtor or its shareholder or any payments to be made in connection therewith subject to the filing of a certificate of dissolution with the appropriate governmental authorities (including, without limitation,

the transfer of all or part of the assets of such Debtor to a Liquidating Trust in accordance with Article IX of the Plan).

4. Effectuating Dissolution

In order to effectuate a dissolution, the Plan Administrator may, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan, among other things: (i) execute and deliver appropriate agreements or other documents of transfer, merger, consolidation, disposition, liquidation or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, as well as other terms to which these entities may agree; (ii) execute and deliver appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms as the Plan Administrator may deem appropriate; (iii) file appropriate certificates or articles of merger, consolidation, continuance or dissolution or similar instruments with the applicable governmental authorities; (iv) cancel existing certificates of incorporation and by-laws; (v) remove any directors, officers or voting trustees existing as of the Effective Date; (vi) take all other actions that the Plan Administrator determines to be necessary or appropriate, including making other filings or recordings that may be required by applicable law in connection with the foregoing. Nothing herein shall impact the limitations on setoff set forth in the Plan.

5. Closing of Chapter 11 Cases

After the Chapter 11 Case of a Debtor has been fully administered, the Plan Administrator shall seek authority from the Bankruptcy Court to close such Debtor's Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

E. Certificate of Incorporation and By-Laws

As of the Effective Date, the certificate of incorporation and by-laws of each Debtor shall be amended to the extent necessary to carry out the provisions of the Plan. The amended certificate and by-laws of such Debtor (if any) shall be contained in the Plan Supplement.

IX. PROVISIONS REGARDING DISTRIBUTIONS UNDER THE PLAN

A. Distributions of Available Cash

On the Effective Date, or as soon as practicable thereafter, each Holder of an Allowed Claim or Allowed Interest against the Debtors shall receive the Distributions that the Plan provides for Allowed Claims and Allowed Interests in the applicable Class. Following the Effective Date, each Debtor shall make Distributions at the times specified in Section VI.B of the Plan. Each such Distribution in the aggregate shall be in an amount not less than $1,000,000 of such Debtor's Available Cash. Notwithstanding the foregoing, the Plan Administrator may determine, in its sole discretion (i) to make a Distribution that is less than $1,000,000 in the aggregate of a Debtor's Available Cash, or (ii) not to make a Distribution to the Holder of an Allowed Claim (other than a Claim that has become Allowed pursuant to clauses Section I.A.4(c) of the Plan) on the basis that it has not yet determined whether to object to such Claim and such Claim shall be treated as a Disputed Claim for purposes of Distributions under the Plan until the Plan Administrator determines (x) not to object to such Claim (or the time to object to Claims expires), (y) agrees with the Holder of such Claim to Allow such Claim in an agreed upon amount or (z) objects to such Claim and such Claim is Allowed by a Final Order. If and to the extent that there are Disputed Claims, Distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan.

Distributions of Cash from each Debtor's account held by the Plan Administrator shall include a Pro Rata Share of any Effective Interest Return or other proceeds, if any, from such investment of Cash, net of any Taxes payable with respect thereto.

All Distributions shall be made pursuant to the terms and conditions of the Plan and the Plan Trust Agreement, and shall be subject to the Plan Administrator's rights of setoff or deduction.

To the extent that a Liquidating Trust is established for a Debtor in accordance with Article IX of the Plan, any Distributions to be made to Holders of Allowed Claims thereafter shall be made by the Liquidating Trustee to such Holders as holders of Liquidating Trust Interests but consistent with the provisions of the Plan. Distributions of Cash on account of such Liquidating Trust Interests shall be made in accordance with Section IX.G of the Plan.

B. Selection of Distribution Dates for Allowed Claims and Provision of Notice Thereof

Except where the Plan requires the making of a Distribution on account of a particular Allowed Claim within a particular time, the Plan Administrator shall have the authority to select Distribution Dates that, in the judgment of the Plan Administrator, provide Holders of Allowed Claims with payments as quickly as reasonably practicable while limiting the costs incurred in the distribution process; provided, however, that the first Distribution Date after the Effective Date must occur prior to June 30, 2013 and, subject to Section VI.A of the Plan, a Distribution Date must occur at least once every six months thereafter. Upon the selection of a Distribution Date by the Plan Administrator, the Plan Administrator shall not be required to, but may, in his/her own discretion, File a notice of such Distribution Date with the Bankruptcy Court that provides information regarding the Distribution to be made.

C. Limitations on Amounts to Be Distributed to Holders of Allowed Claims Otherwise Insured

No Distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy; provided, that if the Plan Administrator believes a Holder of an Allowed Claim has recourse to an insurance policy and intends to withhold a Distribution pursuant to Section VI.B of the Plan, the Plan Administrator shall provide written notice to such Holder as to what the Plan Administrator believes to be the nature and scope of applicable insurance coverage. To the extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such agreement, such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court. Nothing in Section VI.B shall constitute a waiver of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that any Entity may hold against any other Entity, including the Debtors' insurance carriers.

D. Distributions on Account of Secondary Liability Claims

No Holder of a Secondary Liability Claim shall receive any Distributions on account of any Secondary Liability Claim that results in the Holder of such Secondary Liability Claim receiving Distributions on account of such Secondary Liability Claim and the primary liability that is the basis for such Secondary Liability Claim aggregating more than 100% of the Allowable amount of the liability that is the basis for such Secondary Liability Claim plus the Effective Interest Return. For the avoidance of doubt, the forgoing sentence shall not affect the obligation of each Debtor to pay U.S. Trustee Fees until such time as its chapter 11 case is closed, dismissed, or converted.

E. Disputed Claims Holdback

From and after the Effective Date, and until such time as all Disputed Claims have been compromised and settled or determined by Final Order, the Plan Administrator shall, consistent with and subject to § 1123(a)(4) of the Bankruptcy Code, retain from Available Cash an aggregate amount equal to the Pro Rata Share of the Distributions that would have been made to each Holder of a Disputed Claim if such Disputed Claim were an Allowed Claim against such Debtor in an amount equal to the least of (i) the Filed amount of such Disputed Claim, (ii) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed Claim, and (iii) such other amount as may be agreed upon by the Holder of such Disputed Claim and the Plan Administrator.

On the first Distribution Date that is at least thirty (30) days (or such fewer days as may be agreed between the applicable Debtor and the Holder of the applicable Disputed Claim) after the date on which a Disputed Claim becomes an Allowed Claim against a Debtor, such Debtor shall remit to the Holder of such Allowed Claim Available Cash equal to the amount that would have been distributed from the Effective Date through and including

the date of such Distribution on account of such Allowed Claim had such Claim been Allowed as of the Effective Date, together with the Effective Interest Return attributable to the amount of the Allowed Claim.

To the extent that a Disputed Claim against a Debtor is disallowed by Final Order or becomes an Allowed Claim in an amount less than the amount retained with respect to such Claim pursuant to this provision, the amount that would have been distributed on account of such Disputed Claim, or the excess of the amount of Available Cash that would have been distributed on account of such Disputed Claim over the amount of Available Cash actually distributed on account of such Disputed Claim, shall become Available Cash for Distributions to the Holders of Allowed Claims.

Nothing in Section VI.D of the Plan shall preclude any Holder of a Disputed Claim from seeking, on notice to the Plan Administrator, an order of the Bankruptcy Court in respect of or relating to the amount retained with respect to such Holder's Disputed Claim. Unless otherwise ordered by the Bankruptcy Court, Available Cash retained on account of Disputed Claims shall not be used by, on behalf of or for the benefit of a Debtor for operating expenses, costs or any purpose other than as set forth in this section. If the Plan Administrator determines, in its sole discretion, that the value of a Debtor's assets (other than such Debtor's Available Cash) exceeds the amount of Available Cash necessary to be retained pursuant to this section on account of Disputed Claims against such Debtor, the Plan Administrator may, subject to Bankruptcy Court approval, on proper notice to all Holders of Disputed Claims against such Debtor, release such Available Cash for Distribution to Holders of Allowed Claims and retain, in lieu thereof, such Debtor's non-Cash assets to satisfy its Disputed Claims if such Claims become Allowed Claims.

F. Distributions Free and Clear

Except as otherwise provided herein, any Distributions under the Plan shall be free and clear of any Liens, Claims and encumbrances, and no other entity, including the Debtors or the Plan Administrator shall have any interest, legal, beneficial or otherwise, in assets transferred pursuant to the Plan.

G. Setoffs

Except with respect to claims of a Debtor released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Debtor or Plan Administrator, pursuant to § 553 of the Bankruptcy Code or applicable nonbankruptcy law, may set off against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Claim (before any Distribution is made on account of such Claim) the claims, rights and causes of action of any nature that the Plan Administrator may hold against the Holder of such Allowed Claim; provided, however, that neither the failure to effect a setoff nor the allowance of any Claim pursuant to the terms of the Plan shall constitute a waiver or release by the applicable Debtor or the Plan Administrator of any claims, rights and causes of action that the Plan Administrator may possess against such a Claim Holder, which are expressly preserved in the Plan.

Before the Debtor or Plan Administrator can set off a Distribution against an Allowed Claim, the Holder of the Claim shall be served with written notice of the proposed setoff or recoupment at least twenty-eight (28) days prior to exercising any asserted setoff or recoupment right, and, if such claimant serves a written objection to such asserted setoff or recoupment on or before twenty-eight (28) days of receipt of such written notice, (i) the objection shall be deemed to initiate a contested matter governed by, inter alia, Bankruptcy Rule 9014 and Local Rules 9014-1 and 9014-2, (ii) nothing herein shall affect the respective burden of each party in connection with such contested matter, and (iii) the Debtor shall not proceed with the asserted setoff or recoupment absent the withdrawal of such objection or the entry of a Final Order overruling such objection but the Debtor may withhold such payment pending resolution of such objection.

Nothing in the Plan shall expand or enhance a creditor's right of setoff, which shall be determined as of the applicable Petition Date. Nothing in the Plan is intended to, or shall be interpreted to, approve any creditor's effectuation of a postpetition setoff without the consent of the Plan Administrator unless prior Bankruptcy Court approval has been obtained.

H. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions

Distributions to Holders of Allowed Claims and Allowed Interests shall be made by a Disbursing Agent: (a) at the addresses set forth on the respective proofs of Claim Filed by Holders of such Claims or request for payment of Administrative Claim, as applicable; (b) at the address for a Claim transferee set forth in a valid and timely notice of transfer of Claim Filed with the Bankruptcy Court; (c) at the addresses set forth in any written notice of address change Filed with the Bankruptcy Court or delivered to the Disbursing Agent after the date of Filing of any related Proof of Claim but prior to the Distribution Record Date; (d) at the addresses reflected in the applicable Debtor's Schedules if no Proof of Claim has been Filed and the Disbursing Agent has not received a written notice of a change of address; or (e) if clauses (a) through (d) are not applicable, at the last address directed by such Holder after such Claim becomes an Allowed Claim.

Distributions on account of Liquidity Facility Secured Claims and Liquidity Facility Unsecured Claims shall (a) be made to the Liquidating Facility Administrative Agent for the benefit of the respective Holders of Liquidity Facility Secured Claims and Liquidity Facility Unsecured Claims, as provided herein and (b) be deemed completed when made to the Liquidity Facility Administrative Agent. The Liquidity Facility Administrative Agent shall not be required to give any bond, surety, or other security for the performance of its duties with respect to the administration and implementation of Distributions.

Distributions on account of Notes Claims shall (a) be made by the Disbursing Agent to the Indenture Trustees for the benefit of Holders of Notes Claims and (b) be deemed completed when made by the Disbursing Agent to the Indenture Trustee. The Indenture Trustee shall not be required to give any bond, surety, or other security for the performance of its duties with respect to the administration and implementation of Distributions.

2. De Minimis Distributions

On each Distribution Date prior to the Final Distribution Date, the Disbursing Agent shall only distribute Cash to the Holder of an Allowed Claim if the amount of Cash to be distributed on account of such Claim is greater than or equal to $200 in the aggregate unless a request therefor is made in writing to the Plan Administrator. Any Cash not distributed pursuant to Section VI.H.2 of the Plan shall irrevocably revert to the applicable Debtor as Available Cash for Distributions to the Holders of Allowed Claims. On the Final Distribution Date, if the aggregate amount of Distributions to be made to such claimant is $200 or greater, such Distribution shall be made, and any Claim in respect of such undeliverable Distribution shall be discharged and forever barred from assertion against such Debtor or its respective property.

3. Undeliverable or Unclaimed Distributions Held by the Disbursing Agent

In the event that any Distribution to any Holder is returned as undeliverable, no Distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then current address of such Holder, at which time such Distribution shall be made to such Holder without interest; provided, that such Distributions shall be deemed unclaimed property under § 347(b) of the Bankruptcy Code at the expiration of six (6) months from the Effective Date. After such date, all unclaimed property or interests in property shall revert to the applicable Debtor as Available Cash for Distributions to the Holders of Allowed Claims (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be released, settled, compromised, and forever barred.

4. Time Bar to Cash Payment Rights

Checks issued in respect of Allowed Claims shall be null and void if not negotiated within 90 days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Plan Administrator by the Holder of the Allowed Claim to whom such check originally was issued. Any claim in respect of such a voided check shall be made on or before 90 days after the expiration of the 90 day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to the applicable

Debtor and any Claim in respect of such voided check shall be discharged and forever barred from assertion against such Debtor and its property.

I. Other Provisions Applicable to Distributions in All Classes

1. Postpetition Interest

No interest shall accrue on any Claims on and after the applicable Petition Date unless the applicable Debtor is determined to be solvent as of the Effective Date. To the extent that any Debtor has Available Cash after all Allowed Claims against that Debtor have been satisfied in full in accordance with Section VI.A of the Plan, each Holder of each such Allowed Claim shall receive its Pro Rata Share of further Distributions, if any, to the fullest extent permissible under the Bankruptcy Code in satisfaction of postpetition interest on the Allowed amount of such Claims at the rate applicable in the contract or contracts on which such Allowed Claim is based (or, absent such contractual rate, at the statutory rate) until such time as all postpetition interest on all such Allowed Claims has been paid in full.

2. Exchange Rate

For purposes of determining whether an Allowed Claim has been satisfied in full in accordance with Section VI.A of the Plan, all Distributions or other consideration in a currency other than the U.S. Dollar shall be converted to the U.S. Dollar applying the existing exchange rate derived from Reuters existing at approximately 3:00 p.m. GMT on the Confirmation Date. Nothing contained in this provision shall affect the applicable exchange rate for determining the Allowed amount of any Claim under § 502(b) of the Bankruptcy Code.

3. Compliance with Tax Requirements

In connection with the Plan and all instruments issued in connection therewith and distributed thereon, the Plan Administrator or the Liquidating Trustee as applicable shall comply with all Tax withholding and reporting requirements imposed on it by any Governmental Unit, and all Distributions pursuant hereto shall be subject to such withholding and reporting requirements. All such amounts withheld and paid to the appropriate Governmental Unit shall be treated as distributed to such Holders.

The Plan Administrator and any Disbursing Agent shall be authorized to take any actions that it determines, in its reasonable discretion, to be necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the Distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding Distributions pending receipt of information necessary to facilitate such Distributions, or establishing any other mechanisms they believe are reasonable and appropriate.

Notwithstanding any other provision of the Plan, each Person receiving or deemed to receive a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax imposed on such Person on account of such Distribution. The Plan Administrator or the Liquidating Trustee (as applicable), has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such Tax obligations. The Plan Administrator or the Liquidating Trustee (as applicable), may require, as a condition to receipt of a Distribution, that the Holder of an Allowed Claim or Liquidating Trust Interest provide a completed Form W-8, W-9 and/or other tax information deemed necessary in the sole discretion of the Plan Administrator or Liquidating Trustee, as applicable to each such Holder.

If the Plan Administrator or Liquidating Trustee (as applicable) makes such a request and the Holder fails to comply before the date that is 180 days after the request is made, the amount of such Distribution shall irrevocably revert to the applicable Debtor or Liquidating Trust and any Claim in respect of such Distribution shall be discharged and forever barred from assertion against such Debtor, Liquidating Trust, or its respective property.

4. Allocation of Distributions

All Distributions to Holders of Allowed Claims that have components of principal and interest shall be deemed to apply first to the principal amount of such Claim until such principal amount is paid in full, and then the

remaining portion of such Distributions, if any, shall be deemed to apply to any applicable accrued interest included in such Claim to the extent interest is payable under the Plan.

J. Exemption from Certain Transfer Taxes

Pursuant to § 1146(a) of the Bankruptcy Code, the following shall not be subject to any stamp Tax, real estate transfer Tax, mortgage recording Tax, filing fee, sales or use tax, or similar Tax or governmental assessment: (a) any transfer made pursuant hereto; (b) any sales made by the Plan Administrator to liquidate any of the Property of the Estate and convert such assets into Cash; (c) any sales of assets made by any of the Debtors under § 363 of the Bankruptcy Code, to the extent that title to the assets being sold transfers after the Confirmation Date; (d) the making or assignment of any lease or sublease; (e) the creation of any mortgage, deed of trust, Lien or other security interest; or (f) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, or assignments executed in connection with any of the foregoing or pursuant to the Plan. The Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such Tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such Tax or governmental assessment.

K. Exemption from Securities Laws

To the maximum extent provided by § 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the issuance of any New Securities or Liquidating Trust Interests will be exempt from registration under the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder and any other applicable non-bankruptcy law or regulation.

X. PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Treatment of Disputed Claims

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Chapter 11 Cases allowing such Claim. Notwithstanding any other provision of the Plan, no payments or Distributions shall be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. The Plan Administrator shall, in accordance with the terms herein, establish appropriate disputed claims reserves for all Disputed Claims.

B. Objections to Claims

1. Authority to Prosecute, Settle and Compromise

The Debtors' rights to object to, oppose and defend against all Claims on any basis are fully preserved. As of the Effective Date, objections to, and requests for estimation of, all Claims against the Debtors may be interposed and prosecuted only by the Plan Administrator, which shall consult with the applicable Debtor regarding the same.

The Debtor or Plan Administrator as applicable may object to any Claims not previously Allowed by an order of the Bankruptcy Court or pursuant to the Plan prior to the Claims Objection Bar Date. After the Effective Date, only the Plan Administrator shall have the authority to File, settle, compromise, withdraw or litigate to judgment objections to Claims, including pursuant to any alternative dispute resolution or similar procedures approved by the Bankruptcy Court. After the Effective Date, the Plan Administrator may settle or compromise any Disputed Claim or any objection or controversy relating to any Claim without any further notice to or action, order or approval of the Bankruptcy Court.

2. Application of Bankruptcy Rules

To facilitate the efficient resolution of Disputed Claims, the Plan Administrator shall, notwithstanding Bankruptcy Rule 3007(c), be permitted to file omnibus objections to claims.

3. Authority to Amend Schedules

The Plan Administrator shall have the authority to amend the Schedules with respect to any Claim and to make Distributions based on such amended Schedules (if no Proof of Claim is timely filed in response thereto) without approval of the Bankruptcy Court. If any such amendment to the Schedules reduces the amount of a Claim or changes the nature or priority of a Claim, the Plan Administrator shall provide the Holder of such Claim with notice of such amendment and such parties shall have thirty (30) days to File an objection to such amendment in the Bankruptcy Court.

4. Expungement or Adjustment to Claims Without Objection

Any Claim that has been paid, satisfied, or superseded may be expunged on the Claims Register by the Plan Administrator and any Claim that has been amended by the Holder of such Claim may be adjusted thereon by the Plan Administrator without the filing of a Claim objection and without any further notice to or action, order, or approval of the Bankruptcy Court.

5. Deadline to File Objections to Claims

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date. Upon motion to the Bankruptcy Court, the Plan Administrator may request, and the Bankruptcy Court may grant, an extension to the Claims Objection Bar Date generally or with respect to specific Claims. Any extension granted by the Bankruptcy Court shall not be considered to be a Plan modification under § 1127 of the Bankruptcy Code.

6. Claims Estimation

Prior to and on the Effective Date, the Plan Proponents, and after the Effective Date, the Plan Administrator, may, at any time, request on behalf of a Debtor that the Bankruptcy Court estimate (a) any Disputed Claim pursuant to applicable law and (b) any contingent or unliquidated Claim pursuant to applicable law, including, without limitation, § 502(c) of the Bankruptcy Code, regardless of whether the Chapter 11 Trustee has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim, contingent Claim, or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection. Notwithstanding any other provision of the Plan, a Claim that has been expunged from the Claims Register but that is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. Except as set forth below with respect to reconsideration under § 502(j) of the Bankruptcy Code, in the event that the Bankruptcy Court estimates any Disputed Claim, contingent Claim, or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan, including for purposes of Distributions. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect on behalf of the applicable Debtor to pursue any supplemental proceedings to object to any ultimate Distribution on account of such Claim. Notwithstanding § 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to § 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before twenty-one (21) days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

XI. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of Executory Contracts and Unexpired Leases

1. Rejection

Except as otherwise provided in the Plan, in any contract, instrument, release or other agreement or document entered into in connection with the Plan or in a Final Order of the Bankruptcy Court, on the Effective Date, pursuant to § 365 of the Bankruptcy Code, the Debtors shall be deemed to reject each Executory Contract or Unexpired Lease not previously assumed, assumed and assigned, rejected, expired, or terminated pursuant to its own terms during the Chapter 11 Cases, or the subject of a motion or notice to assume filed on or before the Confirmation Date, which includes, but is not limited to, the Executory Contracts and Unexpired Leases identified on Exhibit VIII.A.1 to the Plan. All Claims arising from the rejection by any Debtor of any Executory Contract or Unexpired Lease pursuant to § 365 of the Bankruptcy Code shall be treated as General Unsecured Claims against the appropriate Debtor and classified in the pertinent Class 5. Parties that desire to object to the rejection of a specific Executory Contract or Unexpired Lease must file an objection to the Plan by the deadline for filing objections thereto.

2. Notice of Rejection

The Plan Proponents shall serve a notice on all known counterparties to Executory Contracts or Unexpired Leases that are to be rejected pursuant to the Plan. The notice shall provide parties in interest with the following information: (a) the identity of the contract or lease being rejected and (b) the procedures and bar date for asserting any claims arising from the rejection of the Executory Contract or Unexpired Lease. The failure of a party to an Executory Contract or Unexpired Lease to receive the notice to be provided under Section VIII.A shall not prevent the rejection of the Executory Contract or Unexpired Lease.

3. Bar Date for Rejection Damages

In accordance with the Bar Date Order, and except as otherwise provided in a Final Order of the Bankruptcy Court approving the rejection of an Executory Contract or Unexpired Lease, Claims arising out of the rejection of an Executory Contract or Unexpired Lease must be Filed with the Bankruptcy Court on or before the later of: (a) thirty (30) days after the Effective Date or (b) thirty (30) days after such Executory Contract or Unexpired Lease is rejected pursuant to an order of the Bankruptcy Court. Any Claims not Filed within such applicable time periods shall not (a) be treated as a Holder of a Claim hereunder, (b) be permitted to vote to accept or reject the Plan, or (c) participate in any Distribution in the Chapter 11 Cases on account of such Claim, and such Claim shall be deemed fully satisfied, released, settled, and compromised.

B. Contracts and Leases Entered Into After the Applicable Petition Date

Counterparties to contracts and leases entered into after the applicable Petition Date by a Debtor, including any Executory Contracts and Unexpired Leases assumed by a Debtor must file an Administrative Claim against the appropriate Debtor in accordance with the Plan or have their rights forever waived and released.

C. Insurance Policies

To the extent that any of the Debtors' insurance policies and any agreements, documents or instruments with insurers relating thereto constitute executory contracts, such contracts shall be deemed assumed under the Plan. Nothing contained herein shall constitute or be deemed a waiver of any Litigation Claims that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Debtors' policies of insurance.

D. Pre-existing Obligations to the Debtors Under Executory Contracts and Unexpired Leases

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtors under such Executory Contracts or

Unexpired Lease. Notwithstanding any applicable nonbankruptcy law to the contrary, the Debtors and the Plan Administrator expressly reserve and do not waive any right to receive, or any continuing obligation of a non-Debtor party to provide, warranties, indemnifications or continued maintenance obligations on goods previously purchased, or services previously received, by the contracting Debtors from non-Debtor parties to rejected Executory Contracts or Unexpired Leases, and any such rights shall vest in the Applicable Debtor as of the Effective Date.

E. Payments Related to the Assumption of Executory Contracts and Unexpired Leases

1. Assumption Generally

Except as otherwise provided herein or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to § 365 of the Bankruptcy Code, the applicable Debtor shall assume each of the Executory Contracts and Unexpired Leases listed on Exhibit VIII.E.1 to the Plan; provided, however, at any time prior to the Effective Date, Exhibit VIII.E.1 to the Plan may be amended to: (a) delete any Executory Contract or Unexpired Lease listed therein, thus providing for its rejection under Section VIII.A of the Plan; or (b) add any Executory Contract or Unexpired Lease to Exhibit VIII.E.1 to the Plan, thus providing for its assumption pursuant to Section VIII.E.1 of the Plan. The Plan Proponents shall File Exhibit VIII.E.1 to the Plan, and any amendments thereto, with the Bankruptcy Court. Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on any Exhibit, nor anything contained herein, shall constitute an admission by a Debtor that any contract or lease is an Executory Contract or Unexpired Lease or that a Debtor has any liability thereunder.

Unless otherwise provided herein, each assumed Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or terminated or is rejected or terminated pursuant to the terms of the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

Any Allowed Cure Amount Claims associated with the assumption of an Executory Contract or Unexpired Lease shall be paid by the Plan Administrator on behalf of the applicable Debtor.

2. Approval of Assumptions and Procedures

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions described in Section VIII.E.1, pursuant to § 365 of the Bankruptcy Code, as of the Effective Date. The procedures for assumption of an Executory Contract or Unexpired Lease shall be as follows:

a. After the entry of the Confirmation Order, but prior to the Effective Date, the Plan Proponents shall serve upon each party to an Executory Contract or Unexpired Lease being assumed pursuant to the Plan notice of: (i) the contract or lease being assumed; (ii) the Cure Amount Claim, if any, that the Plan Proponents believe it would be obligated to pay in connection with such assumption; and (iii) the procedures for such party to object to the assumption of the applicable contract or lease or the amount of the proposed Cure Amount Claim.

b. Any Entity wishing to object to (i) the proposed assumption of an Executory Contract or Unexpired Lease under the Plan or (ii) the proposed amount of the related Cure Amount Claim must File and serve on counsel to the Plan Proponents, a written objection setting forth the basis for the objection within twenty (20) days of service of the notice described in Section VIII.E.2.a of the Plan.

c. If no objection to the proposed assumption or Cure Amount Claim is properly Filed and served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease: (i) the proposed assumption of the Executory Contract or Unexpired Lease shall be approved in accordance with the Plan and the

Confirmation Order, effective as of the Effective Date, without further action of the Bankruptcy Court; and (ii) the Cure Amount Claim identified by the Plan Proponents in the notice shall be fixed and shall be deemed Allowed and paid to the appropriate contract or lease party identified on the notice on the Effective Date.

d. If an objection to the proposed assumption or Cure Amount Claim is properly Filed and served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease, the Plan Proponents and the objecting party may resolve such objection by stipulation, without further action of the Bankruptcy Court.

e. If an objection to the proposed assumption or Cure Amount Claim is properly Filed and served prior to the objection deadline with respect to an Executory Contract or Unexpired Lease and the parties are unable to resolve such objection then: (i) either party may notice the dispute for hearing by Filing a notice of hearing in the Bankruptcy Court no later than twenty (20) days prior to the hearing date; and (ii) the Plan Proponents may File a reply to such objection no later than seven (7) days prior to the proposed hearing date.

f. If, at a hearing scheduled pursuant to Section VIII.E.2.e of the Plan, the Bankruptcy Court imposes requirements upon the Plan Proponents, as a condition to assuming an Executory Contract or Unexpired Lease, or if the Bankruptcy Court determines that the Cure Amount Claim for a particular Executory Contract or Unexpired Lease is in excess of the amount proposed by the Plan Proponents, the Plan Proponents may, within their sole discretion, choose to reject such Executory Contract or Unexpired Lease by filing an appropriate amendment to Exhibits VIII.A.1 or VIII.E.1 of the Plan, as applicable, within seven (7) days of the entry of a Final Order with respect to such matter.

F. Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to § 365(d)(4) of the Bankruptcy Code.

XII. LIQUIDATING TRUST

A. Execution of Liquidating Trust Agreement

After the Effective Date, subject to the approval of the Holdings board of directors, if the Plan Administrator determines that the creation of one or more Liquidating Trusts is in the best interests of one or more Debtors and Holders of Allowed Claims against and Interests in such Debtors, the Plan Administrator and a Liquidating Trustee shall execute a Liquidating Trust Agreement, and shall take all other necessary steps to establish a Liquidating Trust and Liquidating Trust Interests therein, which shall be for the benefit of Liquidating Trust Beneficiaries. In the event of any conflict between the terms of Section IX.A of the Plan and the terms of a Liquidating Trust Agreement as such conflict relates to the establishment of a Liquidating Trust, the terms of Section IX.A of the Plan shall govern. A Liquidating Trust Agreement may provide powers, duties and authorities in addition to those explicitly stated herein, but only to the extent that such powers, duties, and authorities do not affect the status of a Liquidating Trust as a "liquidating trust" for United States federal income tax purposes.

B. Purpose of the Liquidating Trust

Each Liquidating Trust shall be established for the sole purpose of liquidating and distributing the assets of the Debtor contributed to such Liquidating Trust in accordance with Treas. Reg. § 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

C. Liquidating Trust Assets

Each Liquidating Trust shall consist of Liquidating Trust Assets. After the creation of a Liquidating Trust pursuant to Section IX.A of the Plan, the Plan Administrator shall transfer all of the Liquidating Trust Assets to a Liquidating Trust. Liquidating Trust Assets may be transferred subject to certain liabilities, as provided in a

Liquidating Trust Agreement. Such transfer shall be exempt from any stamp, real estate transfer, mortgage reporting or other similar tax to which the exemption under § 1146 of the Bankruptcy Code applies.

D. Administration of the Liquidating Trust

Each Liquidating Trust shall be administered by a Liquidating Trustee pursuant to a Liquidating Trust Agreement and the Plan. In the event of an inconsistency between the Plan and a Liquidating Trust Agreement as such conflict relates to anything other than the establishment of a Liquidating Trust, the Liquidating Trust Agreement shall control.

E. Liquidating Trustee's Tax Power for Debtors

A Liquidating Trustee shall have the same authority in respect of all Taxes of the Debtors, and to the same extent, as if the Liquidating Trustee were the Debtor.

F. Cash Investments

A Liquidating Trustee may invest Cash (including any earnings thereon or proceeds therefrom); provided, however, that such investments are investments permitted to be made by a "liquidating trust" within the meaning of Treas. Reg. § 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings or other controlling authorities.

G. Distribution of Liquidating Trust Interests

A Liquidating Trustee is required to distribute to the Holders of Allowed Claims on account of their Liquidating Trust Interests, on a semi-annual basis, all Available Cash (including any Cash received from the Debtors and treating any permissible investment as Cash for purposes of Section IX.G of the Plan), less such amounts that may be reasonably necessary to (i) meet contingent liabilities and to maintain the value of the Liquidating Trust Assets during liquidation, (ii) pay reasonable incurred or anticipated expenses (including, without limitation, any taxes imposed on or payable by the Debtors or Liquidating Trust or in respect of the Liquidating Trust Assets), or (iii) satisfy other liabilities incurred or anticipated by such Liquidating Trust in accordance with the Plan or Liquidating Trust Agreement; provided, however, that such Liquidating Trustee shall not be required to make a Distribution pursuant to Section IX.G of the Plan if such Liquidating Trustee determines that the expense associated with making the Distribution would likely utilize a substantial portion of the amount to be distributed, thus making the Distribution impracticable.

H. Federal Income Tax Treatment of Liquidating Trust

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt of an adverse determination by the IRS upon audit if not contested by such Liquidating Trustee), for all United States federal income tax purposes, all parties (including, without limitation, the Debtors, a Liquidating Trustee and Liquidating Trust Beneficiaries) shall treat the transfer of Liquidating Trust Assets to a Liquidating Trust as (i) a transfer of Liquidating Trust Assets (subject to any obligations relating to those assets) directly to Liquidating Trust Beneficiaries (other than to the extent Liquidating Trust Assets are allocable to Disputed Claims), followed by (ii) the transfer by such beneficiaries to a Liquidating Trust of Liquidating Trust Assets in exchange for Liquidating Trust Interests. Accordingly, except in the event of contrary definitive guidance, Liquidating Trust Beneficiaries shall be treated for United States federal income tax purposes as the grantors and owners of their respective share of Liquidating Trust Assets (other than such Liquidating Trust Assets as are allocable to Disputed Claims). The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes. For the purpose of Section IX.H of the Plan, the terms "party" and "Liquidating Trust Beneficiary" shall not include the United States or any agency or department thereof, or any officer or employee thereof acting in such capacity.

I. Tax Reporting

a. A Liquidating Trustee shall file tax returns for a Liquidating Trust treating such Liquidating Trust as a grantor trust pursuant to Treas. Reg. § 1.671-4(a) and in accordance with Section IX.I of the Plan. A Liquidating Trustee also shall annually send to each holder of a Liquidating Trust Interest a separate statement regarding the receipts and expenditures of the Liquidating Trust as relevant for U.S. federal income tax purposes and will instruct all such Holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such Holders' underlying beneficial Holders with instructions to utilize such information in preparing their U.S. federal income tax returns.

b. Allocations of Liquidating Trust taxable income among Liquidating Trust Beneficiaries (other than taxable income allocable to any assets allocable to, or retained on account of, Disputed Claims) shall be determined by reference to the manner in which an amount of Cash representing such taxable income would be distributed (were such Cash permitted to be distributed at such time) if, immediately prior to such deemed Distribution, the Liquidating Trust had distributed all its assets (valued at their tax book value, other than assets allocable Disputed Claims) to the Holders of Liquidating Trust Interests, adjusted for prior taxable income and loss and taking into account all prior and concurrent Distributions from a Liquidating Trust. Similarly, taxable loss of a Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a hypothetical liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of Liquidating Trust Assets for purpose of this paragraph shall equal their fair market value on the date Liquidating Trust Assets are transferred to a Liquidating Trust, adjusted in accordance with tax accounting principles prescribed by the IRC, the applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

c. As soon as reasonably practicable after Liquidating Trust Assets are transferred to a Liquidating Trust, a Liquidating Trustee shall make a good faith valuation of Liquidating Trust Assets. Such valuation shall be made available from time to time to all parties to the Liquidating Trust (including, without limitation, the Debtors and Liquidating Trust Beneficiaries), to the extent relevant to such parties for tax purposes, and shall be used consistently by such parties for all United States federal income tax purposes.

d. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by a Liquidating Trustee of a private letter ruling if such Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by such Liquidating Trustee), such Liquidating Trustee (i) may timely elect to treat any Liquidating Trust Assets allocable to Disputed Claims as a "disputed ownership fund" governed by Treas. Reg. § 1.468B-9, and (ii) to the extent permitted by applicable law, shall report consistently for state and local income tax purposes. If a "disputed ownership fund" election is made, all parties (including such Liquidating Trustee, the Debtors and Liquidating Trust Beneficiaries) shall report for United States federal, state and local income tax purposes consistently with the foregoing.

e. A Liquidating Trustee shall be responsible for payment, out of Liquidating Trust Assets, of any taxes imposed on a Liquidating Trust or its assets.

f. A Liquidating Trustee may request an expedited determination of taxes of a Liquidating Trust, including any reserve for Disputed Claims, or of the Debtor as to whom the Liquidating Trust was established, under § 505(b) of the Bankruptcy Code for all tax returns filed for, or on behalf of, such Liquidating Trust or the Debtor for all taxable periods through the dissolution of such Liquidating Trust.

J. Dissolution of a Liquidating Trust

a. A Liquidating Trustee and Liquidating Trust shall be discharged or dissolved, as the case may be, at such time as (i) all of the Liquidating Trust Assets have been distributed pursuant to the Plan and a Liquidating Trust Agreement, (ii) a Liquidating Trustee determines, in its sole discretion, that the administration of any remaining Liquidating Trust Assets is not likely to yield sufficient additional Liquidating Trust proceeds to justify further pursuit, or (iii) all Distributions required to be made by a Liquidating Trustee under the Plan and a Liquidating Trust Agreement have been made; provided, however, that in no event shall a Liquidating Trust be dissolved later than three (3) years from the creation of such Liquidating Trust pursuant to Section IX.A of the Plan unless the Bankruptcy Court, upon motion within the six-month period prior to the third (3rd) anniversary (or within

the six-month period prior to the end of an extension period), determines that a fixed period extension (not to exceed three (3) years, together with any prior extensions, without a favorable private letter ruling from the IRS or an opinion of counsel satisfactory to the Liquidating Trustee that any further extension would not adversely affect the status of the trust as a liquidating trust for United States federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Liquidating Trust Assets.

b. If at any time a Liquidating Trustee determines, in reliance upon such professionals as a Liquidating Trustee may retain, that the expense of administering a Liquidating Trust so as to make a final Distribution to Liquidating Trust Beneficiaries is likely to exceed the value of the assets remaining in such Liquidating Trust, such Liquidating Trustee may apply to the Bankruptcy Court for authority to (i) reserve any amount necessary to dissolve such Liquidating Trust, (ii) donate any balance to a charitable organization (w) described in § 501(c)(3) of the IRC, (x) exempt from United States federal income tax under § 501(a) of the IRC, (y) not a "private foundation", as defined in § 509(a) of the IRC, and (z) that is unrelated to the Debtors, such Liquidating Trust, and any insider of such Liquidating Trustee, and (iii) dissolve such Liquidating Trust.

XIII. SECURITIES LAWS MATTERS

For securities laws purposes, and in order to preserve NOLs and certain other valuable tax attributes that will maximize the Property of the Estate of each Debtor and thereby recoveries to creditors, on the Effective Date all existing Interests in Holdings shall be cancelled and one new share of Holdings' common stock shall be issued to the Plan Trust which will hold such share for the benefit of the Holders of such former Interests consistent with their former economic entitlements. On the Effective Date all existing Interests in each of the Debtors other than Holdings shall be retained by such Holder and only cancelled if and when such Debtor is dissolved in accordance with the Plan. In the event that all Allowed Claims against such Debtor have been satisfied in full in accordance with the Plan, each Holder of an Interest in such Debtor may receive its Pro Rata Share of the remaining Property of the Estate of such Debtor.

Holders of Interests should consult their own advisors regarding any securities law consequences of the treatment of their Interest under the Plan.

XIV. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain material federal income tax consequences of the implementation of the Plan to the Debtors and to certain Holders of Allowed Claims. This summary does not address the federal income tax consequences to Holders of Claims who are deemed to have rejected the Plan in accordance with the provisions of § 1126(g) of the Bankruptcy Code, or Holders whose Claims are entitled to payment in full in Cash.

This summary is based on the Internal Revenue Code ("IRC"), existing and proposed Treasury Regulations, judicial decisions, and published administrative rules and pronouncements of the IRS as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the federal income tax consequences described below.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties at this time. Neither the Debtors nor the Plan Proponents have requested an opinion of counsel or any rulings from the IRS, and there can be no assurance that the IRS or a court would agree with the conclusions herein with respect to any of the tax aspects of the Plan. This summary does not address state, local or foreign income or other tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as non-U.S. persons, broker-dealers, banks, mutual funds, insurance companies, financial institutions, thrifts, small business investment companies, regulated investment companies, real estate investment trusts, tax-exempt organizations, individual retirement and other tax-deferred accounts, any other Debtor entity, persons holding securities as part of a hedging, straddle, conversion or constructive sale transaction or other integrated investment, traders in securities that elect to use a mark-to-market method of accounting for their security holding, certain expatriates or former long term residents of the United States, persons whose functional currency is not the U.S. dollar, persons who received Common Stock of Holdings as compensation, or pass-through entities or investors in pass-through entities).

The following discussion generally assumes that the Plan will be treated as a plan of liquidation of the Debtors for U.S. federal income tax purposes, and that all Distributions to Holders of Claims will be taxed accordingly.

THE FOLLOWING SUMMARY IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING OR FOR ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE PLAN.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, Holders of Claims and Interests are hereby notified that: (a) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by Holders of Claims and Interests for the purpose of avoiding penalties that may be imposed on them under the IRC; (b) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (c) Holders of Claims and Interests should seek advice based on their particular circumstances from an independent tax advisor.

A. Consequences to the Debtors

1. Tax Filing Status; Tax Attributes

Members of the MF Global Group that are US corporations file a federal income tax return on a consolidated basis. All references in this Article XIV to MF Global Group refer to the members of the consolidated group. For the tax year ended March 31, 2011, for federal income tax purposes, the MF Global Group reported a consolidated NOL carryforward of approximately $40.7 million. It is expected that the MF Global Group incurred additional NOL carryforwards in the tax year ended March 31, 2012, and will incur further NOL carryforwards in the tax year ended March 31, 2013. To the extent any losses may be carried back instead of forward, they will not be available to offset any future income of the Debtors.

It is uncertain whether the MF Global Group has undergone an ownership change for purposes of the NOL change of ownership rules under § 382 of the IRC (described below) since incurring the NOLs. If it has, its NOL carryforwards may already be subject to significant restrictions on their use, under the rules described below in Section XIV.A.3. There is generally also a limitation on the amount of NOLs that can offset income for alternative minimum tax ("AMT") purposes. Further, the amount and use of any NOLs, as well as the application of any limitations, remain subject to review and adjustment by the IRS. The tax impact of the Plan on the NOLs and other tax attributes of the MF Global Group is discussed in Section XIV.A.3 below.

2. General Discussion of Plan

The Plan sets forth a plan for resolution of the outstanding Claims against and Interests in the Debtors. The Plan recognizes the corporate existence and integrity of each Debtor and Allowed Claims against a Debtor will generally be satisfied from the Property of the Estate of such Debtor.

a. Asset Dispositions

Pursuant to the Plan, the Plan Administrator will cause the Debtors to dispose of assets in order to satisfy claims. Such dispositions may result in taxable income to the Debtors. The Debtors may have NOLs available to offset such taxable income, subject to the potential application of § 382 of the IRC, as discussed below. *See* Section XIV.A.3.b "Section 382 Limitations– Possible Application to the MF Global Group"

b. Plan Distributions

The Plan calls for Allowed Administrative Expense Claims and Allowed Priority Tax Claims to be paid in Cash in full.

For Holdings and Finance USA, the Plan provides for Distributions of Available Cash to each of the following Holdings' claimants: Priority Non-Tax Claims, Secured Claims, Liquidity Facility Secured Claims, Liquidity Facility Unsecured Claims and General Unsecured Claims. In the event that all Allowed Claims against Holdings have been satisfied in full in accordance with the Bankruptcy Code and the Plan, the Holder of Preferred Interests may receive its share of any remaining Property of the Estate of Holdings. In the event that the Holder of Preferred Interests is satisfied in full, the Holder of Common Interests may receive its share of any remaining Property of the Estate in Holdings. In the event that all Allowed Claims against Finance USA have been satisfied in full, the Holder of Common Interests in Finance USA may receive its share of any remaining Property of the Estate in Finance USA.

For each of MFG Capital, MFG FX, MFG Market Services, and MFG Holdings USA, the Plan provides for a Distribution of Available Cash to each of the following Allowed Claims against the applicable Debtor: Priority Non-Tax Claims, if applicable Secured Claims (or alternatively, its collateral), and General Unsecured Claims. In the event that all Allowed Claims against any of such Debtors have been satisfied in full in accordance with the Bankruptcy Code and the Plan, each Holder of an Interest in such Debtor may receive its Pro Rata Share of any remaining Property of the Estate in such Debtor.

3. Tax Impact of the Plan on the Debtors

a. Cancellation of Debt

The IRC provides that a debtor in a bankruptcy case must reduce certain of its tax attributes – such as current year NOLs, NOL carryforwards, tax credits, capital losses and tax basis in assets – by the amount of any cancellation of debt ("COD") that occurs by reason of the discharge of the debtor's indebtedness pursuant to the bankruptcy. Under applicable Treasury Regulations, the reduction in certain tax attributes (such as NOL carryforwards) occurs under consolidated return principles, as in the case of the Debtors who are members of the MF Global Group. COD is the amount by which the adjusted issue price of indebtedness discharged exceeds the sum of the amount of cash, the issue price of any debt instrument and the fair market value of any other property given in exchange therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD (such as where the payment of the cancelled debt would have given rise to a tax deduction). Settlement of a guarantee claim should not give rise to COD. Any reduction in tax attributes under the COD rules does not occur until the end of the tax year after such attributes have been applied to determine the tax in the year of discharge or, in the case of asset basis reduction, the first day of the taxable year following the tax year in which the COD occurs.

Consistent with the intended treatment of the Plan as a plan of liquidation for federal income tax purposes, the Plan Proponents believe that no COD should be incurred by a Debtor as a result of the implementation of the Plan prior to the disposition by such Debtor of all or substantially all of its assets (other than to the extent any Holder's Allowed Claim Distribution has been or is separately settled for less than its carrying value). In such case, the reduction of tax attributes resulting from such COD (which, as indicated above, only occurs as of the end of the tax year in which the COD occurs) generally should not have a material impact on the Debtors. There can be no assurance that the IRS will agree with this position and thus there can be no assurance that all or a substantial amount of the COD will not be incurred earlier, due to, among other things, a lack of direct authoritative guidance as to when COD occurs in the context of a liquidating Chapter 11 plan.

b. Limitation of NOL Carryforwards and Other Tax Attributes

- Section 382 Limitations – General

Under § 382 of the IRC, if a corporation (or consolidated group) undergoes an "ownership change," the amount of its pre-change losses (including NOL carryforwards from periods before the ownership change and certain losses or deductions which are "built-in" (i.e., economically accrued but unrecognized) as of the date of the ownership change) that may be utilized to offset future taxable income generally is subject to an annual limitation.

In general, the amount of this annual limitation is equal to the product of (i) the fair market value of the stock of the corporation (or, in the case of a consolidated group, the common parent) immediately before the ownership change (with certain adjustments) multiplied by (ii) the "long-term tax-exempt rate" in effect for the

month in which the ownership change occurs (for example, 2.84% for ownership changes occurring in January 2013). For a corporation (or consolidated group) in bankruptcy that undergoes the ownership change pursuant to a confirmed bankruptcy plan, the stock value generally is determined immediately after (rather than before) the ownership change by taking into account the surrender or cancellation of creditors' claims, also with certain adjustments. The annual limitation can potentially be increased by the amount of certain recognized built-in gains, as discussed below. Notwithstanding the general rule, if the corporation (or the consolidated group) does not continue its historic business or use a significant portion of its historic assets in a new business for two years after the ownership change, the annual limitation resulting from the ownership change is zero, thereby precluding any utilization of the corporation's pre-change losses (absent any increases due to any recognized built-in gains).

As indicated above, § 382 of the IRC also limits the deduction of certain built-in losses recognized subsequent to the date of the ownership change. If a loss corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deduction), then any built-in losses recognized during the following five years (up to the amount of the original net unrealized built-in loss) generally will be treated as pre-change losses and similarly will be subject to the annual limitation. Conversely, if the loss corporation (or consolidated group) has a net unrealized built-in gain at the time of an ownership change, any built-in gains recognized during the following five years (up to the amount of the original net unrealized built-in gain) generally will increase the annual limitation in the year recognized, such that the loss corporation (or consolidated group) would be permitted to use its pre-change losses against such built-in gain income in addition to its regular annual allowance. In general, a loss corporation's (or consolidated group's) net unrealized built-in gain or loss will be deemed to be zero unless it is greater than the lesser of (i) $10 million or (ii) 15% of the fair market value of its assets (with certain adjustments) before the ownership change.

- Section 382 Limitations – Possible Application to the MF Global Group

In light of the foregoing, the MF Global Group's ability to utilize certain NOLs (and carryforwards thereof) and certain other tax attributes would be potentially subject to limitation if Holdings were to undergo an "ownership change" within the meaning of § 382 of the IRC by reason of the implementation of the Plan and/or has previously undergone an ownership change. As indicated above, it is uncertain whether an ownership change under § 382 has occurred to date, or will occur prior to the Effective Date, that could significantly limit the availability of the tax attributes of the MF Global Group to offset such taxable income. Pursuant to the Plan, the Holders of Interests will maintain their economic interests in any residual assets of the Debtors after the satisfaction of all Allowed Claims, which economic interests will be nontransferable. Accordingly, consistent with the intended treatment of the Plan as a plan of liquidation for federal income tax purposes, the Plan Proponents do not believe that the Plan should result in an ownership change of the MF Global Group. There is no assurance that the IRS will agree with this position and thus, due to a lack of direct authoritative guidance in the context of a liquidating Chapter 11 plan, there is no assurance that the IRS would not successfully assert a contrary position (including with respect to the treatment for federal income tax purposes of the Holders of Claims as continuing creditors and not as effective equity holders of Holdings throughout the liquidation process). If, notwithstanding the Plan Proponents' position, an ownership change were considered to occur, the Debtors could incur a material amount of federal income tax unless (1) the Property of the Estate of the Debtors are distributed pursuant to the Plan on or before the date of such ownership change or (2) the amount of the annual limitation (taking into account any increase therein for certain recognized built-in gains) is large enough to permit the MF Global Group to utilize an amount of NOL carryforwards and other attributes sufficient to offset such income tax.

c. Non-U.S. Income Tax Matters

Historically, Holdings and its Affiliates conducted their business activities on a global basis, with offices located throughout the world, through both non-U.S. entities and non- U.S. branch operations of domestic entities. At present, the MF Global Group continues to maintain material debt and equity positions in many of these non-U.S. entities, notwithstanding the fact that most of such Affiliates are currently under separate legal administration or receivership and collectability is, consequently, uncertain. Importantly, however, given the current U.S. tax profile of the MF Global Group, any future remittance received from any such separate administration or receivership in satisfaction of historic debt and/or equity positions may be subject to host country, non-U.S. withholding taxes, thereby reducing the amounts available for distribution to creditors by each of the Debtor's estates.

4. Transfer of Liquidating Trust Assets to a Liquidating Trust

As indicated above, anytime after the Effective Date throughout the period permitted for the liquidation of the Debtors under Section V.D.2 of the Plan (i.e., not more than three years), the Plan Administrator may, if it determines that a Liquidating Trust is in the best interests of a Debtor and Holders of Allowed Claims against and Interests in such Debtor, transfer some or all of the Property of the Estate of such Debtor to a Liquidating Trust on behalf of all or a portion of the respective claimants and/or Holders of Interests of such Debtor. The Plan Administrator's transfer of the Property of the Estate of such Debtor to a Liquidating Trust may result in the recognition of gain or loss by the Debtor, depending in part on the value of such assets on the date of such transfer to the Liquidating Trust relative to the Debtor's tax basis in such assets.

B. Consequences to Holders of Claims and Interests

1. Realization and Recognition of Gain or Loss, In General

The federal income tax consequences of the implementation of the Plan to a Holder of a Claim or Interest will depend, among other things, upon the origin of the Holder's Claim or Interest, when the Holder receives payment in respect of such Claim or Interest, whether the Holder reports income using the accrual or cash method of tax accounting, whether the Holder acquired its Claim at a discount, whether the Holder has taken a bad debt deduction or worthless security deduction with respect to such Claim or Interest, and whether (as intended and herein assumed) the Plan is treated as a plan of liquidation for federal income tax purposes. A Holder of an Interest should consult its tax advisor regarding the timing and amount of any potential worthless stock loss.

Generally, a Holder of an Allowed Claim will realize gain or loss on the exchange under the Plan of its Allowed Claim for Cash or other property (including any Liquidating Trust Interests), in an amount equal to the difference between (i) the sum of the amount of any Cash and the fair market value on the date of the exchange of any other property received by the Holder, including, as discussed below, any beneficial interests in a Liquidating Trust (other than any consideration attributable to a Claim for accrued but unpaid interest) and (ii) the adjusted tax basis of the Allowed Claim exchanged therefor (other than basis attributable to accrued but unpaid interest previously included in the Holder's taxable income). It is possible that any loss, or a portion of any gain, realized by a Holder of a Claim may have to be deferred until all of the Distributions to such Holder are received. With respect to the treatment of accrued but unpaid interest and amounts allocable thereto, *see* Section XIV.B.2 "Allocation of Consideration to Interest."

When gain or loss is recognized as discussed below, such gain or loss may be long-term capital gain or loss if the Claim or Interest disposed of is a capital asset in the hands of the Holder and has been held for more than one year. Each Holder of an Allowed Claim or Interest should consult its own tax advisor to determine whether gain or loss recognized by such Holder will be long-term capital gain or loss and the specific tax effect thereof on such Holder.

As discussed below (*see* Section XIV.C.1 "Tax Treatment of a Liquidating Trust and Holders of Beneficial Interests"), each Holder of an Allowed Claim that receives a beneficial interest in the Liquidating Trust (if and when established) will be treated for U.S. federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the Liquidating Trust Assets (consistent with its economic rights in the trust). Pursuant to the Plan, the Liquidating Trustee will in good faith value the Property of the Estate transferred to the Liquidating Trust, and all parties to the Liquidating Trust (including Holders of Claims and Interests receiving Liquidating Trust Interests) must consistently use such valuation for all U.S. federal income tax purposes.

A Holder's share of any proceeds received by a Liquidating Trust upon the sale or other disposition of the assets of the Liquidating Trust (other than any such amounts received as a result of the subsequent disallowance of Disputed Claims or the reallocation among Holders of Allowed Claims of undeliverable Plan Distributions) should not be included, for federal income tax purposes, in the Holder's amount realized in respect of its Allowed Claim but should be separately treated as amounts realized in respect of such Holder's ownership interest in the underlying assets of the Liquidating Trust. *See* Section XIV.C.1 "Tax Treatment of Liquidating Trust and Holders of Beneficial Interests," below.

A Holder's tax basis in its respective share of the Liquidating Trust Assets will equal the fair market value of such interest, and the Holder's holding period generally will begin the day following the establishment of a Liquidating Trust.

2. Allocation of Consideration to Interest

Pursuant to the Section VI.H.4 of the Plan, all Distributions in respect of Allowed Claims will be allocated first to the principal amount of the Allowed Claim (as determined for federal income tax purposes), with any excess allocated to accrued but unpaid interest.

However, there is no assurance that such allocation would be respected by the IRS for federal income tax purposes. In general, to the extent any amount received (whether stock, cash, or other property) by a holder of a debt instrument is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the Holder's gross income under the Holder's normal method of accounting). Conversely, a Holder generally recognizes a deductible loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full. Each Holder of an Allowed Claim is urged to consult its own tax advisor regarding the allocation of consideration and the taxation or deductibility of unpaid interest for tax purposes.

C. Tax Treatment of a Liquidating Trust and Holders of Beneficial Interests

1. Classification of the Liquidating Trust

A Liquidating Trust, if created pursuant to the Plan, is intended to qualify as a "liquidating trust" for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity, but rather is treated for U.S. federal income tax purposes as a "grantor trust" (i.e., all income and loss is taxed directly to the liquidating trust beneficiaries). However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. Any such Liquidating Trust will be structured to comply with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including, without limitation, the Debtors, the Liquidating Trustee, Holders of Allowed Claims and Interests, and the Liquidating Trust Beneficiaries) will be required to treat, for U.S. federal income tax purposes, the Liquidating Trust as a grantor trust of which the Liquidating Trust Beneficiaries are the owners and grantors. The following discussion assumes that any such Liquidating Trust will be so respected for U.S. federal income tax purposes. However, there can be no assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully the classification of a Liquidating Trust, the U.S. federal income tax consequences to the Liquidating Trust, the Liquidating Trust Beneficiaries and the Debtors could vary from those discussed herein (including the potential for an entity-level tax on income of the Liquidating Trust).

2. General Tax Reporting by the Liquidating Trust and Beneficiaries

For all U.S. federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee, Holders of Allowed Claims and Interests, and the Liquidating Trust Beneficiaries) must treat the transfer of the Liquidating Trust Assets to the Liquidating Trust in accordance with the terms of the Plan. Pursuant to the Plan, the Liquidating Trust Assets (other than assets allocable to Disputed Claims) are treated, for U.S. federal income tax purposes, as having been transferred, subject to any obligations relating to those assets, directly to the Holders of the respective Claims or Interests receiving Liquidating Trust Interests (with each Holder receiving an undivided interest in such assets in accordance with their economic interests in such assets), followed by the transfer by the Holders of such assets to the Liquidating Trust in exchange for the Liquidating Trust Interests. Accordingly, all parties must treat the Liquidating Trust as a grantor trust of which the holders of Liquidating Trust Interests are the owners and grantors, and treat the Liquidating Trust Beneficiaries as the direct owners of an undivided interest in the Liquidating Trust Assets (other than any assets allocable to Disputed Claims), consistent with their economic interests therein, for all U.S. federal income tax purposes.

Allocations of taxable income of the Liquidating Trust (other than taxable income allocable to any assets allocable to, or retained on account of, Disputed Claims) among the Liquidating Trust Beneficiaries shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (were such cash permitted to be distributed at such time) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all its assets (valued at their tax book value, and other than assets allocable to Disputed Claims) to the Liquidating Trust Beneficiaries, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets for this purpose shall equal their fair market value on the date of the transfer of the Liquidating Trust Assets to the Liquidating Trust, adjusted in accordance with tax accounting principles prescribed by the IRC, applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

As soon as reasonably practicable after the transfer of the Liquidating Trust Assets to the Liquidating Trust, the Liquidating Trustee shall make a good faith valuation of the Liquidating Trust Assets. All parties to the Liquidating Trust (including, without limitation, the Debtors, Holders of Allowed Claims and Interests, and the Liquidating Trust Beneficiaries) must consistently use such valuation for all U.S. federal income tax purposes. The valuation will be made available, from time to time, as relevant for tax reporting purposes.

Taxable income or loss allocated to a Liquidating Trust Beneficiary will be treated as income or loss with respect to such Liquidating Trust Beneficiary's undivided interest in the Liquidating Trust Assets, and not as income or loss with respect to its prior Allowed Claim or Interest. The character of any income and the character and ability to use any loss will depend on the particular situation of the Liquidating Trust Beneficiary. **[**It is currently unknown whether and to what extent the Liquidating Trust Interests will be transferable.**]**

The U.S. federal income tax obligations of a holder with respect to its Liquidating Trust Interest are not dependent on the Liquidating Trust distributing any cash or other proceeds. Thus, a holder may incur a U.S. federal income tax liability with respect to its allocable share of Liquidating Trust income even if the Liquidating Trust does not make a concurrent distribution to the holder. In general, other than in respect of cash retained on account of Disputed Claims and distributions resulting from undeliverable distributions (the subsequent distribution of which still relates to a holder's Allowed Claim), a distribution of cash by the Liquidating Trust will not be separately taxable to a Liquidating Trust Beneficiary since the beneficiary is already regarded for federal income tax purposes as owning the underlying assets (and was taxed at the time the cash was earned or received by the Liquidating Trust). Holders are urged to consult their tax advisors regarding the appropriate federal income tax treatment of any subsequent distributions of cash originally retained by the Liquidating Trust on account of Disputed Claims.

The Liquidating Trustee will comply with all applicable governmental withholding requirements (*see* Section VI.H.3 of the Plan). Thus, in the case of any Liquidating Trust Beneficiaries that are not U.S. persons, the Liquidating Trustee may be required to withhold up to 30% of the income or proceeds allocable to such persons, depending on the circumstances (including whether the type of income is subject to a lower treaty rate). As indicated above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to non-U.S. holders; accordingly, such holders should consult their tax advisors with respect to the U.S. federal income tax consequences of the Plan, including owning an interest in the Liquidating Trust.

The Liquidating Trustee will file with the IRS tax returns for the Liquidating Trust consistent with its classification as a grantor trust pursuant to Treasury Regulation § 1.671-4(a). Except as discussed below with respect to any reserve for Disputed Claims, the Liquidating Trustee also will send annually to each holder of a Liquidating Trust Interest a separate statement regarding the receipts and expenditures of the Liquidating Trust as relevant for U.S. federal income tax purposes and will instruct all such holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such holder's underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns.

3. Tax Reporting for Assets Allocable to Disputed Claims

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Liquidating Trustee of an IRS private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee (A) may elect to treat any Liquidating Trust Assets allocable to, or retained on account of, Disputed Claims as a "disputed ownership fund" governed by Treasury Regulation § 1.468B-9, and (B) to the extent permitted by applicable law, will report consistently for state and local income tax purposes.

Accordingly, if a "disputed ownership fund" election is made, any amounts allocable to, or retained on account of, Disputed Claims will be subject to tax annually on a separate entity basis on any net income earned with respect to the Liquidating Trust Assets in such reserves, and all distributions from such assets (which distributions will be net of the expenses relating to the retention of such assets) will be treated as received by holders in respect of their Claims as if distributed by the Debtors. All parties (including, without limitation, the Debtors, the Liquidating Trustee and the Liquidating Trust Beneficiaries) will be required to report for tax purposes consistently with the foregoing.

D. Withholding on Distributions, and Information Reporting

All distributions to Holders of Allowed Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 28%). Backup withholding generally applies if the Holder (a) fails to furnish its social security number or other taxpayer identification number, (b) furnishes an incorrect taxpayer identification number, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. These categories are very broad; however, there are numerous exceptions. Holders of Allowed Claims are urged to consult their tax advisors regarding the Treasury Regulations governing backup withholding and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations.

In addition, a Holder of an Allowed Claim or a Liquidating Trust Beneficiary that is a not a U.S. person may be subject to up to 30% withholding, depending on, among other things, the particular type of income and whether the type of income is subject to a lower treaty rate. As to certain Claims, it is possible that withholding may be required with respect to distributions by the Debtors even if no withholding would have been required if payment was made prior to the Chapter 11 Cases. A non-U.S. Holder may also be subject to other adverse consequences in connection with the implementation of the Plan. As discussed above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to non-U.S. Holders. Holders are urged to consult their tax advisors regarding potential withholding on Distributions by the Debtors or payments from the Liquidating Trustee.

In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds . Holders are urged to consult their tax advisors regarding these Treasury Regulations and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations and require disclosure on the Holder's tax returns.

XV. RISK FACTORS

Prior to voting on the Plan, each Holder of a Claim or Interest entitled to vote should consider carefully the risk factors described below, as well as all of the information contained in this Disclosure Statement, including the exhibits hereto. These risk factors should not be regarded as reflecting the only risks involved in connection with the Plan and its implementation. *See* Article XIII for a discussion of certain tax considerations.

A. Allowance of Claims

This Disclosure Statement has been prepared based on a preliminary review of certain of the Filed Claims and the Debtors' Schedules. Upon completion of more-detailed analysis of Filed Claims, the actual amount of Allowed Claims may differ materially from the Plan Proponents' current estimates.

As noted above, as of the date of this Disclosure Statement, approximately 1800 Claims have been Filed against the Debtors totaling over $11 billion. In addition, many of the Filed Claims have been asserted in unliquidated amounts. The Plan Proponents believe that the Debtors have valid objections to many of the Claims that have been Filed and, thus, the ultimate aggregate allowed amount of such Claims shall be significantly less than the total of the asserted amounts. If the allowed amount of Disputed Claims is greater than currently estimated, the ultimate amount of Allowed Claims in these Chapter 11 Cases could exceed the Plan Proponents' estimates in the development of the Plan as set forth in the table in Section II.B of the Plan.

There can be no assurance, however, that the Plan Proponents' estimates of the likely aggregate Allowed Claims shall prove to be accurate. If the Plan Proponents' good faith estimates are too low, the amount of Cash available for distribution to Holders of Allowed Claims in Classes 4 through 5 would be less than estimated, and the difference could be material and could significantly reduce recoveries for Allowed Claims in Classes 4 and 5.

B. Risk Associated with Recoveries on Claims Against other MFG Entities

The Property of the Estate for each Debtor (which will be the source of payment of all Allowed Claims and Allowed Interests) is based on recoveries of the Estates against MFGI, MFGUK, MF Global UK Services Limited, MF Global Finance Europe Limited, MF Global Overseas Limited, the Non-debtor U.S. Subsidiaries and Non-debtor Foreign Subsidiaries as discussed in detail in Article IV and other sources of recovery as discussed in detail in Article V hereto. Although settlements have been reached resolving a large portion of such claims, as of the date hereof, the Bankruptcy Court has not approved such settlement. Furthermore, the settlement does not provide definite recovery amounts as certain of the amounts noted in the settlement are based on acts that have not occurred to date and may not occur. Accordingly, there can be no assurance that the Plan Proponents' estimates of the likely aggregate recoveries shall prove to be accurate. If the Plan Proponents' estimates are too high, the amount of Cash available for distribution to Holders of Allowed Claims in Classes 4 through 5 would be less than estimated, and the difference could be material and could significantly reduce recoveries for Allowed Claims in Classes 4 through 5.

C. Risk of Non-Confirmation of the Plan

Even if all Impaired Classes accept or could be deemed to accept the Plan, the Plan may not be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code, which sets forth the requirements for Confirmation, requires, among other things: (i) that Confirmation not be followed by a need for further reorganization or liquidation (*i.e.*, that the Plan is "feasible"); (ii) that the value of Distributions to dissenting Holders not be less than the value of Distributions to such Holders if the Debtors were liquidated under chapter 7 of the Bankruptcy Code; and (iii) that the Plan and the Debtors otherwise comply with the applicable provisions of the Bankruptcy Code. Although the Plan Proponents believe that the Plan will meet all of the applicable requirements, there can be no assurance that the Bankruptcy Court will reach the same conclusion. *See* Section XVI.B.1 for additional information regarding the requirements for Confirmation.

D. Nonconsensual Confirmation

Pursuant to the "cramdown" provisions of § 1129 of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan at the Debtors' request if, excluding the acceptance of any "insider," at least one impaired Class has accepted the Plan and the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired Class that has not accepted the Plan.

The Plan Proponents reserve the right to modify the terms of the Plan, as necessary, to seek Confirmation without the acceptance of all Impaired Classes. Such modification could result in less favorable treatment for non-accepting Classes of Claims than the treatment currently provided for in the Plan. Further, in the event an Impaired

Class of Claims fails to approve the Plan, the Plan Proponents may determine, in their sole discretion, not to seek Confirmation of the Plan.

E. Conditions Precedent to Consummation of the Plan

The Plan provides for certain conditions that must be satisfied (or waived) prior to Confirmation of the Plan and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. There can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated.

F. Delays in Confirmation or Effective Date

Any delay in Confirmation or the effectiveness of the Plan could result in, among other things, increased Administrative Claims. Increased Administrative Claims and any other negative effects of a delay in Confirmation or the effectiveness of the Plan could endanger the ultimate approval of the Plan by the Bankruptcy Court.

Through November 30, 2012, the Debtors have incurred approximately $48.65 million in professional fees and expenses, inclusive of fees and expenses for professionals retained by the Debtors and the Creditors' Committee. The Plan Proponents estimate the administrative expenses of the Estate shall be an additional approximately $30 million through the Effective Date of the Plan.

G. Performance of the Plan Administrator

The ultimate amount of Cash available to satisfy the allowed amount of Claims in Classes 4A, 4B, 5A, 5B, 5C, 5D, 5E and 5F and Interests in Classes 6A, 7A, 7B, 7C, 7D, 7E, and 7F depends, in part, on the manner in which the Plan Administrator operates the Debtor and the expenses the Plan Administrator incurs. The Plan Administrator Expenses shall be given priority over Distributions to Holders of Claims and Interests in Classes 4 through 7. As a result, if the Plan Administrator incurs professional or other expenses in excess of current expectations, the amount of Cash remaining to satisfy Allowed Claims and Interests in Classes 4 through 7 shall decrease.

The ultimate amount of Cash available for Distribution to Holders of Allowed Claims and Interests in Classes 4 through 7 will also be affected by the performance and relative success of the Plan Administrator in prosecuting and collecting the Property of the Estate and the effects of any changes in tax and other government rules and regulations applicable to the Debtors.

The less successful the Plan Administrator is in pursuing such matters, the less Cash there will be available for Distribution to satisfy Allowed Claims and Allowed Interests. The Plan Proponents have made certain assumptions on recovery on account of such actions in estimating the recoveries to Allowed Claims and Allowed Interests in Classes 4 through 7 under the Plan as summarized in Section I.C.1 above.

H. Avoidance Actions

In accordance with § 1123(b) of the Bankruptcy Code, even after Confirmation of the Plan, the Plan Administrator shall have and retain and may enforce any claims, demands, rights and causes of action that the Estates may have against any person or entity, including claims for preference, fraudulent conveyance and setoff. In pursuing any such claims, the Plan Administrator shall act in the best interest of the Debtors. Accordingly, a Holder of a Claim may be subject to one or more such claims brought by the Plan Administrator, even if such Holder has voted in favor of the Plan.

I. Securities Laws Considerations

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan from registration under the Securities Act and state securities laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan and must be securities of the debtor, an affiliate participating in a joint plan with the debtor or a successor to the debtor under the plan; (ii) the recipients of the securities must hold a prepetition or administrative expense claim against the debtor or an interest in the debtor; and (iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in such

exchange and partly for cash or property. To the extent that the Plan Trust Stock or New Securities are deemed to constitute securities issued in accordance with the Plan, the Plan Proponents believe that both the Plan Trust Stock and New Securities satisfy the requirements of § 1145(a)(1) of the Bankruptcy Code and, therefore, are exempt from registration under the Securities Act and applicable state securities laws.

J. Certain Tax Considerations

There are a number of material income tax considerations, risks and uncertainties associated with consummation of the Plan. Holders of Claims, Interests and other interested parties should read carefully the discussion set forth in Article XIII for a discussion of certain federal income tax consequences of the transactions contemplated under the Plan.

XVI. VOTING, CONFIRMATION, AND EFFECTIVE DATE OF THE PLAN

A. Voting and Confirmation of the Plan

1. Voting of Claims

Each Holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on the Plan pursuant to Article III of the Plan shall be entitled to vote separately to accept or reject the Plan as provided in an order entered by the Bankruptcy Court establishing procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy Court.

2. Elimination of Vacant Classes

Any Class of Claims or Interests that does not include an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall, without further action, be eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to § 1129(a)(8) of the Bankruptcy Code.

3. Presumed Acceptance by Non-Voting Classes

IF A CLASS CONTAINS CLAIMS OR INTERESTS ELIGIBLE TO VOTE AND SUCH HOLDERS OF CLAIMS OR INTERESTS WERE GIVEN THE OPPORTUNITY TO VOTE TO ACCEPT OR REJECT THE PLAN AND NOTIFIED THAT A FAILURE OF ANY HOLDER OF CLAIMS OR INTERESTS IN SUCH IMPAIRED CLASS TO VOTE TO ACCEPT OR REJECT THE PLAN WOULD RESULT IN SUCH IMPAIRED CLASS OF CLAIMS OR INTERESTS BEING DEEMED TO HAVE ACCEPTED THE PLAN, BUT NO HOLDER OF CLAIMS OR INTERESTS IN SUCH IMPAIRED CLASS OF CLAIMS OR INTERESTS VOTED TO ACCEPT OR REJECT THE PLAN, THEN SUCH CLASS OF CLAIMS OR INTERESTS SHALL BE DEEMED TO HAVE ACCEPTED THE PLAN.

4. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

If any impaired Class of Claims entitled to vote on the Plan does not accept the Plan by the requisite majority provided in § 1126(c) of the Bankruptcy Code, the Plan Proponents reserve the right to amend the Plan in accordance with Section XIII.A of the Plan hereof or undertake to have the Bankruptcy Court confirm the Plan under § 1129(b) of the Bankruptcy Code or both. With respect to impaired Classes of Claims or Interests that are deemed to reject the Plan, the Debtors shall request that the Bankruptcy Code confirm the Plan pursuant to § 1129(b) of the Bankruptcy Code.

5. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy at or before the Confirmation Hearing.

6. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

B. Effective Date of the Plan

1. Conditions to the Effective Date

The Effective Date shall not occur, and the Plan shall not be consummated unless and until the following conditions have been satisfied or duly waived pursuant to Section X.B.2 of the Plan:

(i) The Bankruptcy Court shall have entered the Confirmation Order and the Confirmation Order shall not be stayed in any respect.

(ii) The Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) approving and authorizing the Plan Proponents to take all actions necessary or appropriate to implement the Plan, and the implementation and consummation of the contracts, instruments, and other agreements or documents entered into or delivered in connection with the Plan.

(iii) All actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan are effected or executed and delivered, as applicable, in form and substance satisfactory to the Plan Proponents, including the certificate of incorporation and by-laws of the Debtors which shall have been amended to the extent necessary to effectuate the Plan.

(iv) All authorizations, consents and regulatory approvals, if any, required by the Plan Proponents in connection with the consummation of the Plan are obtained and not revoked.

(v) The Estates shall include Cash in an amount equal to or exceeding the total of the sum of (1) Allowed Administrative Claims, (2) Allowed Priority Tax Claims, (3) Allowed Priority Non-Tax Claims, (4) Allowed Secured Claims to the extent a Cash payment is to be made on account of satisfaction of an Allowed Secured Claim, (5) the Professional Fee Reserve Amount, and (6) the Plan Proponent Fee Reserve Amount.

(vi) The Plan and all exhibits to the Plan shall have been Filed and shall not have been materially amended, altered or modified from the Plan as confirmed by the Confirmation Order, unless such material amendment, alteration or modification has been made in accordance with Section XIII.A of the Plan.

2. Waiver of Conditions to the Effective Date

All conditions to the Effective Date set forth in Sections X.B.1(iii), (iv), and (vi) above may be waived in whole or part at any time by the Plan Proponents without an order of the Bankruptcy Court. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

3. Effect of Nonoccurrence of Conditions to the Effective Date

If each of the conditions to the Effective Date has not been satisfied or duly waived in accordance with Section X.B.2 of the Plan within one-hundred eighty (180) days of the entry of the Confirmation Order, then upon motion by the Plan Proponents or the Committee made before the time that each of such conditions has been satisfied or waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation

Order may be vacated by the Bankruptcy Court; provided, however, that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date is satisfied or waived before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to Section X.B.3 of the Plan, then the Plan shall be null and void in all respects.

4. Request for Waiver of Stay of Confirmation Order

The Plan shall serve as a motion seeking a waiver of the stay of the Confirmation Order imposed by Bankruptcy Rule 3020(e). Any objection to this request for waiver shall be Filed with the Bankruptcy Court and served on the parties listed in Section XIII.G of the Plan on or before the Voting Deadline, or such other date as may be fixed by the Bankruptcy Court. In the event any such objections are timely Filed, such objections shall be addressed at or prior to the Confirmation Hearing.

XVII. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Plan Proponents believe that the Confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Plan Proponents urge all Holders of Claims in Class 3A, 3B, 4A, 4B, 5A, 5B, 5C, 5D, 5E, and 5F, and Interests in Class 7B, 7C, 7D, 7E, and 7F, the only Classes entitled to vote on the Plan, to vote to accept the Plan and to evidence their acceptance by duly completing and returning their ballots so that they shall be received on or before the Voting Deadline.

Dated: January 10, 2013

Respectfully submitted,

THE PLAN PROPONENTS:

BLUE MOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.

BLUEMOUNTAIN TIMBERLINE LTD.

BLUEMOUNTAIN LONG/SHORT CREDIT MASTER FUND L.P.

BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.

BLUEMOUNTAIN LONG SHORT GRASMOOR FUND LTD.

BLUEMOUNTAIN LONG/SHORT CREDIT AND DISTRESSED REFLECTION FUND P.L.C. A SUB-FUND OF AAI BLUEMOUNTAIN FUND P.L.C.

BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.

BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I L.P.

BLUEMOUNTAIN KICKING HORSE FUND L.P.

By: BlueMountain Capital Management, LLC,
Investment Manager

By: */s/ Paul A. Friedman*
Paul A. Friedman
Head of US Legal

CASPIAN CAPITAL LP

By: */s/ Richard D. Holahan, Jr.*
Richard D. Holahan, Jr.
Authorized Signatory

CITIGROUP FINANCIAL PRODUCTS INC.

By: */s/ Robert N. Hay*
Robert N. Hay, Jr.
Is Attorney

CITIGROUP GLOBAL MARKETS INC.

By: */s/ Robert N. Hay*
Robert N. Hay, Jr.
Is Attorney

CYRUS CAPITAL PARTNERS, L.P., in its capacity as Investment Manager

By: */s/ David Milich*
David Milich
Authorized Signatory

DEUTSCHE BANK SECURITIES INC.

By: */s/ Ray Costa*
Ray Costa
Managing Director

KNIGHTHEAD MASTER FUND, LP
By: Knighthead Capital Management, LLC,
its investment manager

By: */s/ Laura L. Torrado*
Laura L. Torrado
General Counsel

LMA SPC FOR AND ON BEHALF OF
MAP84 SEGREGATED PORTFOLIO
By: Knighthead Capital Management, LLC, its investment advisor

By: */s/ Laura L. Torrado*
Laura L. Torrado
General Counsel

Various funds managed by
POINTSTATE CAPITAL LP

By: */s/ William J. Fenrich*
William J. Fenrich
Managing Director and General Counsel

THE ROYAL BANK OF SCOTLAND PLC,
By: RBS Securities Inc., its agent

By: */s/ Jeff Farkas*
Jeff Farkas
Managing Director

SCOGGIN WORLDWIDE FUND, LTD.
By: Old Bellows Partners LP, its Investment Manager
Old Bell Associates LLC, its General Partner

By: */s/ Dev Chodry*
Authorized Signatory

SCOGGIN CAPITAL MANAGEMENT II LLC
By: Scoggin LLC, its Investment Manager

By: */s/ Dev Chodry*
Authorized Signatory

SCOGGIN INTERNATIONAL FUND LTD
By: Scoggin LLC, its Investment Manager

By: */s/ Dev Chodry*
Authorized Signatory

SERENGETI ASSET MANAGEMENT LP

By: */s/ Marc Baum*
Marc Baum
Director

SPCP GROUP, LLC; SILVER POINT CAPITAL FUND, L.P. and SILVER POINT CAPITAL OFFSHORE MASTER FUND, L.P., each by Silver Point Capital, L.P., as manager or investment manager

By: */s/ Michael Gatto*
Authorized Signatory

WATERSTONE CAPITAL MANAGEMENT, LP, as agent on a several not joint basis for:
Prime Capital Master SPC - GOT WAT MAC Segregated Portfolio
Waterstone MF Fund, Ltd.
Nomura Waterstone Market Neutral Fund
Waterstone Market Neutral MAC 51 Ltd.
Waterstone Market Neutral Master Fund Ltd.
Waterstone Offshore ER Fund, Ltd.
Waterstone Distressed Opportunities Master Fund, Ltd.
Waterstone Offshore AD Fund, Ltd.

By: */s/ Jeffrey C. Erb*
Jeffrey C. Erb
General Counsel

Filed by:

/s/ Bruce Bennett

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ATTORNEYS FOR THE PLAN PROPONENTS

EXHIBIT I

**PLAN OF LIQUIDATION FOR MF GLOBAL HOLDINGS LTD.,
MF GLOBAL USE FINANCE CO., AND THEIR DEBTOR AFFILIATES**

(Filed Concurrently Herewith Under Separate Docket Number)

EXHIBIT II

FEASIBILITY ANALYSIS

(To be filed with the Plan Supplement)

EXHIBIT III

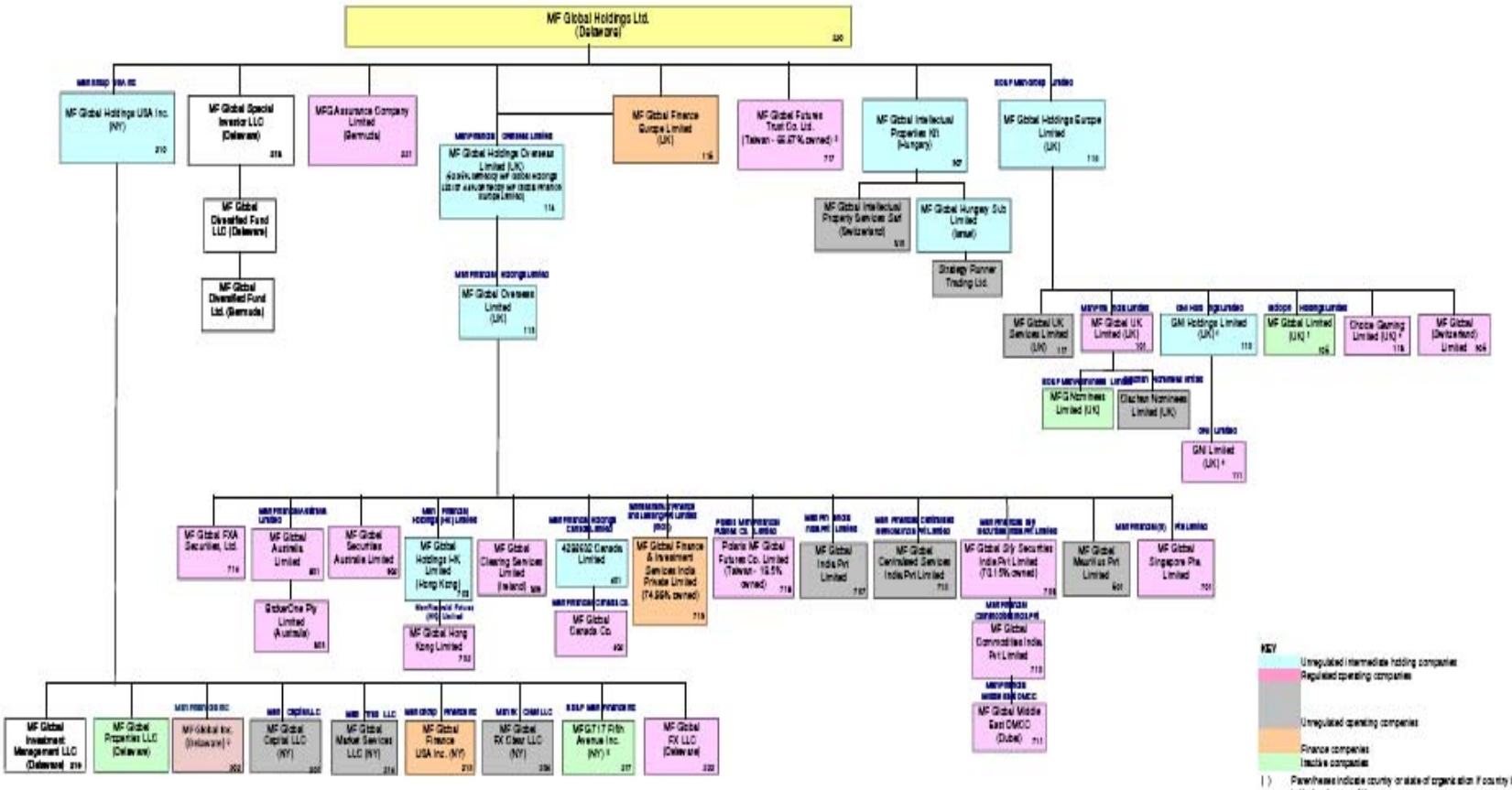
CHAPTER 7 LIQUIDATION ANALYSIS

(To be filed with the Plan Supplement)

EXHIBIT IV

ORGANIZATIONAL CHART

MF GLOBAL LEGAL STRUCTURE



Dated: October 31, 2011

FOR INTERNAL USE ONLY

EXHIBIT V

PLAN PROPONENT ASSUMPTIONS IN CLAIMS ANALYSIS

Reference should be made to the Chart in Section I.C.2 of the Disclosure Statement.

The Plan Proponents have excluded the following Claims in the calculation of the Total Estimated Allowed Claims amount: (i) as MFGI is not a Debtor, claims filed against MFGI are not properly filed in the Chapter 11 Cases and are therefore not recoverable from the Debtors (excluding approximately $23.5 million in claims); (ii) duplicate Claims filed against the same Debtor or across Debtors (excluding approximately $4.55 billion in Claims); (iii) amended Claims (excluding approximately $162 million in Claims); (iv) late filed Claims (excluding approximately $12.4 million in Claims); (v) Claim 229 as it has been disallowed as described in Section III.M below.

In addition, the Plan Proponents performed an analysis of all Claims greater than $8 million in asserted amount. The Plan Proponents estimate that approximately $4.0 billion in Claims filed against Holdings should not be Allowed and have ascribed a $0 value to such Claims as noted below:

- Claims properly filed against MFGI
    - Claim 148 filed by Henning-Carey Proprietary Trading (for $1.6 billion)
    - Claim 204 filed by Russell Andrews & Fred Devito (for $600 million)
    - Claim 915 filed by Occidental Energy Marketing Inc. (for $44,822,761.30)
    - Claim 1404 filed by Virginia Power Energy Marketing Inc. (for $64,346,879.85)
    - Claim 1505 filed by RSJ Prop PCC Cell STS (for $21,502,501.27)
    - Claim 1608 filed by Richard Lee Walter Jr (for $11,219,698.66)
    - Claim 1619 filed by Sovereign Int'l Asset Management Inc. (for $46,384,425.74)
- Claims properly filed against MFGI; guaranteed by Holdings but assumed satisfied by MFGI
    - Claim 64 filed by Tenaska marketing Ventures (for $14,845,033.65)
    - Claim 894 filed by Sun Hung Kai Commodities Limited (for $19,940,075.42)
- Claims filed on account of guarantees of the MFGI Secured Facility but assumed satisfied by MFGI
    - Claim 891 filed by JPMorgan Chase Bank, N.A. (unliquidated amount)
    - Claim 893 filed by JPMorgan Chase Bank, N.A. (unliquidated amount)
- Claim based on fraud related to stock purchase; should be subordinated pursuant to Bankruptcy Code § 510(b)
    - Claim 896 filed by Cadian Capital Management LLC (for $100 million)
    - Claim 1331 filed by Her Majesty, The Queen in Right of Alberta (for $11,613,659.82)
    - Claim 1374 filed by Virginia Retirement System (for $8,141,865.11)
- Claims assumed satisfied from the MFGUK administration
    - Claim 957 filed by J P Morgan Markets Limited (for $244,912,610)

- Claim 1067 filed by The Trustees of MF Global UK Pension Fund et al (for $55,593,454.60)

- Duplicative of Class 3A and Class 4A Claims
  - Claim 1220 filed by Bank of America NA (for $81,115,175.97)

- Assumed disallowed if the 2nd Circuit appeal is lost
  - Claim 1481 filed by Sapere CTA Fund LP (for $932,162,430) discussed in detail in Section III.N.2 of the Disclosure Statement

The Plan Proponents have also assumed that Claim 34 filed by NY-717 Fifth Avenue LLC (the Debtors' Landlord) (for $129,493,217) will be capped at $19,423,983 pursuant to Bankruptcy Code § 502(b)(6).

To the extent identical Claims were filed against one or more Debtors, the Plan Proponents have included an estimated Allowed Claim only against Holdings. To the extent a Claim did not specify a Debtor entity, the Claim also has been ascribed to Holdings.

Finally, the Plan Proponents have assumed that the claims filed by, against and between the Debtors, MFGI and MFGUK are resolved as per the terms of the MFGI-MFGUK Settlement Agreement as described in Section III.S. Accordingly, the Plan Proponents have estimated the following Claims at $0:

- Claim 1026 (for $178,860.47) filed by MFGUK against MFG Capital
- Claim 1027 (for $258,995) filed by MFGUK against MFG FX
- Claim 1028 (for $275,151) filed by MFGUK against MFG Market Services
- Claim 1029 (for $73,320.66) filed by MFGUK against Holdings USA
- Claim 1030 (for $1.097,804.05) filed by MFGUK against Holdings
- Claim 1068 (for $89,121,319) filed by MFGI against Holdings