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)**

DISCLOSURE STATEMENT FOR THE AMENDED JOINT PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE FOR MF GLOBAL HOLDINGS LTD., MF GLOBAL FINANCE USA INC., MF GLOBAL CAPITAL LLC, MF GLOBAL FX CLEAR LLC, MF GLOBAL MARKET SERVICES LLC, AND MF GLOBAL HOLDINGS USA INC.

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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 AMENDED JOINT 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.

Dated: February ~~1~~12, 2013

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 BALLOTING AGENT BEFORE THE VOTING DEADLINE.

This Disclosure Statement for the *Amended Joint Plan of Liquidation Pursuant To Chapter 11 of the Bankruptcy Code for MF Global Holdings Ltd., MF Global Finance USA Inc., MF Global Capital LLC, MF Global FX Clear LLC, MF Global Market Services LLC, and MF Global Holdings USA Inc.* (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. A copy of the Plan is attached hereto as Exhibit I. 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 foregoing, the Plan Proponents have not authorized any representations concerning the value of the Debtors' Property of the Estate 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 MF Global, Inc. ("MFGI") and MF Global U.K. Limited ("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.

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

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

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.

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 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 Recovery Analysis and the Liquidation Analysis are attached hereto as Exhibits III and VI, respectively. The distribution projections and other information contained in this Disclosure Statement are estimates only, and the timing and amount of 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 email (mfglobalbk@jonesday.com) or by calling 213-243-2533.

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TABLE OF EXHIBITS

I. PRELIMINARY STATEMENT AND OVERVIEW OF THE PLAN

A. Preliminary Statement

MF Global Holdings Ltd. ("**Holdings Ltd.**") and MF Global Finance USA Inc. ("**Finance USA**," and together with Holdings Ltd., 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 ("**FX Clear**"), and MF Global Market Services LLC ("**MFG Market Services**" and together with MFG Capital and MFG Market Services, the "**Unregulated 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 Unregulated 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, Louis J. Freeh, the chapter 11 trustee for the Debtors (the "**Chapter 11 Trustee**"), reached a settlement of substantially all claims between the Debtors and Holdings Ltd.'s subsidiary, MFGI, an Affiliate liquidating in a case under the Securities Investor Protection Act of 1970 ("**SIPA**"), and between the Debtors and MFGUK, an Affiliate that is the subject of a special administration proceeding in the United Kingdom. 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.

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 Debtors' books and records, and the public record in the SIPA Proceeding,[2] the MFGUK special administration[3] and other public sources. Sources of information contained herein include but are not limited to (i) 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); (ii) 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); (iii) 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**"); (iv) various reports by the SIPA Trustee (Case No. 11-02790-mg, SIPA Proceeding ECF 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**"); (v) the Special Administrators' Progress Report issued May 30, 2012 for the six month period October 31, 2011 to April 30, 2012 (the "**Special Administrators' Report**");[4] (vi) the Special Administrators' Progress Report issued November 29, 2012 for the six month period May 1, 2012 to October 30, 2012 (the "**Special Administrators' Second Report**"),[5] (vii) the Special Administrators' Illustrative Effect of Conditional US Settlements filed on January 8, 2013,[6] (viii) the claims register maintained by GCG, Inc. at http://mfglobalcaseinfo.com/index.php, (ix) Exhibit 1 (the "**MFGI-MFGUK Settlement Agreement**") to the

[2] MFGI's SIPA proceeding was filed on October 31, 2011 (the "**SIPA Proceeding**"). It is Case Number 11-02790-ag (Bankr. S.D.N.Y.) before Judge Glenn and discussed in further detail in Section III.P.

[3] The MFGUK special 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.

Motion Pursuant to Federal Rule of Bankruptcy Procedure 9019 For Entry of Order Approving Settlement Agreement Between the Debtor, the Trustee, MF Global UK Limited (in Special Administration) and MFGUK Special Administrators (the "**9019 Motion**"), (x) Exhibit 2 (the "**MFGI-Debtors Letter Agreement**") to the 9019 Motion,[7] and (xi) the SIPA Trustee's schedule of distributions (the "**SIPA Distribution Schedule**") filed on January 29, 2013.[8]

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 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 through ~~IX~~VIII.A below, 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. Any non-sequential enumeration of the Classes is intentional to maintain consistency. Claims against and Interests in the Debtors are classified in up to ~~eight~~nine (~~8~~9) separate Classes as follows:

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

Class Number	Designation
1	Priority Non-Tax Claims
2	Secured Claims
3	JPMorgan Secured Setoff Claim
4	~~Liquidity Facility~~ ~~Unsecured~~Convenience Claims
5	~~General~~Liquidity Facility Unsecured Claims
6	~~Subordinated~~General Unsecured Claims

[7] *See In re MF Global Inc.*, No. 11-02790-mg (Bankr. S.D.N.Y.) (SIPA Proceeding ECF No. 5168).
[8] *See Notice of (I) Revised Illustrative Schedule of Potential Distributions Following Settlements with Chapter 11 Debtors and MF Global UK and (II) Revised Proposed Order Granting Motion of James W. Giddens, SIPA Trustee for the Liquidation of MF Global Inc., To Approve Further Distributions To Former Commodity Futures Customers of MF Global Inc., In re MF Global Inc.*, No. 11-02790-mg (Bankr. S.D.N.Y.) (SIPA Proceeding ECF No. 5691).

	7	~~Preferred Interests~~ Subordinated Claims
	8	~~Common~~Preferred Interests
	9	Common Interests

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

The following table designates the Classes of Claims against and Interests in Holdings Ltd. 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	JPMorgan Secured Setoff Claim	Impaired	Yes
4A	~~Liquidity Facility Unsecured Claim~~Convenience Claims	Impaired	Yes
5A	~~General~~Liquidity Facility Unsecured Claims	Impaired	Yes
6A	~~Subordinated~~General Unsecured Claims	Impaired	Yes
7A	Subordinated Claims	Impaired	Yes
~~7~~8A	Preferred Interests	Impaired	No (deemed to reject)
~~8~~9A	Common Interests	Impaired	No (deemed to reject)

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

The following table designates the Classes of Claims against and 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	JPMorgan Secured Setoff Claim	Impaired	Yes
4B	~~Liquidity Facility Unsecured Claim~~Convenience Claims	Impaired	Yes
5B	~~General~~Liquidity Facility Unsecured Claims	Impaired	Yes
6B	~~Subordinated~~General Unsecured Claims	Impaired	Yes
7B	Subordinated Claims	Impaired	Yes
~~8~~9B	Common Interests	Impaired	Yes

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

The following table designates the Classes of Claims against and 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)
2C	Secured Claims	Unimpaired	No (deemed to accept)
~~5~~6C	General Unsecured Claims	Impaired	Yes
~~6~~7C	Subordinated Claims	Impaired	Yes
~~8~~9C	Common Interests	Impaired	Yes

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

The following table designates the Classes of Claims against and Interests in FX Clear 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)
~~5~~6D	General Unsecured Claims	Impaired	Yes
~~6~~7D	Subordinated Claims	Impaired	Yes
~~8~~9D	Common Interests	Impaired	Yes

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

The following table designates the Classes of Claims against and 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)
2E	Secured Claims	Unimpaired	No (deemed to accept)
~~5~~6E	General Unsecured Claims	Impaired	Yes
~~6~~7E	Subordinated Claims	Impaired	Yes
~~8~~9E	Common Interests	Impaired	Yes

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

The following table designates the Classes of Claims against and 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)
4F	Convenience Claims	Impaired	Yes
~~5~~6F	General Unsecured Claims	Impaired	Yes
~~6~~7F	Subordinated Claims	Impaired	Yes

~~8~~9F	Common Interests	Impaired	Yes

C. SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN

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 and VI.C below.

The estimated percentage recovery for each Class under the Plan is shown in the table below. The Plan Proponents' estimate of recoveries for Holders of Claims in Class 4, Class 5~~ and~~, Class 6 and Class 7 and Holders of Interests in Class ~~7~~8 and Class ~~8~~9 under the Plan, accordingly, are based on the Plan Proponents' estimate of Allowed Administrative Claims, Cure Amount Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims, and the JPMorgan Secured Setoff Claim, including those that were Filed as of the date of this Disclosure Statement. There can be no assurance, however, that the Plan Proponents' estimate of the aggregate amount of such Allowed 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 December 31, 2012. 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 Distributions 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. 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 (the "**Recovery Analysis**") is attached hereto as Exhibit III. 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 James W. Giddens (the "**SIPA Trustee**"), the SIPA-appointed trustee for the liquidation of MFGI in the SIPA Proceeding, to calculate a value of $6.857-6.983 billion on account of segregated assets including an estimated $534 - $660 million in additional collections from MFGUK (provided in the MFGI-MFGUK Settlement Agreement) and other sources. Based on information in the SIPA Trustee's October 5 and December 4, 2012 reports, the Plan Proponents calculated the total segregated claims at $6.863 billion (not including affiliate non-public customer claims of the Debtors of approximately $60 million), resulting in a range of outcomes to segregated customers of a shortfall of $6 million to a surplus of $120 million.

This assumes that the claims for which $294 million of reserves have been established (per the SIPA Trustee's "Illustrative Schedule of Potential Distributions Following Settlements With Chapter 11 Debtors and MF Global UK" Pg.4 of 4 filed 1/10/2013) are disallowed and the reserves are released for distribution to other customers with previously allowed claims. If, however, these claims are allowed then the shortfall would be greater (and the surplus would be lower) as those reserves would be unavailable to satisfy other customers' allowed claims. After aggregating MFGI's cash on hand, the customer claims deficit/surplus, affiliate customer claims, and other assets and estimating administrative claims in the SIPA Proceeding at approximately $100 - 150 million, the Plan Proponents estimate that MFGI will hold net assets of between $699 million - $1.169 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 $317 million - $1.317 billion. This would result in a 28.3% - 79.6% recovery to holders of general creditor claims against MFGI and $0 recovery to the $600 million of subordinated debt claims against MFGI held by MFG Holdings USA and Finance USA.

The Plan Proponents prepared a Recovery Analysis for Finance USA based on the cash on hand reported in its December monthly operating report plus (a) payment of its allowed claims against MFGI as settled in the MFGI-Debtors Letter Agreement (discounted for the 28.3% - 79.6% recovery discussed above), (b) its securities claims against MFGI, (c) third party receivables and (d) 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 $480482 million - $1.0691.068 billion in total assets of Finance USA available for distribution. After accounting for payment of Allowed Administrative Claims, Cure Amount Claims, Priority Tax Claims, Class 1B Priority Non-Tax Claims, Class 2B Secured Claims, and the Class 3B JPMorgan Secured Setoff Claim, and Class 4B Convenience Claims, the Plan Proponents estimate that the net assets of Finance USA available for distribution would be approximately $434448 million - $1.0241.036 billion. Accordingly, the Holders of the estimated Allowed Class 45B Liquidity Facility Unsecured ClaimClaims and Allowed Class 56B General Unsecured Claims would be expected to receive a Distribution of 14.214.7% - 33.634.0%. The Plan Proponents currently do not anticipate there being any recovery to Holders of Allowed 67B Subordinated Claims or Class 89B Common Interests, but the Plan Proponents cannot rule out the possibility of a recovery.

The Plan Proponents similarly prepared a Recovery Analysis for Holdings Ltd., taking into account cash on hand reported in its December monthly operating report plus (a) its claims filed against Finance USA, (b) its allowed claims against MFGI as settled in the MFGI-Debtors Letter Agreement (after taking into account claims settled in the MFGI-Debtors Letter Agreement, discounted for the 28.3% - 79.6% recovery discussed above), (c) accounts receivable against the Debtors, Non-debtor U.S. Subsidiaries and Non-debtor Foreign Subsidiaries (after discounting for the applicable recovery percentages for each such Entity) and (d) its equity interests in the Non-debtor Foreign Subsidiaries, including any recovery on account of a $250 million subordinated claim held by MFG Finance Europe (as defined below) against MFGUK ($0 - $174 million), to arrive at approximately $398403 million - $977982 million in total assets of Holdings Ltd. available for distribution. After accounting for payment of Allowed Administrative Claims, Cure Amount Claims, Priority Tax Claims, Class 1A Priority Non-Tax Claims, Class 2A Secured Claims, and the Class 3A JPMorgan Secured Setoff Claim, and Class 4A Convenience Claims, the Plan Proponents estimate that the net assets of Holdings Ltd. available for distribution would be approximately $310306 - $897893 million. Accordingly, the Holders of the estimated Allowed Class 45A Liquidity Facility Unsecured ClaimClaims and Allowed Class 56A General Unsecured Claims would be expected to receive a Distribution of 13.4 – 38.939.1%. The Plan Proponents currently do not anticipate there being any recovery to Holders of Allowed 67A Subordinated Claims, Class 78A Preferred Interests, or Class 89A Common Interests, but the Plan Proponents cannot rule out the possibility of a recovery.

The Plan Proponents used the same methodology to prepare a Recovery Analysis for each of the Unregulated Debtors. After accounting for payment of Allowed Administrative Claims, Cure Amount Claims, Priority Tax Claims, Class 1 Priority Non-Tax Claims and Class 2 Secured Claims against each such Debtor, it is estimated that the Holders of Allowed Class 56 General Unsecured Claims against (a) MFG Capital and MFG Market Services will be paid in full and (b) FX Clear will receive an estimated recovery of 83.282.0% – 98.997.3%. In addition, there may be some *de minimis* amount of Allowed Class 67 Subordinated Claims against MFG Market Services, which should also be paid in full. Accordingly, it is anticipated that there should be a recovery for the Holder of the Class 89 Common Interests in MFG Capital and MFG Market Services, but not for the Holder of the Class 89 Common Interests in FX Clear.

Finally, the Plan Proponents used the same methodology to prepare a Recovery Analysis for MFG Holdings USA based on the cash on hand reported in its December monthly operating report plus (a) payment of its allowed claims against MFGI as settled in the MFGI-Debtors Letter Agreement (discounted for the 28.3 – 79.6% recovery discussed above), (b) third party receivables and (c) 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 $~~72.5~~68.9 – ~~111.0~~100.9 million in total assets of MFG Holdings USA available for distribution. After accounting for payment of Allowed Administrative Claims, Cure Amount Claims, Priority Tax Claims, Class 1F Priority Non-Tax Claims ~~and~~, Class 2F Secured Claims, and Class 4F Convenience Claims, the estimated recovery yielded a ~~12.6~~13.1 - ~~25.5~~24.8% return to the Holders of Allowed Class ~~5~~6F General Unsecured Claims. The Plan Proponents do not anticipate there being any recovery to Holders of Allowed ~~6~~Class 7F Subordinated Claims against, or Class ~~8~~9F Common Interests in, MFG Holdings USA.

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 column entitled "Total Estimated Allowed Claims" in the chart below are lower than estimated, the Estimated Percentage Recovery shall increase. For purposes of computation of Plan Administration Expenses, Professional Fee Claims, the Creditor Co-Proponents Fee/Expense Claims and for other, similar purposes, the Effective Date for each Debtor is assumed to occur on ~~March 31~~April 22, 2013. There can be no assurance, however, when the Effective Date for each Debtor 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 below, the Debtors have scheduled intra-Debtor accounts receivable of approximately $~~2.3~~2.2 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 included herein and are detailed further in the Liquidation Analysis attached hereto as Exhibit VI hereto. The results of such analysis are set forth in the column entitled "Total Estimated Allowed Claims" in the chart below and are detailed further in the Recovery Analysis.

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 Ltd.	Unimpaired	No; deemed to accept	$126,848,464	$~~659,816~~481,322	100%
1B	Priority Non-Tax Claims against Finance USA	Unimpaired	No; deemed to accept	$10,049,500	$0	100%
1C	Priority Non-Tax Claims against MFG Capital	Unimpaired	No; deemed to accept	$159,663	$11,725	100%
1D	Priority Non-Tax Claims against FX Clear	Unimpaired	No; deemed to accept	$75,517	$11,725	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	$5,094,612	$635,817	100%
2A	Secured Claims against Holdings Ltd.	Unimpaired	No; deemed to accept	$243,380,698	$~~698,655~~558,259	100%
2B	Secured Claims against Finance USA	Unimpaired	No; deemed to accept	$91,411,375	$0	100%
2C	Secured Claims against MFG Capital	Unimpaired	No; deemed to accept	N/A	N/A	100%
2D	Secured Claims against FX Clear	Unimpaired	No; deemed to accept	$4,950,178	$0	100%
2E	Secured Claims against MFG Market Services	Unimpaired	No; deemed to accept	N/A	N/A	100%
2F	Secured Claims against MFG Holdings USA	Unimpaired	No; deemed to accept	$29,088	$0	100%
3A	JPMorgan Secured Setoff Claim against Holdings Ltd.	Impaired	Yes	$1,174,499,521	$476,261	100%
3B	JPMorgan Secured Setoff Claim against Finance USA	Impaired	Yes	$1,174,499,521	$7,327,247	100%
4A	Convenience Claims against Holdings Ltd.	Impaired	Yes	$13,380,859	$13,380,859	45%
4B	Convenience Claims against Finance USA	Impaired	Yes	$418,475	$418,475	37.5%
4F	Convenience Claims against MFG Holdings USA	Impaired	Yes	$5,279,856	$5,279,856	37.5%
~~4~~5A	Liquidity Facility Unsecured ~~Claim~~Claims against Holdings Ltd.	Impaired	Yes	$0	$1,148,087,718	13.4% – ~~38.9~~39.1%
~~4~~5B	Liquidity Facility Unsecured ~~Claim~~Claims against Finance USA	Impaired	Yes	$0	$1,148,087,718	~~14.2~~14.7% – ~~33.6~~34.0%
~~5~~6A	General Unsecured Claims against Holdings Ltd.	Impaired	Yes	$~~5,014,771,373~~4,975,844,602	$~~1,156,206,021~~1,133,846,339	13.4% – ~~38.9~~39.1%
~~5~~6B	General Unsecured Claims against Finance USA	Impaired	Yes	$~~2,594,646,877~~2,593,187,912	$~~1,900,314,433~~1,898,855,468	~~14.2~~14.7% – ~~33.6~~34.0%
~~5~~6C	General Unsecured Claims against MFG Capital	Impaired	Yes	$~~691,661,330~~691,751,821	$~~35,890,108~~35,980,503	100%
~~5~~6D	General Unsecured Claims against FX Clear	Impaired	Yes	$~~681,213,617~~681,308,881	$~~31,376,808~~31,472,073	~~83.2~~82.0% – ~~98.9~~97.3%

Class	Designation	Impairment	Entitled to Vote	Total Amount of Claims as Filed	Total Estimated Allowed Claims	Estimated % Recovery
~~5~~6E	General Unsecured Claims against MFG Market Services	Impaired	Yes	$~~672,455,639~~67 2,523,075	$~~19,634,857~~19,7 02,293	100%
~~5~~6F	General Unsecured Claims against MFG Holdings USA	Impaired	Yes	$~~1,007,374,666~~ 982,982,417	$~~324,129,795~~29 9,692,707	~~12.6~~13.1% – ~~25.5~~24.8%
~~6~~7A	Subordinated Claims against Holdings Ltd.	Impaired	Yes	$0	$~~12,289,385~~11,4 24,866	0.0%
~~6~~7B	Subordinated Claims against Finance USA	Impaired	Yes	$0	$~~3,569,510~~55,34 8	0.0%
~~6~~7C	Subordinated Claims against MFG Capital	Impaired	Yes	N/A	N/A	N/A
~~6~~7D	Subordinated Claims against FX Clear	Impaired	Yes	$0	$311,617	0%
~~6~~7E	Subordinated Claims against MFG Market Services	Impaired	Yes	$0	$213,906	100%
~~6~~7F	Subordinated Claims against MFG Holdings USA	Impaired	Yes	$0	$~~3,516,731~~2,670 ,752	0%
~~7~~8A	Preferred Interests in Holdings Ltd.	Impaired	No; deemed to reject	N/A	N/A	N/A
~~8~~9A	Common Interests in Holdings Ltd.	Impaired	No; deemed to reject	~~N/A~~$0	~~N/A~~$7,096,623	~~N/A~~0.0%
~~8~~9B	Common Interests in Finance USA	Impaired	Yes	N/A	N/A	N/A
~~8~~9C	Common Interests in MFG Capital	Impaired	Yes	N/A	N/A	N/A
~~8~~9D	Common Interests in FX Clear	Impaired	Yes	N/A	N/A	N/A
~~8~~9E	Common Interests in MFG Market Services	Impaired	Yes	N/A	N/A	N/A
~~8~~9F	Common Interests in MFG Holdings USA	Impaired	Yes	N/A	N/A	N/A

The Creditor Co-Proponents hold approximately (i) $~~811~~945.6 million of the approximately $1.174 billion of principal and interest outstanding under the Liquidity Facility classified as (a) Class ~~4~~5A Liquidity Facility Unsecured ~~Claim~~Claims against Holdings Ltd. and (b) Class ~~4~~5B Liquidity Facility Unsecured ~~Claim~~Claims against Finance USA and (ii) $~~621~~646.6 million of the approximately $1 billion Notes Claim classified as a Class ~~5~~6A General Unsecured Claim against Holdings Ltd.

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 interest holders; (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, 4F, 5A, 5B~~, 5C, 5D, 5E, 5F~~, 6A, 6B, 6C, 6D, 6E ~~and~~, 6F, 7A, 7B, 7C, 7D, 7E and 7F and Holders of Interests in Classes ~~8~~9B, ~~8~~9C, ~~8~~9D, ~~8~~9E and ~~8~~9F 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.D.1 of this Disclosure Statement. There can be no assurance that these conditions will be satisfied.

II. HISTORY OF THE DEBTORS

A. Background

Prior to the Initial Debtors' Petition Date, Holdings Ltd. and its Affiliates (collectively, the "**MF Global Group**"), through its regulated and unregulated broker/dealers ("**B/D**") and futures commission merchants ("**FCM**"), was a brokerage firm 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 MF Global Group's organizational chart is attached hereto as Exhibit V (the "**Organizational Chart**"). 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

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

C. Business Operations

Prior to the Initial Debtors' 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.

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 exchange trading was 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

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 Ltd.'s operating Affiliates that conducted 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 did 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 MF Global Group to 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

For the quarterly period ended September 30, 2011, MF Global Group 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 Debtors' Petition Date:

1. Liquidity Facility

Holdings Ltd. and Finance USA are borrowers under 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 ("**JPMorgan**" or the "**Liquidity Facility Administrative Agent**"), and the several lenders from time to time parties thereto (such lenders and the Liquidity Facility Administrative Agent collectively referred to as the "**Liquidity Facility Lenders**"). On or about June 29, 2010, the Liquidity Facility was amended (a) to permit Holdings Ltd., in addition to certain other Affiliates, to borrow funds under the Liquidity Facility (if certain conditions were met) and (b) 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 Debtors' Petition Date, $1.174 billion in principal and interest was outstanding under the Liquidity Facility.

Although the Liquidity Facility is unsecured, approximately $25 million of the Initial Debtors' cash was held in accounts controlled by the Liquidity Facility Administrative Agent as of the Initial Debtors' Petition Date. The Liquidity Facility Administrative Agent asserted setoff rights against these accounts and, by virtue of such setoff rights, a secured claim to the extent of such setoff.[9] Pursuant to the terms of the Cash Collateral Order, as described in Section III.H below, the Debtors have paid down approximately $18.6 million to the Liquidity Facility

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

Administrative Agent as of January 15, 2013.[10] The Claims relating to the Liquidity Facility are accordingly treated as secured, in part, and unsecured, in part, in Classes 3A, 3B, ~~4~~5A and ~~4~~5B. 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 Ltd. 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, National Association, a member of the Committee. These Notes are unsecured obligations of Holdings Ltd. and are not guaranteed by any of the Debtors or their Affiliates. Accordingly, the Notes Claim, which is comprised of all unpaid principal and interest under the Notes as of the Initial Debtors' Petition Date, is classified as a Class ~~5~~6A General Unsecured Claim. 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 Ltd. 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 Debtors' Petition Date was $1,347,656.25.

b. 9% Convertible Notes

Holdings Ltd. 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 Debtors' Petition Date was $2,672,978.

c. 3.375% Convertible Notes

Holdings Ltd. 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 Debtors' Petition Date was $2,711,718.75.

d. Senior Notes

In August 2011, Holdings Ltd. issued $325 million in five-year 6.25% senior notes (the "**Senior Notes**"). Holdings Ltd. 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 Debtors' Petition Date was $4,699,240.45.

[10] Of this amount, (a) Holdings Ltd. paid $606,062.39 pursuant to a stipulation entered into between the Chapter 11 Trustee and JPMorgan (Docket No. 821) and (b) Finance USA paid $18,002,233.23, including: (i) $4 million at the time the Cash Collateral Order was entered, (ii) $5.4 million on December 27, 2012 upon receipt of the $21 million federal tax refund, (iii) $2.3 million on December 27, 2012 upon Finance USA's resolution of two margin loan claims, (iv) $5.07 million on December 27, 2012 upon receipt by Holdings Ltd. and Finance USA of true-up distributions from the MFGI estate on account of their allowed securities customer claims, (v) $937,300 on January 11, 2013 upon Finance USA's receipt of a $3.75 million interim distribution on account of its claim against MF Global Singapore Pte, and (vi) $251,700 in miscellaneous repayments prior to December 30, 2012.

3. Equity Interests

As of June 30, 2011, there were 1,500,000 shares of Series A Preferred Stock in Holdings Ltd. 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 Ltd. had 164,893,000 shares of common stock outstanding.

F. Insurance

Holdings Ltd. 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 Ltd., 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 Ltd. 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 Ltd. purchased four additional excess layers of coverage providing an additional $30 million in aggregate limits above the MFGA-issued layers. Therefore, Holdings Ltd. 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 Ltd. against loss from a single claim exceeding $120 million, up to $150 million.

The E&O Policies cover Holdings Ltd. 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 Ltd. 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 Ltd. 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 Ltd. 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 Ltd. has indemnified those directors and officers. Therefore, to the extent Holdings Ltd. 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 Ltd. or its subsidiaries for losses that Holdings Ltd. 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 Ltd. 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 has a $2.5 million retention by Holdings Ltd. 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

MFGI is a wholly-owned subsidiary of MFG Holdings USA and an indirect subsidiary of Holdings Ltd. 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 entered into a $300 million 364-day secured revolving credit facility (the "**MFGI Secured Facility**") with a syndicate of lenders. JPMorgan, which serves as the Liquidity Facility Administrative Agent, also is the administrative agent under the MFGI Secured Facility. MFGI reportedly had borrowed approximately $210 million as of the commencement of the SIPA Proceeding.

The MFGI Secured Facility was secured by eligible collateral of MFGI held by JPMorgan. Holdings Ltd. and Finance USA each guaranteed the obligations of MFGI under the MFGI Secured Facility on an unsecured basis.

JPMorgan Filed Proofs of Claim against Holdings Ltd. and Finance USA pursuant to their guarantee of the MFGI Secured Facility (the "**MFGI Secured Facility Guarantee Claims**"). The MFGI Secured Facility Guarantee Claims are classified as General Unsecured Claims in Classes ~~5~~6A and ~~5~~6B; however, the Plan Proponents understand that MFGI has satisfied all obligations under the MFGI Secured Facility.

2. Repos-To-Maturity

In or around September 2010, MF Global Group began acquiring long positions in European sovereign debt securities in MFGI as part of its proprietary trading activities. MFGUK, an indirect subsidiary of Holdings Ltd., 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 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.

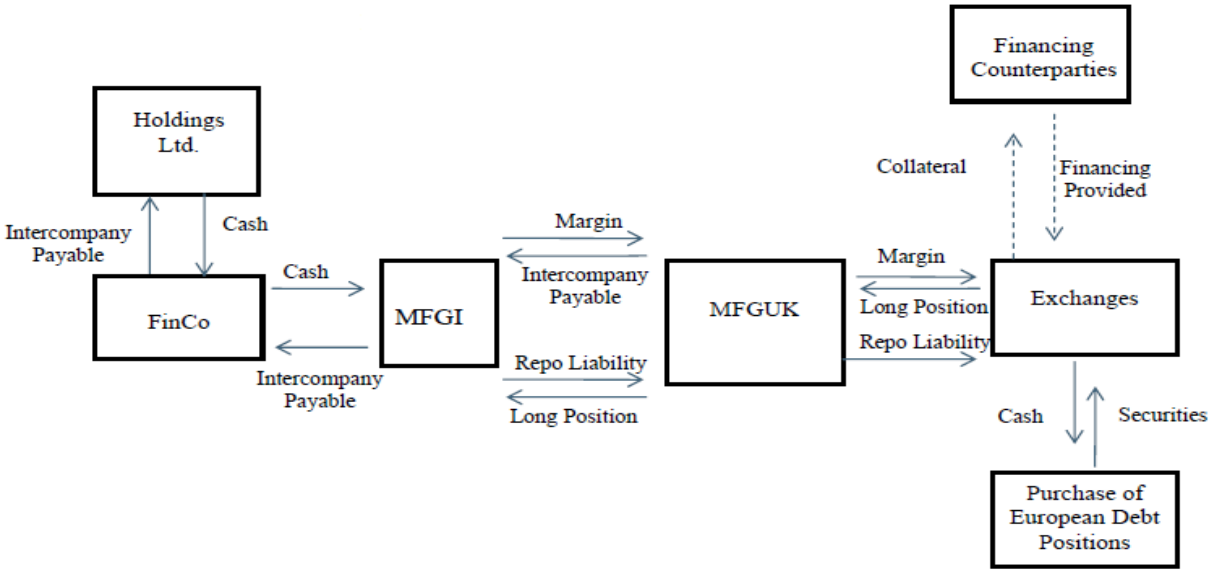
To finance MF Global Group's sovereign debt purchases, MFGUK would enter into back-to-back Repo transactions consisting of two legs -- a Repo leg with third parties to finance the acquisition and a reverse Repo leg, with MFGI to finance MFGI's long position. By entering into the two offsetting back-to-back 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 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 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 MF Global Group as a whole. A summary of MF Global Group's net sovereign debt holdings is described in the below table.

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

	Italy*	**Spain***	**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

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

As the value of 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 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

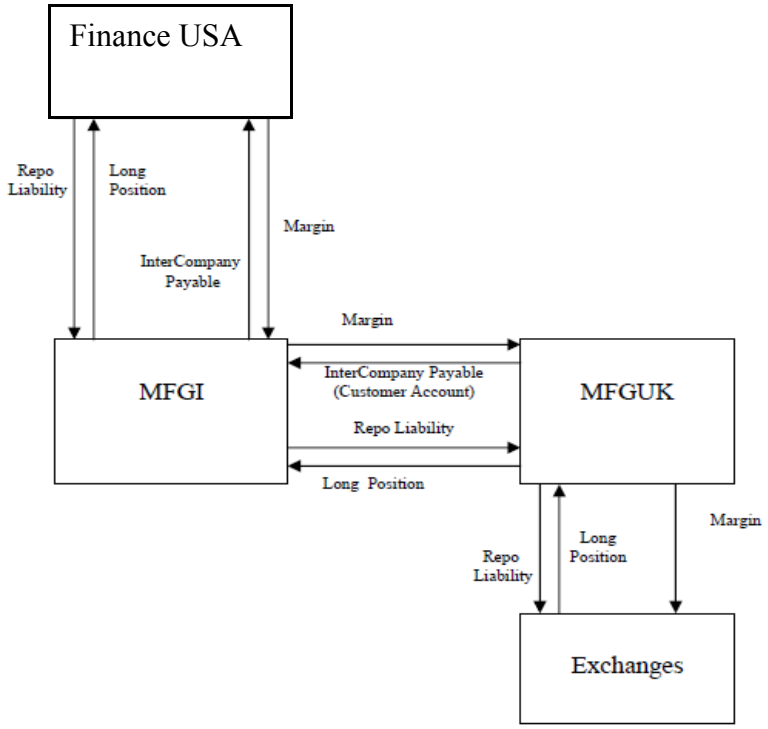
margin requirements with the Exchanges in order to cover potential intra-day liquidity risk on margin calls to MFGI and to satisfy MFGUK's regulators.

MF Global Group took two approaches to hedge the European sovereign debt portfolio and to limit the margin posting requirements therewith were: (a) 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 (b) 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 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

1. (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 Debtors' 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 MFG Holdings USA and $470 million in claims filed by Finance USA are to be allowed as general creditor claims against MFGI, but subordinated to all other allowed general creditor claims for distribution purposes.

Lender	CME/CBOE Loan Number	Effective Date	Maturity Date	Amount
MFG Holdings USA	287-120706-0001	12/31/2007	6/28/2013	$65,000,000
MFG Holdings USA	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**

2. (ii) Intercompany Loans

Finance USA generally acted as the financing arm for the U.S. operations of MF Global Group. Finance USA, using moneys borrowed from Holdings Ltd., 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 do not have complete information regarding the purposes of MFGI's funding requests; however, a portion of the Intercompany Loans (approximately $233 million) was used by MFGI to fund variation margin payments to MFGUK during the ten (10) days prior to the Initial Debtors' Petition Date. Below is a schedule detailing the margin calls from MFGUK to MFGI during that timeframe. The claims filed by Finance USA against MFGI relating to the Intercompany Loans have been resolved as part of the MFGI-Debtors Letter Agreement as described in Section IV.C.

Margin Call Statement MFGI – Collateral Financing Portfolio

Margin Call Statement MF Global Inc - Collateral Financing Portfolio

DB:	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
rgin Requirement	495,975,763	454,624,390	410,963,534	277,302,875	278,049,205	277,679,686	273,604,300		273,939,212	275,899,318
Margin	199,344,353	182,811,558	185,592,415	188,277,470	182,979,874	174,800,604	173,978,422		167,180,609	151,003,397
rgin 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
coverage	23,219,740	23,280,469								
rgin requirement	723,539,856	665,716,417	601,555,949	470,580,345	466,029,079	457,480,289	452,582,722		446,119,821	431,902,715
l received	663,925,523	604,003,047	492,732,015	464,694,118	457,962,898	452,795,960	451,731,735		430,943,455	430,892,493
l 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
ttributable 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
ce:										
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**
	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
arnet 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
A fwd margin	37,345,178	22,282,810	10,991,748	11,094,572	11,087,738	11,063,861	11,256,792		10,946,410	11,734,066
arnet Ltd	11,746,169	11,938,329	16,593,284	8,349,433	8,351,233	8,757,449	8,784,540		8,830,933	8,851,501
	495,975,763	454,624,390	410,963,534	277,302,875	278,049,205	277,679,686	273,604,300		273,939,212	275,899,318
Breakdown										
	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
arnet 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
arnet Ltd	93,551,632	106,431,756	98,390,637	100,548,637	95,296,346	89,594,614	88,843,948		87,174,875	87,285,593
	(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	174,800,604	173,978,422		167,180,609	151,003,397

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. In certain instances, the SIPA Trustee actually disbursed more money to the margin borrowers than they were entitled to receive as 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 Finance USA's 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. Although these claims are described as the Held Open Chapter 11 Claims in the MFGI-MFGUK Settlement Agreement discussed further in Section III.S, as of January 2013, Finance USA has received initial payments totaling $9.6 million in connection with three settlements resolving margin loans totaling $31.2 million. The Chapter 11 Trustee is in active discussions with the remaining seven borrowers with margin loans totaling $5.7 million.

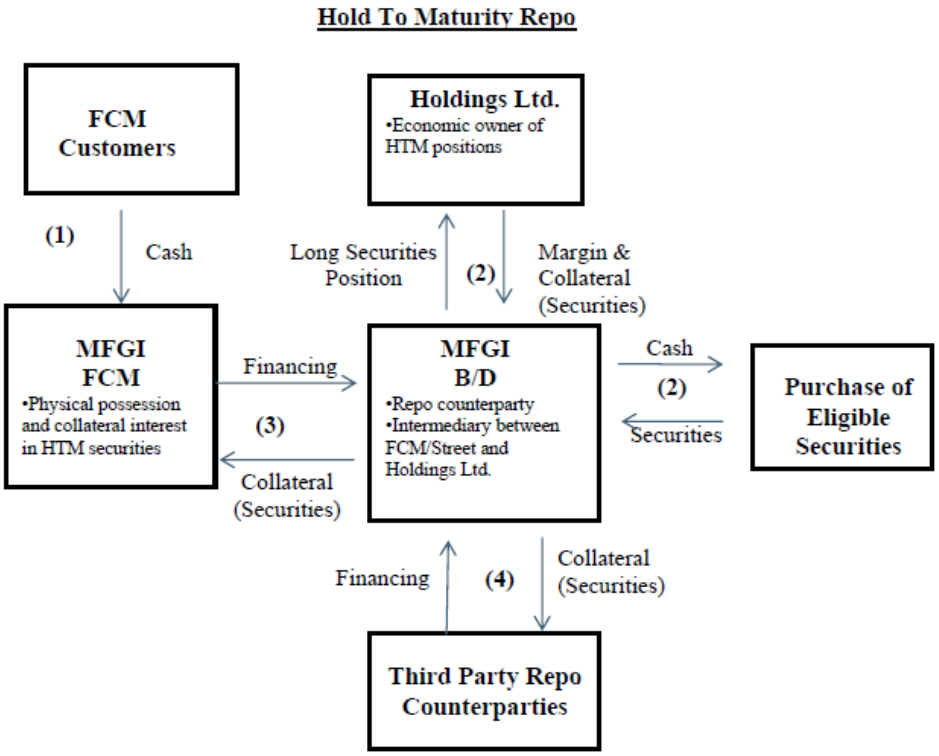
5. (iv) Repo Financing

(a) HTM Repo

In or around June 2009, Holdings Ltd. 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 Ltd. and MFGI and the confirmations issued detailing the specific transaction details (the "**Holdings Ltd. 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**").[11] 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 Debtors' 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. 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 Ltd. had margin equity of $77 million in the Repo portfolio. The structuring of the HTM Repo is illustrated in the below diagram.



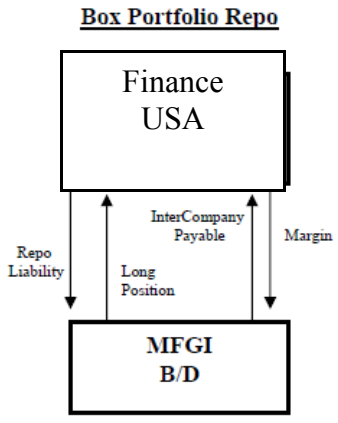
[11] *See* 17 CFR § 1.25.

(1) FCM customers posted cash (*i.e.*, margin) at the FCM to enable them to trade futures.
(2) Holdings Ltd. 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 Ltd. Holdings Ltd. 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.
(5) 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 or with FCM funds and were instead financed through intercompany repos between MFGI and Finance USA.

From October 25, 2011 until the Initial Debtors' Petition Date, Holdings Ltd. 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 Debtors' 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 Unregulated 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 Ltd.,

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, MF Global Group had integrated systems, including global accounting and tax systems and programs. Many of 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. The Debtors generally believed that system integration, as opposed to operating each of the affiliates in a silo, was a more cost-effective use of MF Global Group's resources.

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

MF Global Holdings Europe Limited ("**Holdings Europe**") is a wholly-owned subsidiary of Holdings Ltd. 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 Ltd. 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 Ltd., provides employee and pension services in relation to MFGUK's operations.

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 Ltd. MFG Overseas acted principally as an investment holding company for MF Global Group's assets in Asia and Canada.

MF Global Finance Europe Limited ("**MFG Finance Europe**") is a wholly-owned subsidiary of Holdings Ltd. It was registered in England and Wales and its principal purpose was to provide financing services to MF Global Group. MFG Finance Europe holds a $250 million subordinated claim against MFGUK.

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

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

1. The Initial Debtors

In the Fall of 2011, MF Global Group was confronted by numerous challenges. On September 1, 2011, Holdings Ltd. 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 Ltd.'s rating to one notch above "junk" status based on the grounds that (a) Holdings Ltd. would announce lower than expected earnings and (b) the current low interest rate environment and volatile capital markets conditions made it unlikely that MF Global Group would be able to meet, in the short term, the profitability targets Moody's had set for MF Global Group. Moody's also raised concerns about 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 Ltd. announced its consolidated results for its second fiscal quarter ended September 30, 2011. Holdings Ltd. 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. 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 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. MF Global Group 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 MF Global Group's overall liquidity quickly diminishing to unsustainable levels, a sale to Interactive Brokers collapsed when Holdings Ltd. advised Interactive Brokers, and the regulators, that a potential significant shortfall in customer segregated funds had been identified.

The Initial Debtors Filed their respective chapter 11 cases on October 31, 2011. On the same day, the SIPA Proceeding and MFGUK's special administration commenced, as described in further detail in Sections III.P and III.R below.

2. The Unregulated Debtors

The Unregulated Debtors are unregulated trading entities that conducted primarily OTC 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. FX Clear 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 OTC 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 Unregulated Debtors. Shortly after the Initial Debtors' Petition Date, the Unregulated Debtors discontinued their operations and began winding down their former businesses, ultimately filing voluntary chapter 11 petitions in the Bankruptcy Court on December 19, 2011.

3. MFG Holdings USA

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

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 to facilitate the ongoing orderly wind-down of the Debtors and their Non-debtor U.S. Subsidiaries.

III. EVENTS DURING THE CHAPTER 11 CASES

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

On the Initial Debtors' 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.

B. Appointment of the 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.[12] 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 Committee and the professional advisors to the Committee are as follows:

<table>
<tr><td colspan="3"><u>Committee Members:</u>
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.[13]
101 Franklin St.
PO Box 146
Brunswick, NE 68720
Attn: James P. Meuret

JP Morgan Chase Bank, N.A., as Agent[14]
383 Madison Avenue - 23rd Floor
New York, New York 10179
Attn: Charles Freedgood</td></tr>
<tr><td><u>Counsel</u>:
Proskauer Rose LLP
Eleven Times Square
New York, New York 10036-8299
Attn: Martin J. Bienenstock</td><td><u>Financial Advisor</u>:
Capstone Advisory Group, LLC
104 West 40th Street, 16th Floor
New York, NY 10018
Attn: Christopher J. Kearns</td><td><u>Administrative Agent</u>:
Rust Consulting, Inc.
1120 Avenue of the Americas, 4th Flr
New York, NY 10036-6700
Attn: Paul H. Deutch</td></tr>
</table>

[12] 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 Bankruptcy Court approved on July 11, 2012.

[13] 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.

[14] JPMorgan currently acts as Liquidity Facility Administrative Agent.

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 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).[15]

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.

D. Initial Debtors' Exclusive Period to File a Plan

In accordance with § 1121(c)(1) of the Bankruptcy Code, the Initial 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 Initial 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 and as financial advisors to the Chapter 11 Trustee thereafter. 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 Debtors' 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 Debtors' 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. 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

[15] 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 Unregulated Debtors on or about January 3, 2012. MFG Holdings USA was added to the bond on March 15, 2012.

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 the Freeh Group as accountants to the Chapter 11 Trustee.

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. 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. 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' Unexpired 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. 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 JPMorgan, 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. 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.

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 Administrative Agent, 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 $41 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 $40.1 million in total fees and expenses, authorizing the immediate payment of approximately $20.6 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 $48.6 million. A chart summarizing the Professional fees and expenses as of November 30, 2012 is included below. Approximately $27.3 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	$3,660,364.25	$79,106.47	$1,909,288.60	$1,830,182.12
Proskauer Rose LLP	$3,639,673.05	$165,690.20	$1,310,446.87	$2,494,916.38
Garden City Group[16]	$851,042.38	$0.00	$711,268.43	$139,773.95
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	$1,519,526.55
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. ~~17~~	$11,200,000.00	$182,186.21	$4,415,532.51	$6,966,653.70
Morrison & Foerster LLP	$12,200,712.08	$475,126.24	$5,622,487.35	$7,053,350.97

[16] The amount of GCG's fees includes both amounts included and approved by the Bankruptcy Court in GCG's First and Second Interim Fee Applications (Docket Nos. 763, 873) as well as amounts charged pursuant to its retention under 28 U.S.C. § 156(c).

~~[17] 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.~~

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	$798,818.25
Capstone Advisory Group, LLC	$6,317,704.00	$19,754.28	$2,712,115.73	$3,625,342.56
TOTAL	**$47,266,619.20**	**$1,305,855.43**	**$21,224,423.22**	**$27,348,051.44**

H. Use of Cash Collateral

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 the Liquidity Facility Administrative 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 Administrative Agent to increase the available cash collateral for use by the Initial Debtors to fund their operations. Thereafter, the Initial Debtors reached an agreement with the Liquidity Facility Administrative 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 (Docket No. 275) (the "**Cash Collateral Order**"). Subsequently, the termination date was extended to March 21, 2013, or such other date as the Chapter 11 Trustee, the Committee, and the Liquidity Facility Administrative Agent might later agree. The Bankruptcy Court also authorized the Liquidity Facility Administrative Agent to obtain reimbursement of reasonable fees and expenses up to $750,000.

The Cash Collateral Order contains a provision providing for certain cash payments to be made to the Liquidity Facility Administrative Agent on account of its asserted setoff claim currently classified as Claims in Class 3A and 3B. As of January 15, 2013, $606,062.39 has been paid by Holdings Ltd. and credited toward the Allowed Class 3A JPMorgan Secured Setoff Claim and $18,002,233.23 has been paid by Finance USA and credited toward the Allowed Class 3B JPMorgan Secured Setoff Claim.

As a part of the Bankruptcy Court's written opinion issued with the 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 in the JPMorgan 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 JPMorgan account were commingled funds (Docket No. 451). The SIPA Trustee 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

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 pre-petition employee compensation and expense reimbursements and confirmation that the Chapter 11 Trustee may pay withholding and payroll-related taxes (granted April 12, 2012).

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

Prior to the Initial Debtors' Petition Date, 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. As of the filing of this Disclosure Statement, the Debtors only have 13 employees.

K. Real Estate and Leases

Prior to the Initial Debtors' 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 Executory Contracts and Unexpired Leases[~~18~~17]

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 Bankruptcy 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

[~~18~~17] *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).

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, the Confirmation Order, or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan or in a Final Order, on the Effective Date, pursuant to § 365 of the Bankruptcy Code, the Debtors shall be deemed to reject each Executory Contract and Unexpired Lease (i) not previously assumed, assumed and assigned, rejected, expired, or terminated pursuant to its own terms during the Chapter 11 Cases, (ii) which is not the subject of a motion to assume Filed on or before the Confirmation Date, or (iii) which is not identified on Exhibit VIII.E.1 of the Plan.

M. Claims Process and Bar Dates[~~19~~18]

On May 18, 2012, the Initial Debtors and Unregulated 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 Governmental 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 the filing of Intercompany Claims. 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 1,300 Claims were Filed asserting general unsecured status in the approximate amount of $8.35 billion.
- Approximately 150 Claims were Filed in an unliquidated amount.
- Approximately 450 Claims were Filed by the Debtors' employees in the approximate amount of $140 million. These Claims assert amounts owed for WARN Act failures; breach of employment contracts; and unpaid wages, commissions and severance.
- Approximately 12 Claims were Filed by and/or scheduled for the Debtors' lenders in the approximate amount of $3.64 billion.

[~~19~~18] *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).

- Approximately 30 Claims for pre-petition Taxes 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.C.2 above, a number of these Claims have been resolved and there are valid objections to many others. Thus, the Allowed amount of such Claims is expected to be significantly less than the asserted amounts.

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.

N. Litigation

1. Insurance-Related Litigation

Prior to the Initial Debtors' Petition Date, MFGA issued professional liability policies to Holdings Ltd. The policies provided coverage up to a certain limit. 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 Holdings Ltd.'s consent. The policies further provided that the defense costs are subject to the aggregate coverage limit.

Prior to the Initial Debtors' Petition Date, MFGA advanced defense costs to Holdings Ltd. on behalf of certain individual insureds in respect of claims against individual insureds, and after the Initial Debtors' 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 (a) the insurance policies are not property of the Debtors' Estates and thus the automatic stay does not apply, (b) 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 (c) 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 Ltd. 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. Pursuant to the *Order Lifting Automatic Stay to Permit Payments of Defense Costs under Certain Insurance Policies* (the "**Insurance Order**"), the Bankruptcy Court allowed the payment of defense costs up to an initial "soft cap" of $30 million by MFGA and U.S. Specialty, to be apportioned as those insurers saw fit. Once the defense costs reach $30 million, the insurers must seek further relief from the Bankruptcy Court to pay additional defense costs.

Among those who objected were Sapere Wealth Management LLC, Granite Asset Management, and Sapere CTA Fund L.P. (collectively, "**Sapere**"). Sapere appealed the Insurance Order to the United States District Court for the Southern District of New York (the "**District Court**"). 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.). After briefing in June and July 2012, oral argument was heard on November 13, 2012. The District Court affirmed the Insurance Order and dismissed the appeal by order of the District Court on November 13, 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 pursuant to the Insurance Order.

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 17 C.F.R. § 190.01 through 190.10 (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 Ltd. 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 estimated this claim at $0.

a. Sapere's contentions

THE FOLLOWING ARE SOLELY SAPERE'S CONTENTIONS

In an objection to the motion for approval of the Disclosure Statement, Sapere states that the Disclosure Statement is inadequate in that it does not contain the following disclosure:

"The Plan Proponents ascribe a value of $0 to approximately $4 billion of what also appear to be tort claims asserted against Holdings and presently allowed, with either an incorrect basis for purportedly doing so or a wholly inadequate analysis of those claims' values. More specifically, the Joint Disclosure Statement incorrectly characterizes Sapere's claim as pertaining to only Sapere's Priority Motion and ignores Sapere's tort claim against the Debtor. Further, the Joint Disclosure Statement does not provide any basis for disallowing the remaining ~$3 billion in claims.

In Exhibit IV to the Joint Disclosure Statement, the Plan Proponents write, "Assumed disallowed if the 2nd Circuit appeal is lost: Claim 1481 filed by Sapere CTA Fund, L.P. (for $932,162,430) discussed in detail in Section III.N.2 of the Disclosure Statement." (Joint Disclosure Statement p. 152) In Section III.N.2, the Plan Proponents write, "As Sapere's Claim is the same in basis as the litigation denied by the District Court [Sapere's Priority Motion], for purposes of the Claims analysis described in Section I.C.2 above, the Plan Proponents have estimated this claim at $0." (Joint Disclosure Statement p. 52) The characterization of Sapere's claim is incorrect and misleading.

Sapere's claim against Holdings' estate pertains not only to its Priority Motion and appeal but also as a tort claimant creditor. In Attachment 1 to Sapere's claim, Sapere identifies several bases for its claim against Holdings' estate including principal liability for violations of the Commodities Exchange Act and vicarious liability for CEA violations and other tortious conduct. To be clear, Sapere's tort claim is distinct from its Priority Motion.

The Plan Proponents' incorrect characterization of Sapere's claim discredits Sapere's likelihood of recovery and provides an inaccurate picture of those who may eventually share in available assets. As the Joint Disclosure Statement is currently written, creditors will vote on the Joint Plan under the belief that Sapere's claim has already been denied by this Court and the district court when Sapere's claim is based on issues that have never appeared before this Court.

The Feasibility Analysis estimates Priority Non-Tax Claims at $700,000, with a total "Estimated Cash Needs at Effective Date" of $46.1 million. (Joint Disclosure Statement p. 136) If Sapere's appeal is successful, these numbers will, of course, be significantly higher, which will result in significantly less funds available to non-priority claimants.

The effect can be seen in Net Estimated Recoveries in Exhibit VI. As presented, the charts estimate a range of Estimated Net Recovery for general unsecured claims against Holdings' estate from 13.4% on the low end to 38.9% on the high end. (Joint Disclosure Statement p. 164-66) Sapere's priority claim would be entitled to payment before any such general unsecured claims receive anything, which significantly alters and lowers the Estimated Net Recovery for such claims.

In the present situation, the Plan Proponents have assumed that approximately $4 billion in claims against Holdings' estate (including Sapere's claim) will be disallowed. The mere filing of proofs of claims is prima facie evidence as to the validity of such claims. F.R.B.P. 3001(f). If the Plan Proponents foresee the ultimate disallowance of these claims, they must provide some basis to allow creditors to evaluate that assertion. However, the Plan Proponents do not provide any analysis of these claims or their basis for disallowing them other than incredibly broad categorical groupings such as "Claims properly filed against MFGI" and "Claim properly filed against MFGI; guaranteed by Holdings Ltd. but assumed satisfied by MFGI."[19]

THE ABOVE ARE SOLELY SAPERE'S CONTENTIONS

b. Plan Proponents' Response to Sapere's contentions

The Plan Proponents maintain that the Sapere claim is not a Priority Non-Tax Claim. At best, Sapere has a customer claim at MFGI which the Plan Proponents estimate will be paid in full by MFGI to the extent allowed as a valid customer claim.

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 Ltd., 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

The Subcommittee on Oversight and Investigations of the House Committee on Financial Services Majority Staff (the "**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

[19] *See* Objection of Sapere Wealth Management LLC, Granite Asset Management and Sapere CTA Fund, L.P. to Motion of the Plan Proponents for an Order (I) Approving Disclosure Statement and the Form and Manner of Notice of the Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Plan, (III) Scheduling Hearing on Confirmation of the Plan, (IV) Approving Related Notice and Objection Procedures, and (V) Approving Certain Pre-Confirmation Matters, Docket No. 1049 (Docket No. 1049).

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, stating:[20]

> 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 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.

Staff Report at 76-9. Additionally, the Subcommittee made a number of other findings: (i) 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; (ii) 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; (iii) Moody's and S&P failed to identify the biggest risk to MF Global Group's financial health; (iv) MF Global Group's use of the "alternative method"[21]

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

[20] Staff Report prepared for Rep. Randy Neugebauer, Chairman Subcomm. on Oversight & Investigations Comm. on Fin. Servs., 112th Cong., Nov. 15, 2012 , available at http://financialservices.house.gov/uploadedfiles/256882456288524.pdf (the "**Staff Report**").

[21] 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.

accounts upon the company's insolvency; (v) 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 (vi) 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. Liquidation of MFGI

1. The SIPA Proceeding

On October 31, 2011, the Initial Debtors' Petition Date, the Securities Investor Protection Corporation ("**SIPC**") began the liquidation of MFGI when it moved for an order determining that the customers of MFGI were in need of the protections afforded under SIPA. The District Court entered such an order, thereby commencing the SIPA Proceeding. The SIPA Proceeding was then transferred to the Bankruptcy Court as required by SIPA.

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." *Id*. 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.

The SIPA Trustee has filed periodic reports including the most recent SIPA Trustee Second Interim Report and the SIPA Distribution Schedule 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.

2. Status of Claims Against MFGI

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. The SIPA Trustee updated the expected recovery to all MFGI's creditors in the SIPA Distribution Schedule. 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 28.3% – 79.6% recovery to holders of general creditor 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.C hereto. The Debtors' Estates are highly dependent on the SIPA estate 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 (a) denying customer protection to each of the securities claims and denying customer protection to the commodities claims filed by Holdings Ltd. and Finance USA and (b) allowing certain of the commodities claims filed by MFG Capital, FX Clear, MFG Special Investor, and MFG Market Services as non-public commodities customer claims.[22]

In August 2012, the SIPA Trustee in turn filed a single consolidated Claim (Claim No. 1068) against all of the Debtors, including: (a) a Claim in the amount of $89,121,319 based on intercompany receivables owed to MFGI as recorded in the Oracle GL System, (b) an unliquidated Claim for the amount of the shortfall in the funds of securities and commodities customer property, (c) an unliquidated Claim for all amounts owed on derivative, repurchase and securities and other financial contracts between MFGI and the Debtors, and (d) other contingent and unliquidated Claims for any intercompany indebtedness or other open payables.

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

As described in Section IV.C below, per the terms of the MFGI-Debtors Letter Agreement, the parties have resolved substantially all of the claims filed between the Debtors and MFGI. MFGI settled its $89 million Claim against the Debtors for $15 million which will be setoff against balances owing from MFGI to the Debtors. [23] Accordingly, the settlement resulted in total net allowed claims for the Debtors against MFGI of approximately $1.2 billion (customer and general creditor), plus $600 million in claims that are subordinated to all general creditor claims.

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 Supreme 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 the appeal. 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). Pursuant to the *Order Granting Limited Relief from the Automatic Stay on Motion of New Hampshire Insurance Company, Vigilant Insurance Company, Certain Underwriters of Lloyds of London Subscribing to Certificate No. B0576mmu280, St. Paul Fire & Marine Insurance Company, Fidelity & Deposit Company of Maryland, Continental Casualty Company, Great American Insurance Company, Liberty Mutual Insurance Company, and Axis Reinsurance Company* (SIPA Proceeding ECF No. 5469), the Bankruptcy Court limited the lifting of the automatic stay solely for the continuance of the appeal.

5. Settlement with CME Group

The Bankruptcy Court approved an agreement between the SIPA Trustee and the CME Group, Inc., along with its subsidiary CME (the "**CME Group**") that has resulted, as of the date hereof, in the return of approximately (a) $130 million in property for the benefit of former commodity customers and (b) $28 million in non-segregated unallocated funds. The SIPA Trustee may receive additional amounts in the future.

Q. Stipulation and Protective Order Between the Chapter 11 Trustee and the SIPA Trustee[24]

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

On November 11, 2011, the SIPA Trustee issued a subpoena to Holdings Ltd. 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.

[23] MFGI's settled $89 million Claim against the Debtors is separate and apart from any Administrative Claims it may have against the Debtors. Additionally, MFGI is a named insured in the Insurance Policies and is a party to certain Executory Contracts that are not part of the resolved claims.
[24] *See* Notice of Presentment of Protective Order and Stipulation (Docket No. 147).

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 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

On October 31, 2011, the same day as the Initial Debtors' Petition Date, the directors of MFGUK applied 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 "**Special Administrators**") on October 31, 2011 (the "**MFGUK Administration**"). The Special Administrators were also appointed as joint administrators of MFG UK Services on October 31, 2011 and later as joint administrators for MFG Finance Europe and MFG Overseas (in such capacities, the "**Administrators**"). 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 Special Administrators.

The initial meeting of creditors and clients of MFGUK was held on January 9, 2012. During the meeting, the creditors approved the Special 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.[25]

The Special 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 estate 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 estate 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 Special Administrators have recovered in excess of £1 billion for the benefit of the MFGUK general estate.[26] The Special Administrators have recovered client monies and assets in excess of $923 million.

The Special Administrators 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 (i) proprietary claims against assets held by or on behalf of MFGUK including in the client money pool (as discussed further below), and (ii) unsecured claims. The Chapter 11 Trustee's agreement to settle such claims is discussed in further detail in Section IV.C.6 hereto.

1. Client Assets

The Special 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

[25] 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.

[26] *See* Special Administrators' Second Report at 8.

18, 2012, the High Court approved the MFGUK asset distribution plan for the return of approximately £54m of client assets, largely comprised of shareholdings, some physically held securities, and LME commodities and warrants.[27] 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 estate claims are not part of the distribution plan and are dealt with separately below.

Furthermore, assets held at MFGI that are not currently under the control of the Special Administrators are classified as "Not Held Client Assets." The Special Administrators have requested that the SIPA Trustee return these Not Held Client Assets. As part of the MFGI-MFGUK Settlement Agreement, approximately $197 million of client assets (or $192 million net of expenses) will be returned to MFGI.

2. Client Monies

In relation to client monies, the Special 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 Special Administrators commenced making interim distributions on client money claims in February 2012. In the Special Administrators' Second Report, the Special 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 Special Administrators note that, as of November 23, 2012, 1,323 claims (including the claim filed by MFGI discussed at Section IV.C.5 below) have been submitted totaling $2.4 billion, which is inconsistent with MFGUK's classification of their accounts and their entitlement to client protection (which represents approximately 20% of all valid claims received). Of the 1,323 claims, 698 have been resolved, 331 have been issued with determinations, and 294 are subject to further review.[28]

The Special 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 Special 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).[29]

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 ruled that (a) client money pooling arrangements apply to client money in house accounts as well as in segregated accounts and (b) participation in the client money pool is not dependent on the segregation of client money. This has created uncertainty as to what money is to be treated as being part of the client money pool and which claimants are entitled to participate in the client money pool, and therefore, uncertainty as to the value of assets that constitute the unsecured estate and which claims are to be paid therefrom.

The Special Administrators have stated that as a result of the Lehman Ruling, they need to, and in fact have undertaken to, conduct (a) a detailed and thorough regulatory and legal analysis of certain clients' positions to establish if they had a claim in respect of client money that should have been segregated, and (b) 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 Special Administrators noted that the assistance of the High Court was likely to be needed to deal with these issues. The Special Administrators created a reserve on the assumption that the tracing

[27] *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.
[28] *See* Special Administrators' Second Report at 14, 21.
[29] *See* Special Administrators' Second Report at 19.

of funds could result in a determination that such funds were client money subject to segregation and, therefore, not available for distribution to holders of general estate claims against MFGUK.[30]

On May 3, 2012, the Special Administrators filed two applications for directions with the High Court. The first application (commonly referred to as the 30.7 Application) (a) 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 (b) seeks direction as to, among other things, (i) the legal basis on which such treasury bills were transferred to MFGUK and (ii) 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.[31]

On July 4, 2012, the Special Administrators filed their second application to the High Court (the "**RTM Application**"), which sought directions in relation to a claim made by MFGI 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 the Exchanges. As described in Section II.G.2 above, the MFGI RTMs 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 Special Administrators. The High Court ruled that MFGUK is the "non-Defaulting Party" under the GMRA, and, accordingly, is entitled to calculate the close out amount payable with respect to the RTM.[32] The SIPA Trustee has decided not to appeal the November 1, 2012 judgment.[33]

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

3. Non-Segregated Assets Available for General Estate Claims

The Special Administrators have recovered approximately £1.0 billion of non-segregated assets, with approximately £470 million in identified non-segregated assets outstanding as of October 30, 2012.[34]

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 Special Administrators and additionally released their security over a letter of credit provided by MFGUK in excess of £3.4 million.[35]

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 Debtors. KPMG's professional services and expenses through October 30, 2012 have totaled £53,550,173.[36]

[30] *See* Special Administrators' Second Report at 20.
[31] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/mf-global-30-7-application.aspx.
[32] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/MFGlobalUK-RTMApplication.aspx.
[33] *See* SIPA Trustee Second Interim Report at 16.
[34] *See* Special Administrators' Second Report at 27.
[35] *See* Special Administrators' Second Report at 31.
[36] *See* Special Administrators' Second Report at 36.

6. Expected Recovery

On January 8, 2013, the Special Administrators published a financial outcome range of potential returns for clients and creditors of MFGUK, updating the second estimated outcome published on October 31, 2012.[37] The range of estimated funds recovered is approximately $3.060 billion (previously $3.057 billion) to $3.188 billion (previously $3.215 billion). The range available for creditors is estimated at $2.113 billion (previously $2.110 billion) to $2.224 billion (previously $2.251 billion). The range of claims against these funds is approximately $2.363 billion (previously $2.717 billion) to $2.050 billion (previously $2.051 billion).[38] Accordingly, per KPMG's January 8, 2013 report, the range of recovery for general estate claims would be from 89.4% to 100%. However with regard to the low case and in the event the shortfall of the client money pool of $770 million is paid out of funds available for creditors on a priority basis, the cash available for creditors would be reduced to $1.343 billion and the remaining claims against these funds would be $1.593 billion resulting in a recovery of 84.3%. If the Special Administrators achieve the high side estimate of recovered funds ($2.224 billion) and the claims against these funds are resolved at the low side estimate ($2.050 billion), approximately $174 million will be available for distribution to holders of subordinated claims and/or to holders of general estate claims as interest on their claims.

The Special Administrators have Filed several claims against the Debtors in the total amount of approximately $1.88 million.[39]

S. MFGI–MFGUK Settlement Agreement

On December 21, 2012, the SIPA Trustee filed the 9019 Motion for approval of the MFGI-MFGUK Settlement Agreement between MFGI and the SIPA Trustee, on the one hand, and MFGUK and the Special Administrators, on the other hand, to resolve all claims by and between MFGI and MFGUK.[40] In addition, the Chapter 11 Trustee and the SIPA Trustee have resolved all of the Debtors' and MFGI's intercompany claims, with the exception of 10 commodity customer claims filed by Finance USA against MFGI, as detailed in the MFGI-Debtors Letter Agreement.

The Bankruptcy Court approved the MFGI-MFGUK Settlement Agreement at the hearing on January 31, 2013. Accordingly, all issues and disputes between MFGI and MFGUK are resolved, resulting in a net recovery by MFGI of several hundred million dollars, primarily for the benefit of MFGI's former commodities customers who traded on foreign exchanges. Once effective, the MFGI-MFGUK Settlement Agreement will resolve the disputes between the two estates, the value of which (according to the SIPA Trustee) exceeds $1 billion, 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 influx of approximately $230 million to the MFGI estate from MFGUK, with a further $60 million to follow shortly thereafter. The overall net recovery to the MFGI estate from MFGUK is estimated to be approximately $500 to $600 million (after taking into account an approximately $385 million offset). The MFGI-MFGUK Settlement Agreement also fixes the value

[37] The Special Administrators' updated recovery analysis includes the illustrative effect of the settlements but is conditional upon three factors: US Bankruptcy Court approval; the withdrawal of the Finance USA's claim, and the withdrawal of one financial institution's claim and return of funds to MFGUK. *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Advisory/illustrative-effect-of-us-settlement-final.pdf

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

[39] These claims are: Claim 1026 against MFG Capital in the amount of $178,860.47; Claim 1027 against FX Clear 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 Ltd. in the amount of $1,097,804.05 for a total of $1,884,131.18.

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

of MFGUK's claims against MFGI, which allows the SIPA Trustee to release millions of dollars currently being reserved by him for such claims.

IV. DEBTORS' SOURCES OF RECOVERY AGAINST AFFILIATES

A. Recoveries Against Other Debtors

As noted in Section III.M, the Bar Date Order is not applicable to Intercompany Claims. However, each of the Debtors has claims against the other Debtors as noted on the Schedules. ~~Included~~The first table immediately below is a summary of the intercompany accounts receivable information compiled by the Plan Proponents from the Schedules (the "**A/R**"). The second table is a summary of the intercompany accounts payable information compiled by the Plan Proponents from the Schedules (the "**A/P**").

	Filing Date (as of)	A/R from Holdings Ltd.	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 FX Clear	~~TOTAL~~Total
Holdings Ltd.	10/31/11	~~0~~	$22,191,192	~~0~~	~~0~~	$1,887,951,470	$76,806	~~1,910,219,468~~ $1,910,219,467
MFG Holdings USA	3/2/12	$53,955,293	~~0~~	$244,905	$249,102	$632,636	$317,380	~~55,399,316~~$55,399,317
MFG Capital	12/19/11	$499,840	~~0~~	~~0~~	~~0~~	~~0~~	$62,395	$562,235
MFG Market Services	12/19/11	$2,003,129	~~0~~	~~0~~	~~0~~	$20,000	$902	$2,024,031
Finance USA	10/31/11	~~0~~	$255,378,116	$33,708,572	$14,397,546	~~0~~	~~0~~	$303,484,234
FX Clear	12/19/11	$165,449	$451,748	$24,192	~~0~~	$6,149,611	~~0~~	$6,791,000
TOTAL	-	~~56,623,711~~$ 56,623,712	**$278,021,056**	~~33,977,669~~ $33,977,668	**$14,646,648**	~~1,894,753,717~~$1,894,753,718	**$457,483**	~~2,278,480,284~~ $2,278,480,285

~~After taking mutual setoffs into account, the net A/R between the Debtors is as follows:~~

-	Filing Date (as of)	A/P to Holdings Ltd.	A/P to MFG Holdings USA	A/P to MFG Capital	A/P to MFG Market Services	A/P to Finance USA	A/P to FX Clear	Total
Holdings Ltd.	10/31/11	-	$49,240,124	$498,530	$1,952,053	$1,020,891	$23,796	$52,735,394
MFG Holdings USA	3/2/12	$26,110,792	-	$6,762	$563	$259,422,800	$65	$285,540,982
MFG Capital	12/19/11	$2,345	$119,994	-		$33,708,571	$60,000	$33,890,911
MFG Market Services	12/19/11	$75,110	$105,693	-		$14,431,603	-	$14,612,407
Finance USA	10/31/11	$1,886,931,382	$291,667	-	$20,000	-	$6,149,611	$1,893,392,660
FX Clear	12/19/11	$238,424	$609,687	$26,581	$902	-	-	$875,594
TOTAL	-	**$1,913,358,054**	**$50,367,165**	**$531,873**	**$1,973,517**	**$308,583,865**	**$6,233,472**	**$2,281,047,946**

The following table represents a reconciliation of the A/R and A/P for each of the Debtors. Given the differing Petition Dates of the Debtors, the following methodology was utilized to arrive at the net receivables as between the Debtors: (i) for Intercompany Claims between any two Debtors with the same Petition Date (*i.e.*, Holdings Ltd. and Finance USA and, separately, the Unregulated Debtors amongst themselves), the relevant pre-petition A/R and A/P from the books and records of each Debtor as of its Petition Date were offset and averaged; and (ii) for Intercompany Claims between two Debtors with differing Petition Dates, the relevant pre-petition A/R and A/P from the books and records of the later-filed Debtor were offset.

	Filing Date (as of)	A/R from Holdings Ltd.	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 FX Clear	~~TOTAL~~Total
Holdings Ltd.	10/31/11	-	~~0~~-	~~0~~-	~~0~~-	~~1,887,951,470~~$1,886,930,980	~~0~~$72,974	~~1,887,951,470~~$1,887,003,955
MFG Holdings USA	3/2/12	~~31,764,101~~$27,844,501	~~0~~-	~~244,905~~$238,142	~~249,102~~$248,539	~~0~~-	~~0~~$317,316	~~32,258,108~~$28,648,498
MFG Capital	12/19/11	~~499,840~~$497,495	~~0~~-	~~0~~-	~~0~~-	~~0~~-	~~38,203~~$2,392	~~538,043~~$499,887
MFG Market Services	12/19/11	~~2,003,129~~$1,928,019	~~0~~-	~~0~~-	~~0~~-	~~0~~-	$902	~~2,004,031~~$1,928,921
Finance USA	10/31/11	~~0~~-	~~254,745,480~~$258,790,163	~~33,708,572~~$33,708,571	~~14,377,546~~$14,411,603	~~0~~-	~~0~~-	~~302,831,598~~$306,910,338
FX Clear	12/19/11	~~88,643~~-	~~134,368~~-	~~0~~-	~~0~~-	$6,149,611	~~-~~-	~~6,372,622~~$6,149,611
TOTAL	-	~~34,355,713~~$30,270,015	~~254,879,848~~$258,790,163	~~33,953,477~~$33,946,713	~~14,626,648~~$14,660,143	~~1,894,101,081~~$1,893,080,592	~~39,105~~$393,584	~~2,231,955,872~~$2,231,141,210

The Plan incorporates a settlement (the "**Interco Settlement**"), by and among all of the Debtors, which provides that: (i) the Intercompany Claims shall be Allowed as set forth in the immediately above table, without further reduction, setoff, or counterclaim of any kind; and (ii) entry of the Confirmation Order shall be deemed to be approval of the Interco Settlement such that no objection by any party in interest to any Intercompany Claim, as set forth herein, shall be cognizable on or after the Effective Date.

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

The Debtors and Non-debtor U.S. Subsidiaries (other than MFGI) have filed claims against or have certain interests in other MF Global Group Entities 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 insolvency proceeding such that the Debtors have not filed a formal claim, the Plan Proponents have referenced the accounts receivable figures included in the Schedules.

Source of Recovery	# of Claims	Amount	Reference
MFGI (Resolved Claims per MFGI-Debtors Letter Agreement)	58	Net $1,272,889,243 Allowed (customer and general creditor) $600,000,000 Allowed (subordinated general creditor)	See Sections IV.C, IV.C.4
MFGI/Third-party borrowers (Held-Open Chapter 11 Claims); Resolved since MFGI-Debtors Letter Agreement	3	$31,200,000	See Section IV.C
MFGI/Third-party borrowers (Held-Open Chapter 11 Claims per MFGI-Debtors Letter Agreement)	7	$5,700,000 Claimed	See Section IV.C
MFGUK	12	$29,872,977	See Section IV.D
UK Subsidiaries other than MFGUK	6	$352,259,714 Claimed	See Sections IV.E
Rest of the World	28	$31,093,743 Claimed	See Section IV.F
MF Global Group interests in Taiwan	N/A	$29,400,000	See Section IV.G
MF Global Group Entities not included above (Schedules)	N/A	$103,476,032 Claimed	See Section IV.H
	TOTAL	**$1,363,362,220 - $2,456,775,355**	

C. Claims Filed Against MFGI

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

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:

1. 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	FX Clear	$1,242.66 + unspecified amount	Allowed	$1,243	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

Claim No.	Submitted by	Filed Claim Amount	Resolution	Amount Allowed	Type of Claim Allowed
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 Ltd.	Unspecified amount	Denied	$0	
			TOTAL	**$59,980,458**	

2. 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 $43,581,188	Securities Customer Claim General Creditor 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 Creditor Claim
			TOTAL	**$122,350,024**	

3. Claims for General Creditor Property

Claim No.	Submitted by	Filed Claim Amount	Resolution	Amt Allowed (subject to setoff	Type of Claim Allowed
5489	Holdings Ltd.	$38,720,558.00	Allowed	$55,492,687	General Creditor Claim (only $48,712,140.49 after setoff of the allowed MFGI claim against Holdings Ltd.)
5486, 5488	MFG Holdings USA	$36,585,647.00 + unspecified amount	Allowed	$39,405,631	General Creditor Claim (only $33,656,292.42 after setoff of the allowed MFGI claim against MFG Holdings USA
5492, 5493	Finance USA	$991,496,127.00	Allowed	$991,496,127	General Creditor Claim (only $989,802,613.89 after setoff of the allowed MFGI claim against Finance USA)
5490	MFG Capital	$3,733,828.00	Allowed	$3,733,828	General Creditor Claim (only $3,044,660.15 after setoff of the allowed MFGI claim against MFG Capital)
5487	FX Clear	$398,448.00 + unspecified amount	Allowed	$398,448	General Creditor Claim (only $311,014.31 after setoff of the allowed MFGI claim against FX Clear)
5484	MF Global FX LLC	$29,300.00 + unspecified amount	Allowed	$29,300	General Creditor Claim
5485	MFGA	$2,740.00	Allowed	$2,740	General Creditor Claim
5486	MFG Holdings USA	$130,000,000.00	Allowed	$130,000,000	Subordinated General Creditor Claim
5491	Finance USA	$470,000,000.00	Allowed	$470,000,000	Subordinated General Creditor Claim
			TOTAL	**$1,690,558,761**	

The following ten (10) 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 Held 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. The Chapter 11 Trustee resolved three (3) of the ten Held Open Chapter 11 Claims, which resulted in former MFGI account holders assigning to Finance USA all or a portion of such account holder's claims against the MFGI estate and making initial payments totaling $9.6 million to Finance USA relating to margin loans totaling $31.2 million. The principal amount outstanding on the seven (7) unresolved claims totals approximately $5.7 million.

4. Claims Filed by MFGI against the Debtors

As described above in Section III.P.2, the SIPA Trustee, on behalf of MFGI, Filed Claims 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:

Claimant	Claim Filed Against	Class of Claim	Filed Claim Amount	Resolution	Amount Allowed[41]
MFGI	Holdings Ltd.	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	FX Clear	General Unsecured	$518,517	Allowed	$87,434
MFGI	MFG Holdings USA	General Unsecured	$34,095,894	Allowed	$5,749,339
			$89,121,319.00		**$15,000,000**

5. Claims Filed by MFGI against MFGUK[42]

Since MFGI is the largest creditor of MFGUK and the Debtors are the largest creditors of MFGI, creditors of the Debtors shall benefit indirectly from any recoveries by MFGI against MFGUK.

MFGI's claims against MFGUK arise on account of (a) MFGI'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, (b) the recovery of margin posted pursuant to the proprietary RTM transactions, and (c) the $175 million transfer of segregated funds transferred to MFGUK. MFGI conducted its trading on foreign exchanges (with the exception of Canadian exchanges) through MFGUK. Where MFGUK acted 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 the transfer of such margin by MFGI was, in actuality, MFGI acting on behalf of its underlying 30.7 Customers. As of October 31, 2011, according to the SIPA Trustee, MFGI's records showed that the value of the margin posted to MFGUK 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 Special 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 Special Administrators. These client claims totaled approximately $910 million, which included (a) approximately $640 million in property that should have been secured for former 30.7 Customers (the 30.7 Funds described in Section III.R.2) and (b) 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 estate claim for, among other things, margin posted by MFGI to support the RTM trades. These general estate claims total approximately $462.8 million.[43]

On June 18, 2012, the Special Administrators filed an application with the High Court seeking directions as to whether 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**"): (a) by reference to the market value or any mark-to-market value as at the PPE; or (b) 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

[41] These Allowed amounts have been offset against the Debtors' allowed claims against MFGI. The Debtors' net allowed claims against MFGI are reflected in the chart in Section IV.C.3 above.
[42] Except as otherwise specifically noted, all information contained in Section IV.C.5 has been taken from SIPA Trustee First Interim Report at 156-60.
[43] *See also* MFGI-MFGUK Settlement Agreement ¶ 16.

prepared on the basis of values as at October 31, 2011, 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 was handed down on January 29, 2013 finding that the hindsight principle is not applicable to the determination of claims to client money for the purposes of a distribution under CASS 7A.

The MFGI-MFGUK Settlement Agreement described in Section III.S above brings final resolution to all of the claims filed by MFGI against MFGUK and obviates ongoing litigation. Specifically, the Special Administrators have agreed to accept: (a) the full value ($639,918,174) of all claims in respect of the 30.7 Funds, with a portion (approximately $192 million net of expenses) being returned as a client asset, and the balance being accepted as a general estate claim; (b) the $175 million wire transfer claim in full as a general estate claim; (c) the MFGI client money claim of $82 million, after the decision in the Hindsight Proceeding (previously estimated at $54 million if the hindsight principle would have been applicable); and (d) a closeout valuation for the RTM Application claim.[44]

6. Claims Filed by MFGUK against MFGI[45]

The Special Administrators, on behalf of MFGUK, filed customer claims against MFGI as follows: (a) approximately $258 million in commodities claims (the "**MFGUK 4(d) Commodities Claim**" and "**MFGUK 30.7 Commodities Claim**") and (b) $147 million in securities claims (the "**MFGUK Securities Claim**" and "**MFGUK DTC Box 7423 Claim**"). The Special Administrators also filed a general creditor claim for approximately $5 million.

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

D. Claims Filed against MFGUK

The Debtors filed claims against MFGUK, which are detailed in the chart below. These claims include $293 million claims filed by each of Finance USA and Holdings Ltd. for advances made to MFGI that were subsequently transferred to MFGUK, and which the Chapter 11 Trustee determined might be recoverable by Finance USA or Holdings Ltd.

The Unregulated Debtors' activities with MFGUK primarily were related to foreign exchange and derivative product trading governed by ISDA Master Agreements. After the Initial Debtors' Petition Date, these agreements were terminated and the Chapter 11 Trustee worked with MFGUK to calculate the respective obligations under the terminated agreements.

On January 6, 2012, Finance USA submitted a creditor claim for an amount of between approximately £77.8 to £151.2 million. On January 9, 2012, the Special 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 (the "**Finance USA Application**") to the High Court under Rule 157(1) of The Investment Bank Special Administration Rules, to reverse the decision of the Special 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,

[44] *See* MFGI-MFGUK Settlement Agreement ¶¶ 21, 23, 39.
[45] See 9019 Motion; *In re MF Global Inc.*, No. 11-02790-mg (Bankr. S.D.N.Y.) (SIPA Proceeding ECF No. 5168).

2012. After additional briefing, a further directions hearing occurred on January 14, 2013 and a timetable was fixed for a trial commencing October 28, 2013, beginning with a six week stay.[46]

MF Global Intellectual Properties Kft ("**MFG IP**"), a Hungarian subsidiary wholly-owned by Holdings Ltd., also filed a claim against MFGUK.

Per the terms of the MFGI-Debtors Letter Agreement, the Chapter 11 Trustee has agreed to withdraw the Finance USA Application, subject to satisfaction of certain conditions by the Special Administrators.[47] The Plan Proponents have assumed that all allowed claims will be paid in full. Accordingly, the Plan Proponents have factored in an additional approximately $30 million recovery from the MFGUK claims as noted below.

[46] *See* http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/mf-global-finance-usa-application.aspx. *See also* Special Administrators' Second Report at 9, 33.
[47] MFGI-Debtors Letter Agreement at 6.

Various Claims Against MFGUK[48]

Claimant	Class of Claim	Filed Claim Amount	Allowed Amount Pursuant to Resolution with Special Administrators
Holdings Ltd.	Administrative	$2,952,931	$2,952,931
Holdings Ltd.	Administrative	$327,301	$327,301
Holdings Ltd.	General Estate	$13,533,352	$3,897,761
Holdings Ltd.	General Estate	$293,000,000^	$0.00
MFG Holdings USA	General Estate	$277,804	$460,849
Finance USA	General Estate	$293,000,000^	$0.00
Finance USA	Client Asset/General Estate	$124,480,000 - $241,920,000+ (or £77.8 - £151.2 million)	$0.00
MFG Capital	General Estate	$4,979,060	$4,800,199
FX Clear	General Estate	$17,099,086	$17,275,284
MFG IP*	General Estate	$770,966	$0.00
Holdings Overseas*	General Estate	$1,410,172	($18,301)
Holdings Europe*	General Estate	$176,953	$176,953
	TOTAL	**$459,007,625 - $576,447,625**	**$29,872,977**

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

^ Each of the claims filed by Holdings Ltd. and Finance USA were filed to protect potential claims for the recovery of funds loaned by Holdings Ltd. 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 Special Administrators and is currently the subject of appeal.

E. Claims against Other UK Subsidiaries

Potentially the most significant asset of MFG Finance Europe is the $250 million claim against MFGUK described in Section II.H above. The Special Administrators, however, have stated in their reports that the terms of the loan provide for subordination of all payments under the loan. According to the Special Administrators, MFG Finance Europe's claim for the unpaid loan amount ranks behind general estate claims against MFGUK. Thus, to the extent MFGUK has value in excess of the claims of its non-subordinated holders of general estate claims, such surplus should be available as a recovery to MFG Finance Europe on account of its $250 million subordinated loan claim. Approximately $174 million may be available for distribution to holders of subordinated claims and/or to holders of general estate claims as interest on their claims. Because of this uncertainty, the Plan Proponents have assumed no recovery at the low end and a $174 million recovery at the high end of the range on account of this claim that will ultimately inure to the benefit of the Holdings Ltd. Estate.

1. Claims Filed against MF Global Group UK Subsidiaries[49]

Holdings Ltd. and various Non-debtor Foreign Subsidiaries have filed general unsecured claims against Finance Europe and MFG Overseas as detailed in the table below.

Claimant	Claim Filed Against	Class of Claim	Amount
Holdings Ltd.	MFG Finance Europe	General Unsecured	$34,213,777

[48] 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 MFGUK's special administration date. The relevant exchange rate on October 31, 2011 was $1.6141/£.

[49] 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 October 31, 2011 was $1.6141/£.

Holdings Overseas*	MFG Finance Europe	General Unsecured	$299,034,113
Holdings Europe*	MFG Finance Europe	General Unsecured	$13,183,016
Holdings Ltd.	MFG Overseas	General Unsecured	$87,500
Holdings Overseas*	MFG Overseas	General Unsecured	$5,713,600
MF Global Clearing Services Limited*	MFG Overseas	General Unsecured	$27,708
		TOTAL	**$352,259,714**

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

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

Holdings Ltd., by virtue of its direct claims and the claims of Non-debtor Foreign. Subsidiaries, controls all three seats on the creditors' committees 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 is seeking to develop a strategy for interim distributions with the Administrators, which are likely to be made by the Special Administrators pursuant to paragraph 65(1) of Schedule B1 to the Insolvency Act 1986. The Chapter 11 Trustee 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 Certain MF Global Group Entities in the Rest of the World

Included below is a summary of the claims asserted by the Debtors and Affiliates under the control of the Chapter 11 Trustee against the Non-debtor Foreign Subsidiaries.[50] For a description of each of MF Global Group entities noted below, please refer to the Freeh Interim Report.

Claimant	Claim Filed Against	Jurisdiction	Filed Claim Amount	Allowed Claim (To Date)	Distributions To Date
Holdings Ltd.	MF Global Australia Limited	Australia	$726,226	TBD	
Holdings Ltd.	MF Global Securities Australia	Australia	$139,628	$138,952	$148,362.50
MFG Holdings USA	MF Global Australia Limited	Australia	$523,138	TBD	
MFG Holdings USA	MF Global Securities Australia	Australia	$919	$919	$981.11
Sub-Total Australia			**$1,389,905**	**$139,871**	**$149,344^**
Holdings Ltd.	MF Global Canada Co.	Canada	$676,049	$0	$0
MFG Holdings USA	MF Global Canada Co.	Canada	$396,916	$0	$0
MFG IP*	MF Global Canada Co.	Canada	$21,676	$0	$0
MFG Capital	MF Global Canada Co.	Canada	$94,832	$0	$0
FX Clear	MF Global Canada Co.	Canada	$26,627	$0	$0
Sub-Total Canada			**$1,216,100**	**$0**	**$0**
Holdings Ltd.	MF Global Holdings HK Limited	Hong Kong	$114,902	TBD	$0
Holdings Ltd.	MF Global Hong Kong Limited	Hong Kong	$403,525	TBD	$0

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

Claimant	Claim Filed Against	Jurisdiction	Filed Claim Amount	Allowed Claim (To Date)	Distributions To Date
MFG Holdings USA	MF Global Holdings HK Limited	Hong Kong	$408,716	TBD	$0
MFG Holdings USA	MF Global Hong Kong Limited	Hong Kong	$253,822	TBD	$0
Sub-Total Hong Kong			**$1,180,965**	**$0**	**$0**
Holdings Ltd.	MF Global FXA Securities Limited	Japan	$227,065	$211,292	$211,292
MFG Holdings USA	MF Global FXA Securities Limited	Japan	$470,219	$470,219	$470,219
MFG Capital	MF Global FXA Securities Limited	Japan	$6,644	$4,766	$4,766
MFG IP*	MF Global FXA Securities Limited	Japan	$35,849	$35,307	$35,307
Sub-Total Japan			**$739,877**	**$721,584+**	**$721,584++**
MFG Holdings USA	MF Global Singapore Pte. Limited	Singapore	$1,272,214	TBD	$0
Finance USA	MF Global Singapore Pte. Limited	Singapore	$25,000,000	$25,000,000	$3,750,000
MFG IP*	MF Global Singapore Pte. Limited	Singapore	$294,776	TBD	$0
Sub-Total Singapore			**$26,566,214**	**$25,000,000**	**$3,750,000**
		TOTAL	**$31,093,743**	**$25,861,455**	**$4,620,928**

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

^ Distribution amounts from MF Global Securities Australia includes interest at statutory rate of 8 percent. In addition, MFG Overseas has realized approximately $5.8 million on account of its equity interest in MF Global Securities Australia.

\+ Allowed amounts for MF Global FXA Securities Limited is net of claims against the Debtors.

++ In addition to claims distributions, MFG Overseas has received approximately $1.5 million in equity distributions to date and may realize up to an additional $1.8 million on account of its equity interest.

G. MF Global Group's Interests in Taiwan

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 Ltd. has a 67% direct ownership interest, and Yuanta Futures Co., Limited f/k/a Polaris MF Global Futures Co., Limited ("**Yuanta**"), a publicly traded Taiwanese B/D that is 11% owned by MFG Overseas.[51]

MFG FTE is a regulated entity and 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, owed approximately $7.2 million in margin to MFG FTE. MFG Singapore also acted as broker to Yuanta and owes Yuanta approximately $24 million in margin. Pursuant to a court order restricting repayment of segregated funds to affiliates, payment of margin to MFG FTE and Yuanta 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 Yuanta. An interim distribution was made by MFG Singapore and as such (and following the merger of Yuanta and Polaris which has effectively increased the debt owed to Yuanta), there is a total of $27.1 million still owed to Taiwan customers, out of which $8.9 million is owed to Yuanta. 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 at TWD32.70 per share as of January 25, 2013, valuing MFG Overseas' stake at approximately $29.4 million.[52] 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

[51] 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.

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

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. Scheduled Accounts Receivable

MF Global Group Entities listed below are not currently in any administration or liquidation proceeding. The Debtors have intercompany claims against these MF Global Group Entities, as reflected below, and on the Debtors' A/R ledger Filed as part of the Schedules (Schedule B16).

Entity Name	Jurisdiction	MFG Holdings USA	Finance USA	Holdings Ltd.	FX Clear
MF Global (Switzerland) Limited	Switzerland	$2,046.93			
MF Global Clearing Services Limited[53]	Ireland	$4,817.00		$136.66	
MF Global Sify Securities India Pvt Limited	India	$45,110.39*		$695,196.50*	
MF Global India Pvt Ltd.	India			$51,246.57*	
MF Global Commodities India Pvt Limited	India			$4,337.25*	
MF Global Middle East DMCC	United Arab Emirates	$2,652.64*		$20,046.53*	$13,949.90*
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		
MF Global Mauritius Pvt Ltd	Mauritius			$55,443.81^	
MFGA	Bermuda	$51,226.86			
	TOTAL	**$402,500**	**$32,924,493**	**$71,018,736**	**$13,949.90***
	GRAND TOTAL				**$104,359,678**

* The Administrators sold MFG Overseas' interests in India in August 2012 and realized $20.4 million in proceeds. The Chapter 11 Trustee continues collection efforts on account of pre-sale receivables owed to the Debtors.

^ MFG Overseas has collected $800,000 to date from MF Global Mauritius Pvt Ltd.

V. OTHER POTENTIAL SOURCES OF RECOVERY

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

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

B. Recovery of Tax Refunds

On November 19, 2011, MFG Holdings USA filed a federal tax refund claim for approximately $21 million based on carryback of a net operating loss ("**NOL**"), which amount was received in December 2012. MFG Holdings USA anticipates receiving an additional $3 million in interest payable on this refund. Holdings Ltd. believes that it is owed approximately $34 million in additional federal tax refunds.

On July 27, 2012, the Chapter 11 Trustee, on behalf of MFG Holdings USA, and the SIPA Trustee jointly filed a protective claim for a refund of telecommunications excise taxes 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

[53] MF Global Clearing Services Limited is dormant and it is anticipated that no value will be realized upon its dissolution.

11, 2012, the Internal Revenue Service ("**IRS**") issued a document request seeking additional information regarding the claim. The Chapter 11 Trustee's and the SIPA Trustee's professionals and Tax Projects Group, LLP are working together on providing the requested information and resolving the refund claim.

C. Sale of *De Minimis* Assets

On March 22, 2012, the Chapter 11 Trustee Filed a motion for entry of an order, pursuant to §§ 105, 363 and 365 of the Bankruptcy Code, 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 these 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 former customers of MFGI (the "**Customer Plaintiffs**"), former employees of MF Global Group and ~~shareholders of~~investors in the publicly traded debt and equity securities issued by Holdings Ltd. (the "**Securities Plaintiffs**"), have commenced litigation in multiple districts throughout the United States. ~~A~~On April 23, 2012, the U.S. Judicial Panel on Multidistrict Litigation resolved a motion to consolidate and transfer a significant number of the actions filed by the Customer Plaintiffs ~~have been consolidated in~~and Securities Plaintiffs to the Southern District of New York ~~and are~~, pending as part of *Joseph ~~Deangelis~~DeAngelis v. Jon Corzine*, Case No. 1:11-07866 (the "**MDL Litigation**").

The complaint filed by the Customer Plaintiffs in the MDL Litigation, as amended, asserts violations of the Commodity Exchange Act, breaches of fiduciary duty, and negligence, among other causes of action, against: (a) several former directors and officers of MFGI, Holdings Ltd. and Finance USA; (b) PricewaterhouseCoopers LLP ("**PwC**"), MF Global Group's independent auditor, and (c) the CME Group. Customer Plaintiffs' counsel is pursuing claims against the CME Group on behalf of the class, and not on behalf of the SIPA Trustee or MFGI.

Instead of filing independent actions, the SIPA Trustee entered into a cooperation and assignment agreement (the "**Assignment Agreement**") with Customer Plaintiffs' counsel, which was approved by the Bankruptcy Court and the District Court (SIPA Proceeding ECF No. 3581). Pursuant to the Assignment Agreement, the SIPA Trustee assigned MFGI's potential claims against MFGI's officers and directors, and PwC. The SIPA Trustee did not assign claims against the CME Group or Entities other than former directors and officers and PwC to Customer Plaintiffs' counsel. To the extent the customers of MFGI are paid in full, any recoveries from the MDL Litigation ~~will~~may become property of the MFGI general creditor estate; however this event has not arisen and may not occur. Since the Debtors are the largest creditors of the MFGI general creditor estate, creditors of the Debtors will benefit indirectly from any recoveries by MFGI as a result of the MDL Litigation.

On August 20, 2012, the Virginia Retirement System and Her Majesty the Queen in Right of Alberta, as Court-appointed Lead Plaintiffs pursuant to the Private Securities Litigation Reform Act of 1995, filed a Consolidated Amended Securities Class Action Complaint in *In re MF Global Holdings Ltd. Securities Litigation* pending as part of the MDL Litigation, on behalf of a class of all persons and entities who purchased or otherwise acquired Holdings Ltd.'s publicly traded debt and equity securities between May 20, 2010 and November 21, 2011, and were damaged thereby (the "**Securities Litigation**").

The Consolidated Amended Securities Class Action Complaint filed in the Securities Litigation asserts violations of the federal securities laws, including Sections 10(b) and 20(a) of the Securities Exchange Act of 1934,

and Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, against: (a) several former directors and officers of Holdings Ltd.; and (b) the underwriters of Holdings Ltd.'s public securities offerings in 2010 and 2011. The Securities Plaintiffs seek to recover for the harm suffered as a result of the misconduct alleged in the Consolidated Amended Securities Class Action Complaint from the D&O Policies referred to in Section II.F.2, among other sources of recovery. In order to participate in any potential recoveries obtained in the Securities Litigation, class members will be required to submit a proof of claim form in the Securities Litigation.

Pursuant to § 1106(a)(3) of the Bankruptcy Code, the Chapter 11 Trustee is conducting an investigation into, among other things, the Property of the Estate of each Debtor. The investigation's focus is on potential Causes of Action against, among others, directors and officers, agents, and professionals of the Debtors. 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 statute of limitations on any such claims expires on 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, nor does it consolidate the Debtors with any of their Affiliates.

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/disclosure.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, (a) estimates of the amounts of Allowed Claims in such Classes, (b) the relative priorities of such Allowed Claims, and (c) the estimates of value of the Property of the Estate of each Debtor. 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 Chapter 11 Trustee 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, a Creditor Co-Proponents Fee/Expense Claim or an Indenture Trustee Fee/Expense Claim), in full satisfaction of such Allowed Administrative Claim, shall receive Cash in an amount equal to 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 Claim, without any further action by the Holders of such Allowed Administrative Claim; (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.

b. 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 other Allowed Claims and Allowed Interests.

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 Effective Date, and shall deliver such estimate to counsel for the respective Plan Proponents no later than five (5) days prior to the commencement of the Confirmation Hearing; provided, however, 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.

c. Creditor Co-Proponents Fee/Expense Claims

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

~~On~~At least ten (10) days prior to the Effective Date ~~or as soon as practicable thereafter, the Plan Administrator shall reserve Cash in an amount equal to~~, the Creditor Co-Proponents shall submit its invoices for the Creditor Co-Proponents Fee ~~Reserve Amount. The~~/Expense Claims through the Effective Date (including any estimated fees and expenses) to the Chapter 11 Trustee and the United States Trustee. Such invoices shall include

copies of the individual time records as recorded by the Creditor Co-Proponents' professionals (but such time records shall not be subject to the guidelines promulgated by the Bankruptcy Court and the United States Trustee for professionals). Unless the Chapter 11 Trustee or United States Trustee objects to any requested Creditor Co-Proponents Fee/Expense ~~Claims~~Claim as set forth below, such claim 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 in Section II.A.4 of the Plan. For the sake of clarity~~in full on the Effective Date or soon as practicable thereafter. As of January 31, 2013, the Creditor Co-Proponents Fee/Expense Claims ~~shall not be considered a Class 3A, 3B, 4A, 4B, or 5A Claim. When all Allowed Creditor Co-Proponents 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 and Allowed Interests.~~ are estimated at $1.6 million.

~~No later than forty-five (45) days after the Effective Date, the~~If either the Chapter 11 Trustee or the United States Trustee disputes any requested Creditor Co-Proponents ~~shall submit to~~Fee/Expense Claim set forth in the invoices as unreasonable, the Plan Administrator ~~and the U.S. Trustee reasonably detailed statements~~(i) shall pay the undisputed portion of the Creditor Co-Proponents 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~~Claim on the Effective Date, and (ii) shall notify the Creditor Co-Proponents of such dispute within ~~thirty~~ten (~~30~~10) 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~~after the presentation of an invoice by the Creditor Co-Proponents. If the parties ~~shall~~ attempt in good faith to resolve any such dispute~~. If the applicable parties~~ and are unable ~~to resolve the dispute, any such party may~~, within fifteen (15) days after ~~disputing the reasonableness of any such amounts, seek review~~the notification of the dispute, the Creditor Co-Proponents may submit such dispute for resolution to the Bankruptcy Court; provided, however, that the Bankruptcy Court's review shall be limited to a determination of the reasonableness of ~~the disputed amounts by the Bankruptcy Court pursuant to~~such fees under § 1129(a)(4) of the Bankruptcy Code~~, and the undisputed amounts shall be paid without delay~~.

The Creditor Co-Proponents shall provide the Chapter 11 Trustee and the United States Trustee with an estimate of the Creditor Co-Proponents Fee/Expense Claims ~~seven~~fourteen (~~7~~14) days prior to the anticipated Effective Date, which amount shall be the Creditor Co-Proponents Fee Reserve Amount; provided, however, that such estimates shall be used solely for administrative purposes ~~and~~, shall not be binding on the Creditor Co-Proponents and shall not in any way limit, cap, or reduce the amount of the Creditor Co-Proponents Fee/Expense Claims.

~~d. Indenture Trustee Fee/Expense Claims~~

~~The Plan Administrator shall provide reimbursement for the Indenture Trustee Fee/Expense Claims in accordance with the procedures set forth in Section II.A.4 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 ~~Indenture Trustee~~Creditor Co-Proponents Fee Reserve Amount~~. The Indenture Trustee Fee/Expense Claims incurred prior to~~, less any amounts paid on the Effective Date ~~shall be paid in Cash by the Plan Administrator from funds held in reserve within ten (10) days of the presentation of an invoice for an Indenture Trustee Fee/Expense Claims by the Indenture Trustee and without the need for application to or approval by any court~~to the Creditor Co-Proponents in respect of the Creditor Co-Proponents Fee/Expense Claim.

For the sake of clarity, the ~~Indenture Trustee~~Creditor Co-Proponents Fee/Expense Claims shall not be considered a Class 3A, 3B, 5A, 5B, or 6A Claim. Once all Creditor Co-Proponents Fee/Expense Claims are paid in full in Cash, amounts remaining in reserve, if any, shall irrevocably revert to Holdings Ltd. as Available Cash for Distributions to the Holders of Allowed Claims.

~~Any~~d. Indenture Trustee Fee/Expense Claims ~~incurred by the Indenture Trustee after the Effective Date for services related to distributions pursuant to the Plan, including but not limited to reasonable fees costs and expenses incurred by the Indenture Trustee's professionals in carrying out the Indenture Trustee's duties as provided for in the applicable Indenture, shall be paid in Cash by the Plan Administrator out of the amounts held in reserve within ten (10) days of the presentation of an invoice by the Indenture Trustee and without the need for any application to or approval of any court.~~

The Plan Administrator shall provide reimbursement for the Indenture Trustee Fee/Expense Claims in accordance with the procedures set forth in Section II.A.4 of the Plan.

~~The~~At least ten (10) days prior to the Effective Date, the Indenture Trustee shall submit its invoices for the Indenture Trustee Fee/Expense Claims ~~shall include descriptions of services provided in summary form without~~through the Effective Date (including any estimated fees and expenses) to the Chapter 11 Trustee, the Committee and the United States Trustee (the "**Receiving Parties**"). Such invoices shall include copies of the individual time records~~.~~ as recorded by the Indenture Trustee's professionals (but such time records shall not be subject to the guidelines promulgated by the Bankruptcy Court and the United States Trustee for professionals). Unless any of the Receiving Parties objects to any requested Indenture Trustee Fee/Expense Claim as set forth below, such claim shall be paid in full on the Effective Date or as soon as practicable thereafter. As of January 31, 2013, the Indenture Trustee Fee/Expense Claims are estimated at $900,000.

If ~~the Plan Administrator~~any of the Receiving Parties disputes any requested Indenture Trustee Fee/Expense ~~Claims~~Claim set forth in the invoices as unreasonable, the Plan Administrator (i) shall pay the undisputed portion of the Indenture Trustee Fee/Expense ~~Claims as provided for in Section II.A.4 of the Plan~~Claim on the Effective Date, and (ii) shall notify the Indenture Trustee of such dispute within ten (10) days after the presentation of ~~such~~an invoice by the Indenture Trustee. Upon such notification, the Indenture Trustee may (i) ~~shall~~ assert the Indenture Trustee Charging Lien to pay the ~~disputed~~undisputed and unpaid portion of the Indenture Trustee Fee/Expense ~~Claims~~Claim, and/or (ii) after the parties have attempted in good faith to resolve any such dispute, within fifteen (15) days after the notification of the dispute, may submit such dispute for resolution to the Bankruptcy Court; provided, however, that the Bankruptcy Court's review shall be limited to a determination ~~under the reasonable standard in accordance with~~of the reasonableness of such fees under § 1129(a)(4) of the Bankruptcy Code and under the applicable Indenture. Nothing herein shall be deemed to impair, waive, discharge, or negatively affect any Indenture Trustee Charging Lien for any fees, costs and expenses not paid by the Plan Administrator and otherwise claimed by the Indenture Trustee pursuant to the procedures set forth in Section II.A.4 of the Plan. ~~Once all Indenture Trustee Fee/Expense Claims are paid in full in Cash, amounts remaining in reserve, if any, shall irrevocably revert to Holdings Ltd. as Available Cash for Distributions to the Holders of Allowed Claims and Allowed Interests, and the Indenture Trustee shall have released the Indenture Trustee Charging Lien and its priority rights for its fees, costs and expenses under the Indentures.~~

The Indenture Trustee shall provide the Chapter 11 Trustee and the United States Trustee with an estimate of the Indenture Trustee's Fee/Expense Claims ~~seven~~fourteen (~~7~~14) days prior to the anticipated Effective Date, which amount shall be the Indenture Trustee Fee Reserve Amount; provided, however, that such estimates shall be used solely for administrative purposes, shall not be binding on the Indenture Trustee and shall not in any way limit, cap, or reduce the amount of the Indenture Trustee Fee/Expense Claims.

On the Effective Date or as soon as practicable thereafter, the Plan Administrator shall reserve Cash in an amount equal to the Indenture Trustee Fee Reserve Amount, less any amounts paid on the Effective Date to the Indenture Trustee in respect of the Indenture Trustee Fee/Expense Claim.

Any Indenture Trustee Fee/Expense Claim incurred by the Indenture Trustee after the Effective Date for services related to distributions pursuant to the Plan, including but not limited to reasonable fees costs and expenses incurred by the Indenture Trustee's professionals in carrying out the Indenture Trustee's duties as provided for in the applicable Indenture, shall be paid in Cash by the Plan Administrator out of the amounts held in reserve within ten

(10) days of the presentation of an invoice by the Indenture Trustee and without the need for any application to or approval of any court.

Once all Indenture Trustee Fee/Expense Claims are paid in full in Cash, amounts remaining in reserve, if any, shall irrevocably revert to Holdings Ltd. as Available Cash for Distributions to the Holders of Allowed Claims and the Indenture Trustee shall have released the Indenture Trustee Charging Lien under the Indentures.

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 such Allowed 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 Section II.B of the Plan 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 ~~5~~6A, ~~5~~6B, ~~5~~6C, ~~5~~6D, ~~5~~6E or ~~5~~6F, as applicable; provided, however, that any such Claim or demand for any such penalty within the meaning of § 726(a)(4) of the Bankruptcy Code shall be subject to treatment in Class ~~6~~7A, ~~6~~7B, ~~6~~7C, ~~6~~7D, ~~6~~7E or ~~6~~7F. The Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Plan Administrator, the Debtors or their Estates (other than as a Holder of a General Unsecured Claim).

D. Treatment of Claims Against and Interests in the Debtors

1. Priority Non-Tax Claims (Classes 1A through 1F)

(a) Classification: Classes 1A, 1B, 1C, 1D, 1E and 1F consist of all Priority Non-Tax Claims against the respective Debtors.

(b) Treatment: Each Holder of an Allowed Class 1A, 1B, 1C, 1D, 1E and 1F Priority Non-Tax Claim, in full satisfaction of such Allowed Claim, shall be paid in full in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) thirty (30) days after the date on which such Claim becomes Allowed, unless such Holder agrees to a different treatment of such Claim (including, without limitation, any different treatment that may be provided for in the documentation governing such Claim or in a prior agreement with such Holder) or has been paid by or on behalf of the applicable Debtor on account of such Claim prior to the Effective Date.

(c) Impairment and Voting: Classes 1A, 1B, 1C, 1D, 1E and 1F are Unimpaired. Holders of the Allowed Class 1A, 1B, 1C, 1D, 1E and 1F Claims shall be conclusively presumed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

2. Secured Claims (Class 2A, 2B, 2C, 2D, 2E and 2F)

(a) Classification: Classes 2A, 2B, 2C, 2D, 2E and 2F consist of all Secured Claims against the respective Debtors.

(b) Treatment: Each Holder of an Allowed Class 2A, 2B, 2C, 2D, 2E and 2F Secured Claim, in full satisfaction of such Allowed Claim, shall receive one of the

following alternative treatments, at the option of the Plan Administrator: (i) payment in full in Cash on or as soon as reasonably practicable after the later of (x) the Effective Date, (y) thirty (30) days after the Claim becomes Allowed, and (z) the date the Claim becomes due and payable by the terms of the applicable agreement; (ii) the return of the collateral securing such Claim; (iii) the treatment described in § 1124(2) of the Bankruptcy Code; or (iv) such other recovery necessary to satisfy § 1129 of the Bankruptcy Code. To the extent that the value of the collateral securing each Allowed Class 2A, 2B, 2C, 2D, 2E and 2F Secured Claim is less than the amount of such Claim, the undersecured portion of such Claim shall be treated for all purposes under the Plan as a Class 5A, 5B, 5C, 5D, 5E and 5F General Unsecured Claim (as applicable) and shall be classified as such. In the event an Allowed Secured Claim in Class 2A, 2B, 2C, 2D, 2E or 2F is treated under clause (ii) or (iii) immediately above, the Liens securing such Claim shall be deemed released on the Effective Date and extinguished without further order of the Bankruptcy Court.

(c) Impairment and Voting: Classes 2A, 2B, 2C, 2D, 2E and 2F are Unimpaired. Holders of Allowed Class 2A, 2B, 2C, 2D, 2E and 2F Claims shall be conclusively deemed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

3. JPMorgan Secured Setoff Claim Against Holdings Ltd. (Class 3A)

(a) Classification: Class 3A consists of the JPMorgan Secured Setoff Claim Filed against Holdings Ltd.

(b) Allowance: The Class 3A JPMorgan Secured Setoff Claim shall be Allowed in the amount of $476,261.00 as of January 10, 2013 or such lesser amount to the extent Holdings Ltd. repays any portion thereof prior to the Effective Date.

(c) Treatment: Except to the extent that the Holder of the Allowed Class 3A JPMorgan Secured Setoff Claim agrees to a less favorable treatment on account of such Allowed Claim, the Holder of the Allowed JPMorgan Secured Setoff Claim shall be paid by the Plan Administrator in full in Cash (i) on the Effective Date or as soon as practicable thereafter or (ii) if such funds are not available on the Effective Date, on the next Distribution Date on which such funds are available.

(d) Impairment and Voting: Class 3A is Impaired. The Holder of the Allowed Class 3A JPMorgan Secured Setoff Claim is entitled to vote to accept or reject the Plan.

4. JPMorgan Secured Setoff Claim Against Finance USA (Class 3B)

(a) Classification: Class 3B consists of the JPMorgan Secured Setoff Claim Filed against Finance USA.

(b) Allowance: The Class 3B JPMorgan Secured Setoff Claim shall be Allowed in the amount of $7,327,247 as of January 10, 2013 or such lesser amount to the extent Finance USA repays any portion thereof prior to the Effective Date.

(c) Treatment: Except to the extent that the Holder of the Allowed Class 3B JPMorgan Secured Setoff Claim agrees to a less favorable treatment on account of such Allowed Claim, the Holder of the Allowed JPMorgan Secured Setoff Claim shall be paid by the Plan Administrator in full in Cash (i) on the Effective Date or as soon as practicable thereafter or (ii) if such funds are not available on the Effective Date, on the next Distribution Date on which such funds are available.

(d) Impairment and Voting: Class 3B is Impaired. The Holder of the Allowed Class 3B JPMorgan Secured Setoff Claim is entitled to vote to accept or reject the Plan.

5. Convenience Claims (Class 4A, 4B, 4F)

(a) Classification: Classes 4A, 4B and 4F consist of all Convenience Claims.

(b) Treatment: Each Holder of an Allowed Class 4A Convenience Claim against Holdings Ltd. shall be paid in Cash in an amount equal to 45% of the amount of such Allowed Claim on or as reasonably practicable after the later of (i) the Effective Date or (ii) thirty (30) days after the date on which such Claim becomes Allowed. Each Holder of an Allowed Class 4B Convenience Claim against Finance USA or Class 4F Convenience Claim against MFG Holdings USA shall be paid in Cash in an amount equal to 37.5% of the amount of such Allowed Claim on or as reasonably practicable after the later of (i) the Effective Date or (ii) thirty (30) days after the date on which such Claim becomes Allowed. For specific risk factors regarding the treatment of Class 4 Convenience Claims, see Section XV.B.

(c) **Election Rights: Each Holder of a Class 4A, 4B or 4F Convenience Claim may elect to have such Claim treated as an Allowed Class 6A, 6B or 6F General Unsecured Claim against Holdings Ltd., Finance USA or MFG Holdings USA, as applicable. Any such election must be made on the Ballot, and, except as may be agreed to by the Plan Proponents, no Holder of a Class 4A, 4B or 4F Convenience Claim can elect treatment as a Class 6A, 6B or 6F General Unsecured Claim after the Voting Deadline.**

(d) Impairment and Voting: Classes 4A, 4B, and 4F are Impaired. Each Holder of an Allowed Class 4A, 4B or 4F Convenience Claim is entitled to vote to accept or reject the Plan.

~~5~~6. **Liquidity Facility Unsecured ~~Claim~~Claims Against Holdings Ltd. (Class ~~4~~5A)**

(a) Classification: Class ~~4~~5A consists of ~~the~~all Liquidity Facility Unsecured ~~Claim~~Claims Filed against Holdings Ltd.

(b) Allowance: The Class ~~4~~5A Liquidity Facility Unsecured ~~Claim~~Claims shall be Allowed in the aggregate amount of $1,148,087,718 plus, to the extent such Class ~~4~~5A Liquidity Facility Unsecured Claims constitute pre-petition claims, any accrued and accruing interest, fees, costs and expenses payable pursuant to the Liquidity Facility; provided, however, that the Class ~~4~~5A Liquidity Facility Unsecured ~~Claim~~Claims shall be

reduced to the extent and only to the extent the JPMorgan Secured Setoff Claims shall have been applied by JPMorgan to reduce the Liquidity Facility Unsecured ~~Claim~~Claims.

(c) Treatment: ~~The~~Each Holder of ~~the~~an Allowed Class ~~4~~5A Liquidity Facility Unsecured Claim shall receive on or as soon as reasonably practicable after the Effective Date, and from time to time thereafter in accordance with Section VI.B of the Plan, its Pro Rata Share of Holdings Ltd.'s Available Cash until ~~the~~such Holder receives up to one hundred percent (100%) of its Allowed Claim and, if applicable, post-petition interest in accordance with Section VI.I of the Plan but subject to the limitations in Section VI.D of the Plan.

(d) Impairment and Voting: Class ~~4~~5A is Impaired. The ~~Holder~~Holders of the Class ~~4~~5A Liquidity Facility Unsecured Claim ~~is~~are entitled to vote to accept or reject the Plan.

~~6~~7. Liquidity Facility Unsecured ~~Claim~~Claims Against Finance USA (Class ~~4~~5B)

(a) Classification: Class ~~4~~5B consists of ~~the~~all Liquidity Facility Unsecured ~~Claim~~Claims Filed against Finance USA.

(b) Allowance: The Class ~~4~~5B Liquidity Facility Unsecured ~~Claim~~Claims shall be Allowed in the aggregate amount of $1,148,087,718; provided, however, that the Class ~~4~~5B Liquidity Facility Unsecured ~~Claim~~Claims shall be reduced to the extent and only to the extent the JPMorgan Secured Setoff Claims shall have been applied by JPMorgan to reduce the Liquidity Facility Unsecured ~~Claim~~Claims.

(c) Treatment: ~~The~~Each Holder of ~~the~~an Allowed Class ~~4~~5B Liquidity Facility Unsecured Claim shall receive on or as soon as reasonably practicable after the Effective Date, and from time to time thereafter in accordance with Section VI.B of the Plan, its Pro Rata Share of Finance USA's Available Cash until ~~the~~such Holder receives up to one hundred percent (100%) of its Allowed Claim and, if applicable, post-petition interest in accordance with Section VI.I of the Plan but subject to the limitations in Section VI.D of the Plan.

(d) Impairment and Voting: Class ~~4~~5B is Impaired. The ~~Holder~~Holders of the Class ~~4~~5B Liquidity Facility Unsecured ~~Claim is~~Claims are entitled to vote to accept or reject the Plan.

~~7~~8. General Unsecured Claims Against Holdings Ltd. (Class ~~5~~6A)

(a) Classification: Class ~~5~~6A consists of all General Unsecured Claims against Holdings Ltd.

(b) Treatment: Except to the extent that a Holder of an Allowed Class ~~5~~6A Claim agrees to less favorable treatment, each Holder of an Allowed Class ~~5~~6A General Unsecured Claim shall receive on or as soon as reasonably practicable after the Effective Date, and from time to time thereafter in accordance with Section VI.B of the Plan, its Pro Rata Share of Holdings Ltd.'s Available Cash until each Holder receives up to one hundred percent (100%)

of its Allowed Claim and, if applicable, post-petition interest in accordance with Section VI.I of the Plan but subject to the limitations in Section VI.D of the Plan. The Class ~~5~~6A Claim Filed by the Indenture Trustee for the Notes Claim shall be Allowed in the amount of $1,027,548,593.45.

(c) **Election Rights: Each Holder of a Class 6A General Unsecured Claim (other than an Intercompany Claim or Notes Claim) against Holdings Ltd. that is in a Face Amount greater than $500,000 may File with the Claims Agent an amended Proof of Claim reducing its Claim to $500,000, and serve such amended Proof of Claim on Plan Proponents' counsel such that it is received at least five (5) days prior to the Voting Deadline. By Filing such amended Proof of Claim, the Holder shall (i) have elected to have such Claim treated as an Allowed Class 4A Convenience Claim against Holdings Ltd. and (ii) be deemed to have voted to accept the Plan.**

(~~c~~d) Impairment and Voting: Class ~~5~~6A is Impaired. Each Holder of an Allowed Class ~~5~~6A Claim (or a Class ~~5~~6A Claim temporarily allowed for voting purposes only pursuant to Bankruptcy Rule 3018) is entitled to vote to accept or reject the Plan.

~~8~~9. General Unsecured Claims Against Debtors Other than Holdings Ltd. (Classes ~~5~~6B through ~~5~~6F)

(a) Classification: Classes ~~5~~6B, ~~5~~6C, ~~5~~6D, ~~5~~6E and ~~5~~6F consist of all General Unsecured Claims against Finance USA, MFG Capital, FX Clear, MFG Market Services and MFG Holdings USA.

(b) Treatment: Except to the extent that a Holder of an Allowed Class ~~5~~6B, ~~5~~6C, ~~5~~6D, ~~5~~6E or ~~5~~6F Claim agrees to a less favorable treatment, each Holder of an Allowed Class ~~5~~6B, ~~5~~6C, ~~5~~6D, ~~5~~6E or ~~5~~6F Claim shall receive on or as soon as reasonably practicable after the Effective Date, and from time to time thereafter in accordance with Section VI.B of the Plan, its Pro Rata Share of the respective Debtor's Available Cash until each Holder receives up to one hundred percent (100%) of its Allowed Claim and, if applicable, post-petition interest in accordance with Section VI.I of the Plan but subject to the limitations in Section VI.D of the Plan.

(c) **Election Rights: Each Holder of a Class 6B General Unsecured Claim (other than an Intercompany Claim) against Finance USA or a Class 6F General Unsecured Claim (other than an Intercompany Claim) against MFG Holdings USA that is in a Face Amount greater than $500,000 may File with the Claims Agent an amended Proof of Claim reducing its Claim to $500,000, and serve such amended Proof of Claim on Plan Proponents' counsel such that it is received at least five (5) days prior to the Voting Deadline. By Filing such amended Proof of Claim, the Holder shall (i) have elected to have such Claim treated as an Allowed Class 4B Convenience Claim against Finance USA or an Allowed Class 4F Convenience Claim against MFG Holdings USA, as applicable, and (ii) be deemed to have voted to accept the Plan.**

(~~c~~d) Impairment and Voting: Classes ~~5~~6B, ~~5~~6C, ~~5~~6D, ~~5~~6E and ~~5~~6F are Impaired. Each Holder of an Allowed ~~Class 5~~6B, ~~5~~6C, ~~5~~6D, ~~5~~6E or ~~5~~6F Claim (or a Class ~~5~~6B,

~~5~~6C, ~~5~~6D, ~~5~~6E or ~~5~~6F Claim temporarily allowed for voting purposes only pursuant to Bankruptcy Rule 3018) is entitled to vote to accept or reject the Plan.

~~9~~10. Subordinated Claims (Class ~~6~~7A through ~~6~~7F)

(a) Classification: Classes ~~6~~7A, ~~6~~7B, ~~6~~7C, ~~6~~7D, ~~6~~7E and ~~6~~7F consist of all Subordinated Claims against the respective Debtors.

(b) Treatment: On or as soon as reasonably practicable after the Effective Date, and from time to time thereafter in accordance with Section VI.B of the Plan, after all Allowed Claims in Classes 4 ~~and~~, 5 and 6 have been satisfied in full pursuant to the Plan, each Holder within a tier of Subordinated Claims listed below shall be paid its Pro Rata Share of the respective Debtor's Available Cash until such Holder receives up to one hundred percent (100%) of its Allowed Claim and, if applicable, post-petition interest in accordance with Section VI.I of the Plan but subject to the limitations in Section VI.D of the Plan, with each such ~~tier~~tier's Allowed Claim being satisfied in full before any Distributions to the next tier~~:~~; provided, however, that post-petition interest payable to Allowed Claims in Tier 1 is paid before any post-petition interest is payable to Tiers 2 and 3 and, post-petition interest to Tiers 2 and 3 shall be paid simultaneously based on the aggregate of Allowed Claims in such tiers; further, provided, however, that the Holders of Claims within Class 7 may dispute their relative priority of Claims within Class 7.

Tier 1: Holders of Allowed Claims on account of their purchase or sale of Notes, if any, within the meaning of § 510(b) of the Bankruptcy Code, including, if Allowed, the Claims of any of the Securities Plaintiffs on account of their purchase or sale of Notes;

~~i)~~Tier 2: Holders of Allowed Claims, if any, within the meaning of § 726(a)(3) of the Bankruptcy Code; and

~~ii)~~Tier 3: Holders of Allowed Claims, if any, within the meaning of § 726(a)(4) of the Bankruptcy Code.

(c) Impairment and Voting: Classes ~~6~~7A, ~~6~~7B, ~~6~~7C, ~~6~~7D, ~~6~~7E and ~~6~~7F are Impaired. Each Holder of an Allowed Class ~~6~~7 Subordinated Claim (or a Class ~~6~~7 Claim temporarily allowed for voting purposes only pursuant to Bankruptcy Rule 3018) is entitled to vote to accept or reject the Plan.

~~10~~11. Preferred Interests in Holdings Ltd. (Class ~~7~~8A)

(a) Classification: Class ~~7~~8A consists of all Preferred Interests in Holdings Ltd.

(b) Stock Exchange: On the Effective Date, all Class ~~7~~8A Preferred Interests shall be cancelled and the Plan Trust Stock shall be issued to the Plan Trust which will hold the Plan Trust Stock for the benefit of (i) Holders of Allowed Class ~~7~~8A Preferred Interests

and (ii) Holders of Allowed Class ~~8~~9A Common Interests, consistent with their relative priority and economic entitlements that existed prior to the Initial Debtors' Petition Date. On or promptly after the Effective Date, the Plan Administrator shall File with the Securities and Exchange Commission a Form 15 for the purpose of terminating the registration of Holding Ltd.'s publicly traded Preferred Interests.

(c) Treatment: Each Holder of ~~an~~ Allowed Class ~~7~~8A Preferred ~~Interest~~Interests (including, if Allowed, any Claims on account of the purchase or sale of Preferred Interests within the meaning of § 510(b) of the Bankruptcy Code) shall neither receive nor retain any Property of the Estate of Holdings Ltd. or any direct interest in Property of the Estate of Holdings Ltd. on account of such Preferred Interest; provided, however, that each Holder of an Allowed Class ~~7~~8A Preferred Interest shall receive its Pro Rata Share of Holdings Ltd.'s Available Cash remaining after all Allowed Claims in Classes 4A, 5A ~~and~~, 6A and 7A have been satisfied in full pursuant to the Plan, consistent with such Holder's economic entitlements in the Plan Trust Stock.

(d) Non-Transferable: The continuing rights of Holders of Class ~~7~~8A Preferred Interests (including through their interest in the Plan Trust Stock or otherwise) shall be nontransferable except by operation of law; provided, however, that the Holdings Ltd. board of directors may in its discretion authorize the transfer of such rights.

(e) Impairment and Voting: Class ~~7~~8A is Impaired. The Plan Proponents have determined not to solicit the votes of the Holders of Allowed Class ~~7~~8A Preferred Interests and such Holders shall be conclusively deemed to have rejected the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

~~11~~12. Common Interests in Holdings Ltd. (Class ~~8~~9A)

(a) Classification: Class ~~8~~9A consists of all Common Interests in Holdings Ltd.

(b) Stock Exchange: On the Effective Date, all Class ~~8~~9A Common Interests shall be cancelled and the Plan Trust Stock shall be issued to the Plan Trust which will hold the Plan Trust Stock for the benefit of (i) Holders of Allowed Class ~~7~~8A Preferred Interests and (ii) Holders of Allowed Class ~~8~~9A Common Interests, consistent with their relative priority and economic entitlements that existed prior to the Initial Debtors' Petition Date. On or promptly after the Effective Date, the Plan Administrator shall File with the Securities and Exchange Commission a Form 15 for the purpose of terminating the registration of Holding Ltd.'s publicly traded Common Interests.

(c) Treatment: Each Holder of ~~an~~ Allowed Class ~~8~~9A Common Interests (including, if Allowed, any Claims (including those of the Securities Plaintiffs) on account of the purchase or sale of Common Interests within the meaning of § 510(b) of the Bankruptcy Code) shall neither receive nor retain any Property of the Estate of Holdings Ltd. or any direct interest in Property of the Estate of Holdings Ltd. on account of such Common Interest; provided, however, that each Holder of an Allowed Class ~~8~~9A Common Interest shall receive its Pro Rata Share of Holdings Ltd.'s Available Cash remaining after all Allowed Claims

in Classes 4A, 5A ~~and~~, 6A and 7A and Allowed Interests in Class ~~7~~8A have been satisfied in full pursuant to the Plan, consistent with such Holder's relative priority and economic entitlements in the Plan Trust Stock.

(d) Non-Transferable: The continuing rights of Holders of Class ~~8~~9A Common Interests (including through their interest in the Plan Trust Stock or otherwise) shall be nontransferable except by operation of law; provided, however, that the Holdings Ltd. board of directors may in its discretion authorize the transfer of such rights.

(e) Impairment and Voting: Class ~~8~~9A is Impaired. The Plan Proponents have determined not to solicit the votes of the Holders of Allowed Class ~~8~~9A Common Interests and such Holders shall be conclusively deemed to have rejected the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

~~12~~13. Common Interests in Debtors Other than Holdings Ltd. (Class ~~8~~9B through ~~8~~9F)

(a) Classification: Classes ~~8~~9B, ~~8~~9C, ~~8~~9D, ~~8~~9E and ~~8~~9F consist of all Common Interests in Finance USA, MFG Capital, FX Clear, MFG Market Services and MFG Holdings USA.

(b) Treatment: Common Interests in each of the Debtors other than Holdings shall be cancelled if and when the applicable Debtor is dissolved in accordance with Section V.D.3 of the Plan. Each Holder of a Common Interest shall neither receive nor retain any Property of the Estate on account of such Common Interests; provided, however, the Holder of an Allowed Common Interest shall receive the respective Debtor's Available Cash remaining after all Allowed Claims in Classes 4, 5, ~~and~~ 6 and 7 have been satisfied in full pursuant to the Plan.

(c) Impairment and Voting: Classes ~~8~~9B, ~~8~~9C, ~~8~~9D, ~~8~~9E and ~~8~~9F are Impaired. Each Holder of an Allowed Class ~~8~~9B, ~~8~~9C, ~~8~~9D, ~~8~~9E and ~~8~~9F Common Interest is Impaired and is entitled to vote to accept or reject the Plan.

E. Treatment of Intercompany Claims

As noted in Section IV.A of this Disclosure Statement, certain of the Debtors have Claims against certain of the other Debtors. The Creditor Co-Proponents recognize that there may be arguments by which certain parties in interest may seek to challenge the allowability of certain or all of the Intercompany Claims. The Creditor Co-Proponents are of the unanimous business judgment that all of such Intercompany Claims should be Allowed after mutual setoffs as set forth in Section IV.A of the Disclosure Statement. Accordingly, the Plan incorporates the Interco Settlement, by and among all of the Debtors, that: (i) the Intercompany Claims shall be Allowed after mutual setoffs as set forth in Section IV.A of this Disclosure Statement without further reduction, setoff, or counterclaim of any kind; and (ii) entry of the Confirmation Order shall be deemed to be approval of the Interco Settlement such that no objection by any party in interest to any Intercompany Claim, as set forth in Section IV.A of this Disclosure Statement, shall be cognizable on or after the Effective Date.

~~E~~F. Distributions on Account of Allowed Claims and Interests

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 against or Allowed Interest ~~against~~in the Debtors shall receive the ~~distributions~~Distributions that the Plan provides for Allowed Claims and Allowed ~~Interest~~Interests in the applicable Class from the ~~Distribution Trustee~~Plan Administrator. 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~~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~~Distributions provided for in the Plan, regardless of whether such ~~distributions~~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~~Distribution in excess of the Allowed amount of such Claim plus any post-petition interest on such Claim payable in accordance with the Plan.

VII. MEANS FOR IMPLEMENTATION OF THE ~~11~~ PLAN

A. Plan Funding

The Plan provides for the distribution of (i) all Cash held by or for the benefit of each Debtor on the Effective Date (including amounts borrowed under the Exit Facility) plus (ii) all Cash realized after the Effective Date from the sale, collection or other disposition of Property of the Estate to the Holders of Allowed Claims and Allowed Interests. In addition to Cash on hand, each Debtor's Property of the Estate consists primarily of distributions to be received on account of (x) claims against, and direct or indirect interests, in Affiliates and (y) claims against third parties.

B. Exit Facility

The Confirmation Order shall include approval of the Exit Facility (including the transactions contemplated thereby and all actions to be taken, undertakings to be made, and obligations to be incurred by the Plan Administrator in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein) and authorization for the Plan Administrator to enter into and execute the Exit Facility Documents on behalf of the Debtors and such other documents as may be required to effectuate the treatment afforded to the lenders under the Exit Facility pursuant to the Exit Facility Documents. The Plan Administrator may use the Exit Facility for any purpose permitted thereunder, including the funding of obligations under the Plan and satisfaction of ongoing working capital needs.

On the Effective Date, (i) the Plan Administrator shall execute and deliver the Exit Facility Documents, which shall constitute the legal, valid, binding and several obligations of the Debtors and be enforceable in accordance with their respective terms and (ii) the Plan Administrator shall be authorized to perform the obligations thereunder including, without limitation, the payment of reimbursement of any fees, expenses, losses, damages, or indemnities.

C. Plan Administrator

Upon the Effective Date, Holdings Ltd., through its officers and directors, 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 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 Causes of Action 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. dissolve, wind down or liquidate any of the assets of a Non-debtor Foreign Subsidiary that is not currently in its own formal restructuring, insolvency or similar proceeding, including authorizing the commencement of insolvency proceedings for any such Non-debtor Foreign Subsidiary in an appropriate forum;

vi. execute and enter into the Exit Facility Documents;

vii. 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;

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

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

x. 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;

xi. invest Cash of the Debtors, including any Cash realized from the liquidation of the Property of the Estate, with such investment limited to government securities (unless otherwise approved by the board of directors of Holdings Ltd.);

xii. pay the Plan Administration Expenses;

xiii. 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 § 505(b) of the Bankruptcy Code 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;

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

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

xvi. pay statutory fees in accordance with Section II.A.5 of the Plan;

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

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

xix. 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 the Plan Administrator for any losses incurred in their respective capacities, 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.

D. Plan Trust

The Plan Trust shall be established on the Effective Date and shall continue in existence until the Closing Date. The three respective Creditor Co-Proponents that are the three largest aggregate beneficial Holders of (i) Class 45A Liquidity Facility Unsecured Claims plus (ii) Class 56A General Unsecured Claims as of January 10, 2013 shall each appoint one of the three (3) Plan Trustees, with each such Plan Trustee also serving as one of the three Director Selection Committee members.

Each of the Plan Trustees shall ~~continue~~serve 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 the Plan Trustee, the Creditor Co-Proponent who appointed such Plan Trustee shall appoint a replacement Plan Trustee if such Creditor Co-Proponent who selected such Plan Trustee then holds an Allowed Claim, and if not, by the remaining Plan Trustees without order of the Bankruptcy Court.~~member of the Director Selection Committee.

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.B.10.b and III.B.11.b of the Plan. The Plan Trust shall be

governed, in accordance with the Plan Trust Agreement, by the Plan Trustees. Any Distribution from Property of the Estate of Holdings Ltd. 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 Sections III.B.10.b and III.B.11.b of the Plan.

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.

E. Pre-Effective Date Employees or Independent Contractors

If Persons are designated, prior to the Effective Date, to be employees or independent contractors of the Plan Administrator, members of the Director Selection Committee, and/or directors of any Debtor following the Effective Date, such Persons shall neither have nor incur any liability to any Person or Entity for any act taken or omitted to be taken following the Confirmation Date through the Effective Date in connection with any matters necessary to implement the Plan, or in contemplation of his or her duties to be assumed upon the Effective Date. The Debtors shall also be obligated to indemnify, defend, reimburse or hold harmless such Persons; and such obligations shall be assumed by the Debtors and will remain in effect after the Effective Date. Any such assumed obligations owed shall be entitled to priority as and paid as a Plan Administration Expense under the Plan. For greater certainty, the foregoing provisions are in addition to any exoneration and indemnification agreements and arrangements that may be implemented by the Debtors following the Effective Date pursuant to Article IV of the Plan.

F. Interco Settlement

As noted above in Section IV.A and VI.E, the Plan incorporates the Interco Settlement, by and among all of the Debtors, which provides that: (i) the Intercompany Claims shall be Allowed after mutual setoffs as set forth in this Section IV.A of this Disclosure Statement, without further reduction, setoff, or counterclaim of any kind; and (ii) entry of the Confirmation Order shall be deemed to be approval of the Interco Settlement such that no objection by any party in interest to any Intercompany Claim, as set forth in Section IV.A herein shall be cognizable on or after the Effective Date.

The most significant potential objection to an Intercompany Claim of which the Creditor Co-Proponents are aware is to the Intercompany Claim of Holdings Ltd. against Finance USA in the partial amount of approximately $928 million (the "**Holdings Ltd. Intercompany Claim**") representing funds advanced by Holdings Ltd. to Finance USA during the month of October 2011, originating from the Liquidity Facility of which both Holdings Ltd. and Finance USA were borrowers. Arguments have been informally advanced by JPMorgan (and are detailed below) that the Holdings Ltd. Intercompany Claim should be subordinated, avoided, or otherwise disallowed as improperly requiring Finance USA to pay twice for the same debt (*i.e.*, to pay both on account of Finance USA's obligation under the Liquidity Facility as well as its obligation to Holdings Ltd. on account of funds advanced to it by Holdings Ltd. that originated from the Liquidity Facility) and that allowing the Holdings Ltd. Intercompany Claim thus improperly dilutes the potential recovery to the Holders of the Liquidity Facility Unsecured Claims against Finance USA for the benefit of Holders of General Unsecured Claims against Holdings Ltd., and in particular, the Notes Claims. A counterargument in support of the validity of the Holdings Ltd. Intercompany Claim is summarized below in the position of Knighthead Capital Management, LLC ("**Knighthead**").

The Creditor Co-Proponents, who are comprised of Holders of substantial beneficial interests in the Liquidity Facility Unsecured Claims against Finance USA as well as Holders of substantial beneficial interests in the Notes Claims, or both, are of the unanimous business judgment that the Interco Settlement is in the best interests of the Debtors and their Estates. In particular, but without limitation, it is the unanimous business judgment of the Creditor Co-Proponents that the upside to the beneficial holders of the Liquidity Facility Unsecured Claims against Finance USA of disallowing, subordinating, or avoiding the Holdings Ltd. Intercompany Claim is limited, and the expense, delay, distraction, and any other unforeseeable consequences of litigating over the Holdings Ltd. Intercompany Claim outweigh any such limited potential upside.

The Committee has represented that it will not be objecting to confirmation of the Plan consistent with the following statement of its position: "As a single statutory creditors' committee for several chapter 11 Debtors'

estates, including Holdings Ltd. and Finance USA, the Committee takes no position on the Plan provisions allowing the Holdings Ltd. claim against Finance USA and the settlement procedures and mechanism related thereto, but otherwise supports confirmation after parties in interest, excluding the statutory creditors' committee, have had an opportunity to be heard on the allowance of the claim pursuant to the Plan or otherwise and on related issues, and the court determines to confirm the Plan and/or allow or disallow the claim. To eliminate doubt, the Committee does not support the Plan's allowance of the Holdings Ltd. claim against Finance USA absent an opportunity to be heard at a confirmation hearing or otherwise, and the Committee supports the Plan's allowance of the Holdings Ltd. claim pursuant to the Plan or the allowance or disallowance of the Holdings Ltd. claim in whole or in part, in each case as determined by the Bankruptcy Court after an opportunity to be heard is afforded."

1. Argument for the Validity of the Holdings Ltd. Intercompany Claim

THE FOLLOWING ARE SOLELY KNIGHTHEAD'S CONTENTIONS

Knighthead, as beneficial Holder of both the Liquidity Facility Unsecured Claims and Notes Claims, has advanced arguments to uphold the validity of the Holdings Ltd. Intercompany Claim. Knighthead argues that the Plan must be fair and equitable to both Holdings Ltd. and to Finance USA and therefore must recognize that Holdings Ltd. increased its obligations under the Liquidity Facility by more than $928 million in order to advance moneys to Finance USA under the Holdings Ltd. Intercompany Claim. Knighthead argues that it is not "fair and equitable" to Holdings Ltd. or to its creditors, such as the Holders of Notes Claims, to disallow or subordinate the Holdings Ltd. Intercompany Claim when Holdings Ltd. incurred a comparable liability to make the cash advance under the Holdings Ltd. Intercompany Claim, which cash advance was promptly re-loaned to MFGI and apparently transferred to JPMorgan. To disallow or subordinate the Holdings Ltd. Intercompany Claim would leave Holdings Ltd. with no asset for the liability it incurred, which would in turn give Holdings Ltd. a fraudulent transfer claim against Finance USA or, in the alternative, an action to disregard the corporate existence of Finance USA to recognize that the proceeds of the Holdings Ltd. Intercompany Claim evidences an advance of money from Holdings Ltd. to MFGI. Finally, there is no precedent for JPMorgan's argument that the Holdings Ltd. Intercompany Claim must be subordinated because Finance USA is a guarantor of the Liquidity Facility. The argument applies only to claims for "reimbursement, subrogation or indemnity", and the Holdings Ltd. Intercompany Claim is none of these. To the extent JPMorgan advances general equitable arguments or fraudulent transfer arguments for the disallowance of the Holdings Ltd. Intercompany Claim, the arguments apply with equal force to disallow or subordinate JPMorgan's own Claim against Finance USA, especially if, as it appears, the money advanced by Holdings Ltd. to Finance USA ended up providing the liquidity that enabled transfers, payments and/or distributions to JPMorgan.

THE ABOVE ARE SOLELY KNIGHTHEAD'S CONTENTIONS

2. Additional Disclosures of JPMorgan

JPMorgan and its Affiliates (collectively, the "**JPMorgan Parties**") have the following connections with the Debtors and their Affiliates: _____ [*JPMorgan to provide*]. The JPMorgan Parties owe the following amounts to the Debtors and the Debtors' Affiliates on account of property of the Debtors or their Affiliates that is held by any of the JPMorgan Parties: $_____ [*JPMorgan to provide*]. The JPMorgan Parties believe they have the following asserted or previously unasserted claims against the Debtors and their Affiliates: _____ [*JPMorgan to provide*]. The following claims have been asserted or threatened against the JPMorgan Parties in connection with these Chapter 11 Cases: _____ [*JPMorgan to provide*].

3. Argument Against the Validity of the Holdings Ltd. Intercompany Claim

THE FOLLOWING ARE SOLELY JPMORGAN'S CONTENTIONS

As of the Initial Debtors' Petition Date, Finance USA and Holdings Ltd. were jointly and severally liable as borrowers and guarantors for approximately $1.175 billion owed to the Liquidity Facility Lenders pursuant to the Liquidity Facility. Holdings Ltd. also is the issuer of approximately $1 billion of Notes. Finance USA is not a

guarantor of the Notes. The Claims of the Liquidity Facility Lenders and Holders of the Notes are both unsecured Claims (other than to the extent of a small amount of cash collateral held by JPMorgan) and rank *pari passu* at Holdings Ltd.

Between October 18, 2011 and October 27, 2011, Holdings Ltd. borrowed approximately $931 million under the Liquidity Facility.[54] It then immediately transferred $928 million to Finance USA (the "**Finco Payable**").[55] Over the same period, Finance USA funded approximately $875 million to MFGI.[56] Finance USA, also a borrower under the Liquidity Facility, could have borrowed directly from the Liquidity Facility Lenders without incurring this payable to Holdings Ltd. But, because of the way Holdings Ltd. structured the borrowings, Finance USA became liable twice for the same obligation: once to the Liquidity Facility Lenders who funded the loans into Holdings Ltd.'s account and once to Holdings Ltd. who transferred the proceeds to Finance USA.

According to this Disclosure Statement, Finance USA owes an affiliate payable of approximately $1.87 billion to Holdings Ltd., which is inclusive of the Finco Payable. The Finco Payable is included in the "Intercompany Claims" that make up the bulk of Class 6B, General Unsecured Claims against Finance USA. The Claims of the Liquidity Facility Lenders against Finance USA are separately classified in Class 5B, Liquidity Facility Unsecured Claims. These Claims include Claims for the loan proceeds that created the Finco Payable when Holdings Ltd. transferred the proceeds to Finance USA.

As a result, the Plan would appear to make Finance USA liable twice for the same $928 million in loan proceeds—once to the Liquidity Facility Lenders and once to Holdings Ltd. The impact of this double liability on Finance USA creditor recoveries is significant. Approximately 30% of the Finance USA claims pool ($928 million of approximately $3.07 billion) is caused by this double count. Put another way, eliminating this double count would increase Finance USA recoveries by an additional 6.1% and possibly as much as 26.3% or more.

Finance USA has claims and defenses that would, if successful, eliminate its liability for the Finco Payable. First, the Finco Payable can be avoided as a fraudulent conveyance. Finance USA was a borrower on the Liquidity Facility. It could have borrowed the $928 million directly from the Liquidity Facility Lenders without having to incur a duplicate liability to Holdings Ltd. Finance USA thus received no benefit by borrowing from Holdings Ltd. and certainly did not receive reasonably equivalent value in exchange for the Finco Payable. The relevant borrowings occurred between October 18, 2011 and October 27, 2011—literally days before bankruptcy. Thus, based on the facts as correctly understood, it is apparent that when the Finco Payable was incurred, Finance USA was insolvent, not adequately capitalized and/or could not repay its debts when due. Accordingly, the Finco Payable may be avoidable as a fraudulent conveyance.

[54] *See Report of the Trustee's Investigation and Recommendations*, dated June 4, 2012 (the "**SIPA Report**") at 153 and Annex E thereto at 200 [Docket No. 1865]; *Chapter 11 Trustee's Report Regarding the Forensic Analysis of the Cash Collateral Held in the Bank Account of MF Global Finance USA, Inc.*, dated February 16, 2012 (the "**Chapter 11 Trustee Report**") at 4 and Ex. A thereto at 19 [Docket No. 451].

[55] *See* Chapter 11 Trustee Report, Ex. A at 19; Disclosure Statement, Articles II.B ("Finance USA . . . provided financing services to Affiliates and third parties.") and II.G.4.(a).2(ii) ("Finance USA generally acted as the financing arm for the U.S. operations of MF Global Group.").

[56] *See id.*

Second, Finance USA should have the right to setoff the full amount of its liability to the Liquidity Facility Lenders against its liability to Holdings Ltd. for the repayment of loan proceeds. Accordingly, to the extent Finance USA pays the Liquidity Facility Lenders, its liability for the Finco Payable should be reduced.[57]

Third, the Finco Payable should be equitably subordinated. It fails the test of inherent fairness that applies to every insider transaction. "The essence of the test is whether or not under all of the circumstances the transaction carries the earmarks of an arm's length bargain. If it does not, equity will set it aside."[58] There is nothing less arm's length than making a subsidiary borrow from its parent what it could obtain on its own.

Fourth, to the extent the Finco Payable is allowed and not subordinated under § 510(c) of the Bankruptcy Code, it should be subordinated to the Liquidity Facility Lenders' Claims under the Liquidity Facility. Section 509(c) of the Bankruptcy Code requires the subordination of a reimbursement claim by one co-debtor (*i.e.*, Holdings Ltd.) against another co-debtor (*i.e.*, Finance USA) to their common creditor's claim (*i.e.*, the Liquidity Facility Lenders) until the common creditor is paid in full. Section 509(c) insures that a debtor does not pay twice for the same liability. It also insures that a co-debtor does not compete with the common creditor for payment until the creditor is paid in full. If Holdings Ltd.'s claims against Finance USA for the loan proceeds were allowed and not subordinated, Finance USA would be liable twice for the same liability. In addition, Holdings Ltd. would compete with the Liquidity Facility Lenders for the repayment of loan proceeds which Holdings Ltd. itself owes the Liquidity Facility Lenders. In this circumstance, § 509(c) of the Bankruptcy Code requires the subordination of those Intercompany Claims.

Any of the foregoing claims and defenses, if successful, would materially increase creditor recoveries from Finance USA. Using the recovery ranges in the Disclosure Statement, if the Finco Payable is avoided as a fraudulent conveyance, the recovery for all unsecured creditors at Finance USA would increase from a range of 14.2% and 33.6% to a range of approximately 20.2% and 47.7%. If the Finco Payable is subordinated to the Claim of the Liquidity Facility Lenders at Finance USA pursuant to § 509(c) of the Bankruptcy Code, the Liquidity Facility Lenders' recovery at Finance USA would increase from a range of 14.2% and 33.6% to a range of approximately 25.3% and 59.6%.

Finally, the purported Interco Settlement is anything but an arm's length settlement. The purported settlement resolves all issues in favor of Holdings Ltd. and against Finance USA because the Plan allows all of the Holdings Ltd. Intercompany Claim against Finance USA.

THE ABOVE ARE SOLELY JPMORGAN'S CONTENTIONS

On February 12, 2013, certain of the Creditor Co-Proponents who constitute the "Required Lenders" under the Liquidity Facility Agreement directed JPMorgan, as Liquidity Facility Administrative Agent, to (i) not challenge in any way any Intercompany Claim, (ii) support confirmation of the Plan in all respects, (iii) immediately cease any action that is at all inconsistent with these directions, and (iv) withdraw the Liquidity Facility Administrative Agent's objection to approval of this Disclosure Statement.

~~E~~G. Preservation of Causes of Action

Except as provided in the Plan, the Confirmation Order, or in any contract, instrument, release or other agreement or document 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

[57] The portion of the Holdings Ltd. intercompany claim against Finance USA attributable to the Liquidity Facility may be as high as $1.175 billion if the remaining $255 million owed to the Liquidity Facility lenders was borrowed by Holdings Ltd. and transferred through the intercompany accounts to Finance USA. Discovery will be required to make this determination. Although the setoff and section 509(c) subordination claims described herein reference the Finco Payable, they would also apply to as much of the $1.175 billion as was borrowed by Finance USA through the intercompany accounts. The fraudulent conveyance and equitable subordination claims described herein, however, applies only to the Finco Payable.

[58] *Pepper v. Litton*, 308 U.S. 295, 306-07 (1939).

claims, demands, rights and Causes of Action that any Debtor or Estate may hold against any Person or Entity 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~~G 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~~G 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 Person or 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).

~~F~~H. 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.

~~G~~I. Allocation of Professional Fee Reserve Amount, Creditor Co-Proponent Fee Reserve Amount, Indenture Trustee Fee Reserve Amount, and Plan Administration Expenses Reserve Amount

Each Debtor's allocable share of the Professional Fee Reserve Amount, the Creditor Co-Proponent Fee Reserve Amount, the Indenture Trustee Fee Reserve Amount, and the Plan Administration Expenses Reserve Amount shall be determined by the Plan Administrator based upon the percentages utilized by the Chapter 11 Trustee, as reflected in the Debtors' monthly operating reports, to allocate the costs of administering the Chapter 11 Cases prior to the Effective Date; provided, however, that the Indenture Trustee Fee Reserve Amount shall be solely the obligation of Holdings Ltd. Such percentages, together with the factors utilized in determining the percentages, are set forth in Exhibit IV.~~G~~I of the Plan. The Plan Administrator, in consultation with Holdings Ltd.'s post-Effective Date board of directors, may alter the percentages based upon changed circumstances.

~~H~~J. Reservation of Rights to Reclassify Certain Claims and Interests

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.

~~I. 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.~~

~~J~~K. 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 Ltd. Board of Directors

1. Composition of the Director Selection Committee

Members of the Director Selection Committee shall serve eighteen (18) month terms beginning on the Effective Date. The initial members of the Director Selection Committee shall be as set forth on Exhibit I.A.~~38~~40, which shall be Filed as part of the Plan Supplement. On every eighteen (18) month anniversary of the Effective Date, a determination shall be made as to who are the then-current Holders of the largest Allowed Claims in (i) Class ~~4~~5A plus (ii) Class ~~5~~6A ((including interest that would have accrued at contract rates in the absence of the bankruptcy cases) as of the last day of the preceding term). Those Holders shall be invited in decreasing order of magnitude of Allowed Claim to serve on the Director Selection Committee for an eighteen (18) month term until three Holders accept the position on the Director Selection Committee.

2. Composition and Selection of the Holdings Ltd. Board of Directors

Following the Effective Date, the board of directors of Holdings Ltd. shall be comprised of three (3) persons. Each Director Selection Committee member shall appoint one member of the Holdings Ltd. board of directors. With respect to the Holdings Ltd. board of directors to be appointed as of the Effective Date, the Committee shall be afforded the opportunity to interview the Holdings Ltd. board of director candidates prior to such appointment and present their recommendations to the Director Selection Committee. The Plan Proponents will interview the Committee's nominees for director (up to five). The Committee reserves ~~it~~its right to object to the appointment of a director on ~~the basis that the appointment is not permitted under § 1129(a)(5)(A) of the Bankruptcy Code.~~any legally cognizable grounds. In no event shall a member of the Director Selection Committee be a Person or Entity which is itself, or is an Affiliate of, a Person or Entity that is a defendant, respondent, or obligor with respect to any Causes of Action of a Debtor or Estate or any Affiliate including MFGI and MFGUK.

Members of the board of directors shall serve for two-year terms beginning on the Effective Date. Members of the board of directors must be independent and disinterested (which collectively are defined here to mean only that they must not be employees or Affiliates of any of the Plan Proponents), and they must not own any Claims against or Interests in any Debtor.

Upon expiration of the term of a director of Holdings Ltd., or his or her resignation, death or removal for cause, the Director Selection Committee member who appointed such director or his successor, if applicable, may appoint a replacement director without order of the Bankruptcy 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 Ltd. and any replacement director(s), and the number of directors.~~

3. Powers of the Holdings Ltd. Board of Directors

Following the Effective Date, the board of directors of Holdings Ltd. shall have the power and authority to (i) manage Holdings Ltd., (ii) instruct and supervise Holdings Ltd. (including in its capacity as the Plan Administrator) with respect to its 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 any 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; and (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 Ltd. may also delegate any powers, authority or duties of the Plan Administrator to any other committee, entity or individual.

4. Term of the Holdings Ltd. Board of Directors

Each of the initial directors of Holdings Ltd. shall ~~have~~serve an initial term of two years and, if reappointed, subsequent terms of one year. A director of Holdings Ltd. 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 Ltd. shall consist of one (1) individual who shall be a concurrently serving member of the Holdings Ltd. board of directors. Each of the initial directors or managers of the Debtors other than Holdings Ltd. shall ~~have~~serve an initial term of two years and, if reelected, subsequent terms of one year. Thereafter, the board of directors of Holdings Ltd. 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 or limited liability company, as applicable, 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 (a) the Debtors, (b) the Non-debtor U.S. Subsidiaries, and (c) the Non-debtor Foreign Subsidiaries that are not currently in their own formal restructuring, insolvency or similar proceeding on any terms it deems reasonable, without further order of the Bankruptcy Court in accordance with Section IV.C.iv, v and x 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 Internal Revenue Service ("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 Ltd. 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 Interest Holder 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, by-laws or articles of organization; (v) remove any directors, officers, voting trustees or managers 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, By-Laws, Articles of Organization

As of the Effective Date, the certificate of incorporation, by-laws or articles of organization, as applicable, of each Debtor shall be amended to the extent necessary to carry out the provisions of the Plan. The amended certificate, by-laws or articles of organization 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 against or Allowed Interest in the Debtors shall receive the Distributions that the Plan provides such Allowed Claims and Allowed Interests. Following the Effective Date, the Plan Administrator shall make Distributions on behalf of each Debtor 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~~a Claim (other than a Claim that has become Allowed pursuant to 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) determines not to object to such Claim (or the Claims Objection Bar Date has passed), (y) agrees with the Holder of such Claim to Allow such Claim in an agreed upon amount or (z) objects to such Claim, or objects to the Holder of such Claim's request for allowance of such Claim, and such Claim is Allowed by a Final Order.

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 Available 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

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. Upon the selection of a Distribution Date by the Plan Administrator, the Plan Administrator shall 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~~Except with respect to the Securities Plaintiffs, 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.C 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 the Plan, including without limitation Section VI.C of the Plan, 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 other than a Debtor, 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 plus~~ any other interest such Holder may be entitled to under the Plan. For the avoidance of doubt, the ~~forgoing~~foregoing 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 Reserve

From and after the Effective Date, until such time as all Disputed Claims have been compromised and settled or determined by Final Order and before making any Distributions, the Plan Administrator shall, consistent with and subject to § 1123(a)(4) of the Bankruptcy Code, establish and maintain a Cash reserve equal to the Distributions to which Holders of Disputed Claims would be entitled under the Plan if such Disputed Claims were Allowed Claims in the Filed amount of such Disputed Claims or such lesser amount as required by an order of the Bankruptcy Court (the "**Disputed Claims Reserve Amount**").

On the first Distribution Date that is at least thirty (30) days (or such fewer days as may be agreed to by the Plan Administrator in its sole discretion) after the date on which a Disputed Claim becomes an Allowed Claim, the Plan Administrator shall remit to the Holder of such Allowed Claim any Distributions such Holder would have been entitled to under the Plan on account of such Allowed Claim had such Claim been Allowed as of the Effective Date.

If a Disputed Claim is disallowed by Final Order, the amount reserved on account of such Disputed Claim shall become Available Cash. To the extent that a Disputed Claim becomes an Allowed Claim in an amount less than the amount reserved with respect to such Claim, the difference between the amount reserved on account of such Disputed Claim and the amount actually distributed on account of such Disputed Claim shall become Available Cash.

Nothing in Section VI.E 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 to increase the amount reserved for such Holder's Disputed Claim.

Unless otherwise ordered by the Bankruptcy Court, the Disputed Claims Reserve Amount shall not be used on behalf of or for the benefit of a Debtor for Plan Administration Expenses or any purpose other than as set forth in Section VI.E of the Plan. If the Plan Administrator determines that the value of a Debtor's Property of the Estate (other than such Debtor's Available Cash) exceeds the amount necessary to fund the Disputed Claims Reserve Amount for such Debtor, the Plan Administrator may release Cash to make Distributions to Holders of Allowed Claims and, in lieu thereof, retain such Debtor's non-Cash Property of the Estate to satisfy its Disputed Claims, should such Claims become Allowed Claims. To effectuate the foregoing, the Plan Administrator must obtain Bankruptcy Court approval, on proper notice to all Holders of Disputed Claims against such Debtor.

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 Property of the Estate distributed pursuant to the Plan.

G. Setoffs

The Plan Administrator, pursuant to § 553 of the Bankruptcy Code or applicable non-bankruptcy 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 assert on behalf of a Debtor against the Holder of such 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 Plan Administrator of any claims, rights and Causes of Action that the Plan Administrator may assert on behalf of a Debtor against such Holder, which are expressly preserved in the Plan.

Before the Plan Administrator can set off or recoup against the Distribution to be made on account of 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 Plan Administrator 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 Plan Administrator may withhold such Distribution 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 post-petition setoff without the consent of the Plan Administrator unless prior Bankruptcy Court approval has been obtained. Nothing in the Plan or the Confirmation Order shall alter, amend or prejudice JPMorgan's rights under the Cash Collateral Order, which rights shall remain in full force and effect through and including the Effective Date.

H. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions

Except as otherwise set forth herein, 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 requests for payment of Administrative Claims, 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 the JPMorgan Secured Setoff Claim and Liquidity Facility Unsecured Claims shall (a) be made to the Liquidating Facility Administrative Agent for the benefit of the respective Holders of the JPMorgan Secured Setoff Claim and Liquidity Facility Unsecured Claims and (b) be deemed completed when made to the Liquidity Facility Administrative Agent as if such Distributions were made directly to the Holders. 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 such Distributions.

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

On the Final Distribution Date, (i) if the aggregate amount of Cash to be distributed on account of an Allowed Claim is $200 or greater, a Distribution shall be made, and (ii) if the aggregate amount of Cash to be distributed on account of an Allowed Claim is less than $200, no Distribution shall be made, and any Claim in respect of such Distribution shall be ~~discharged and~~ forever barred from assertion against the Debtor or its Estate.

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, however, that such Distribution 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 shall become Available Cash for Distribution to all other 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 unclaimed property shall be released and forever barred from assertion against such Debtor and its Estate.

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 within 180 days after the date of the original check issuance. After such date, the Claim of any Holder to the amount represented by such voided check shall be released and forever barred from assertion against such Debtor and its Estate.

I. Other Provisions Applicable to Distributions in All Classes

1. Post-petition Interest

No interest shall accrue on any Claims on and after a Debtor's applicable Petition Date unless the applicable Debtor is determined to be solvent. To the extent that any Debtor has Available Cash after all Allowed Claims against the Debtor have been satisfied in full in accordance with Section VI.A of the Plan, each Holder of

Allowed Claim shall receive its Pro Rata Share of Available Cash, if any, to the fullest extent permissible under the Bankruptcy Code in satisfaction of post-petition interest on the Allowed amount of such Claims at the rate applicable in the contract or contracts on which such Allowed Claims is based (or, absent such contractual rate, at the Federal Judgment Rate) until such time as all post-petition interest on all such Allowed Claims has been paid in full.

2. 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 under the Plan shall be subject to such withholding and reporting requirements. All such amounts withheld and paid to the appropriate Governmental Unit shall be treated as if made directly to the Holder of an Allowed Claim or Allowed Interest.

The Plan Administrator and any Disbursing Agent shall be authorized to take any actions that they determine, in their reasonable discretion, to be necessary or appropriate to comply with such withholding and reporting requirements, including 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 or Entity 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 or Entity on account of such Distribution. The Plan Administrator or the Liquidating Trustee (as applicable) has the right, but not the obligation, to refuse to make a Distribution until a Holder of an Allowed Claim or Allowed Interest or Liquidating Trust Interest (as applicable) has made arrangements satisfactory to the Disbursing Agent for payment of any such Tax obligations. The Plan Administrator or the Liquidating Trustee (as applicable) may require, as a condition to its making a Distribution, that the Holder of an Allowed Claim, Allowed Interest or Liquidating Trust Interest (as applicable) provide a completed Form W-8, W-9 and/or other tax information to the Plan Administrator or Liquidating Trustee (as applicable).

If the Plan Administrator or Liquidating Trustee (as applicable) makes such a request and the Holder of an Allowed Claim or Allowed Interest fails to comply before the date that is 180 days after the initial 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 released and forever barred from assertion against such Debtor and its Estate or the Liquidating Trust (as applicable).

3. 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. Claims Register

Prior to the Effective 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.

The Claims Register shall remain open after the Effective Date and the Plan Administrator shall recognize any transfer of Claims at any time thereafter; provided, however, that for purposes of each Distribution, except with respect to the transfer of Notes, the Plan Administrator will not recognize any transfer during the period commencing thirty (30) calendar days prior to a Distribution Date up to the Distribution Date; provided, further, however, that the transferability of Claims shall be on the following conditions: (i) no registration of such Claims is required by Section 12(g) of the Securities Exchange Act of 1934, (ii) no registration of the sale or resale of the Claims is required under the Securities Act of 1933, (iii) no registration of the Claims is required under state

securities laws, and (iv) the transferability of Claims will not require the Debtors to file reports with the SEC other than those obligations such Debtors may already have.

Except as otherwise provided in the Plan, any transfer of a Claim, whether occurring prior to or after the Confirmation Date, shall not affect or alter the classification and treatment of such Claim under the Plan and any such transferred Claim shall be subject to classification and treatment under the Plan as if such Claim was held by the transferor who held such Claim on the Effective Date.

K. Exemption from Certain Taxes and Fees

Pursuant to § 1146(a) of the Bankruptcy Code, the following shall not be subject to any Tax or filing fee: (a) any transfer made pursuant hereto or pursuant to the Exit Facility Documents; (b) any sale, liquidation or other disposition by the Plan Administrator of any Property of the Estates; (c) the entry into or assignment of any lease or sublease; (d) the creation of any mortgage, deed of trust, Lien or other security interest; or (e) 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 filing fee 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 filing fee.

L. 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

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 Plan Administrator's 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's director(s) or manager regarding the same.

The Plan Administrator 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. Expungement or Adjustment of Claims Without Objection

Any Claim that has been paid, satisfied, or superseded shall be expunged from the Claims Register by the Claims Agent at the request of the Plan Administrator, and any Claim that has been amended by the Holder of such Claim shall be adjusted on the Claims Register by the Claims Agent at the request of 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.

4. 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.

5. Claims Estimation

Prior to the Effective Date, the Plan Proponents and any party in interest, and from and after the Effective Date, the Plan Administrator, may request 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 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 (i) not previously assumed, assumed and assigned, rejected, expired, or terminated pursuant to its own terms during the Chapter 11 Cases, (ii) which is not the subject of a motion to assume Filed on or before the Confirmation Date, or (iii) which is not identified on Exhibit VIII.E.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~~6. 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. Approval of Rejection of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order by the Bankruptcy Court shall constitute the approval, pursuant to §§ 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of Executory Contracts and Unexpired Leases (other than those identified on Exhibit VIII.E.1 to the Plan) pursuant to Section VIII.A.1 of the Plan.

3. Bar Date for Rejection Damages

Claims against the Debtors arising out of the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan must be Filed with the Claims Agent no later than thirty (30) days after the service of the Confirmation Order approving the rejection of such Executory Contract or Unexpired Lease. Any such Claims not Filed within such time shall be forever barred from assertion against the Debtors or their Estates.

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 by the Administrative Claims Bar Date or Supplemental Administrative Claims Bar Date (if applicable) 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 Causes of Action that the Debtors may hold against any Entity, including, without limitation, the insurer under any of the Debtors' insurance policies.

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 Contract or Unexpired Lease. Notwithstanding any applicable non-bankruptcy law to the contrary, the Plan Administrator expressly reserves and does 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 as part of the Plan Supplement. 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 pre-petition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the pre-petition 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.

2. Approval of Assumptions and Procedures

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumption of the Executory Contracts and Unexpired Leases described in Section VIII.E.1 of the Plan, 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 proposed Cure Amount Claim, if any; and (iii) the procedures for such party to object to the assumption of the applicable Executory Contract or Unexpired Lease and/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 respective 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 on or as soon as practicable after the Effective Date to the appropriate Executory Contract or Unexpired Lease counterparty.

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 Exhibit VIII.E.1 of the Plan, reflecting the removal of such Executory Contract or Unexpired Lease, within seven (7) days of the entry of a Final Order with respect to such matter. Claims against the Debtors arising out of the rejection of Executory Contracts or Unexpired Leases pursuant to an amendment to Exhibit VIII.E.1 of the Plan must be Filed with the Claims Agent no later than thirty (30) days after service of such amendment. Any such Claims not Filed within such time shall be forever barred from assertion against the Debtors or their Estates.

XII. LIQUIDATING TRUST

A. Execution of Liquidating Trust Agreement

After the Effective Date, 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, subject to the approval of the applicable Debtor's board of directors or manager as applicable, 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. 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.

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.

B. Purpose of the Liquidating Trust

Each Liquidating Trust shall be established for the sole purpose of liquidating and distributing the Property of the Estate 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 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. Investments of Available Cash

A Liquidating Trustee may invest Cash (including any Available Cash received from the Plan Administrator and 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 Available Cash on Account of Liquidating Trust Interests

A Liquidating Trustee is required to distribute to the Holders of Allowed Claims or Interests on account of their Liquidating Trust Interests, on a semi-annual basis, all Available Cash (including any Cash received from the Plan Administrator 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 Plan Administrator 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 Available Cash representing such taxable income would be distributed (were such Available 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 Internal Revenue Code ("**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 Plan ~~Administrators~~Administrator, 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 Ltd. shall be cancelled and one new share of Holdings Ltd.'s 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 Ltd. 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 U.S. 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 U.S. 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 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 U.S. federal income tax consequences described below.

The U.S. 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 U.S. 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 Non-debtor U.S. Subsidiary, 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 Interests of Holdings Ltd. 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 U.S. 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 U.S. 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 MF Global Group that are U.S. corporations (the "**MF Global US Tax Group**") file a U.S. federal income tax return on a consolidated basis. For the tax year ended March 31, 2011, for U.S. federal income tax purposes, MF Global Group reported a consolidated NOL carryforward of approximately $~~40.7~~30.7 million. It is expected that the MF Global US Tax 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 US Tax 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 limitations 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 US Tax 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.2 "Section 382 Limitations– Possible Application to the MF Global US Tax Group."

b. Plan Distributions

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

For Holdings Ltd. and Finance USA, the Plan provides for Distributions of Available Cash to the Holders of the following Allowed Claims against Holdings Ltd. and Finance USA: Priority Non-Tax Claims, Secured Claims (or alternatively, its collateral), the JPMorgan Secured Setoff Claim, Liquidity Facility Unsecured Claims, General Unsecured Claims, and Subordinated Claims (if any). In the event that all Allowed Claims against Holdings Ltd. have been satisfied in full in accordance with the Plan, the Holders of Allowed Preferred Interests may receive their Pro Rata Share of any remaining Available Cash of Holdings Ltd. In the event that Allowed Preferred Interests are satisfied in full, the Holders of Allowed Common Interests may receive their Pro Rata Share of any remaining Available Cash of Holdings Ltd. In the event that all Allowed Claims against Finance USA have been satisfied in full, the Holder of Common Interests in Finance USA will receive Finance USA's remaining Available Cash.

For each of MFG Capital, FX Clear, MFG Market Services, and MFG Holdings USA, the Plan provides for Distributions of Available Cash to the Holders of the following Allowed Claims against the applicable Debtor: Priority Non-Tax Claims, Secured Claims (or alternatively, its collateral), General Unsecured Claims and Subordinated Claims (if any). In the event that all Allowed Claims against any of such Debtors have been satisfied in full in accordance with the Plan, the Holder of the Common Interests in the applicable Debtor shall receive such Debtor's remaining Available Cash.

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**") income 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 US Tax Group. COD income 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 income (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 income. 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 exclusion of COD income occurs.

Consistent with the intended treatment of the Plan as a plan of liquidation for U.S. federal income tax purposes, the Plan Proponents intend that no COD income 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 has been or is separately settled for less than its carrying value). In such case, the reduction of tax attributes resulting from such exclusion of COD income (which, as indicated above, only occurs as of the end of the tax year in which the exclusion of COD income 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 income will not be incurred earlier, due to, among other things, a lack of direct authoritative guidance as to when COD income occurs in the context of a liquidating chapter 11 plan.

b. Limitation of NOL Carryforwards and Other Tax Attributes

~~c~~1. Section 382 Limitations -- General

Under § 382 of the IRC, if a corporation (or consolidated group) undergoes an "ownership change," the amount of its pre-ownership 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.

~~d~~2. Section 382 Limitations -- Possible Application to the MF Global US Tax Group

In light of the foregoing, the MF Global US Tax Group's ability to utilize certain NOLs (and carryforwards thereof) and certain other tax attributes would be potentially subject to limitation if Holdings Ltd. 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 US Tax 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 U.S. federal income tax purposes, the Plan Proponents do not intend that the Plan result in an ownership change of the MF Global US Tax 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 U.S. federal income tax purposes of the Holders of Claims as continuing creditors and not as effective equity holders of Holdings Ltd. throughout the liquidation process). If, notwithstanding the Plan Proponents' expectation, an ownership change were considered to occur, the Debtors could incur a material amount of U.S. federal income tax unless (1) the Property of the Estate of the Debtors is

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 US Tax Group to utilize an amount of NOL carryforwards and other attributes sufficient to offset such income tax.

~~e~~c. Non-U.S. Income Tax Matters

Historically, Holdings Ltd. and its Affiliates conducted their business activities on a global basis, with offices located throughout the world. At present, the MF Global US Tax 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 US Tax 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. 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 U.S. federal income tax consequences of the implementation of the Plan to a Holder of an Allowed Claim or Allowed 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 U.S. 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 Allowed 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 or Allowed Interest 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 U.S. 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.I.3 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 U.S. 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 U.S. 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 Allowed 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 U.S. 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 U.S. 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.I.2 of the Plan). Thus, in the case of any Liquidating Trust Beneficiaries that are not U.S. Entities, 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 U.S. 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 (i) fails to furnish its social security number or other taxpayer identification number, (ii) furnishes an incorrect taxpayer identification number, (iii) fails properly to report interest or dividends, or (iv) 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. Entity 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 Plan Administrator or the Liquidating Trustee 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 the only risks involved in connection with the Plan and its implementation.

A. Allowance of Claims

This Disclosure Statement has been prepared based on a preliminary review of certain Proofs of Claim and the Schedules. Upon completion of a more-detailed analysis of Proofs of Claim, 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 1,800 Claims have been Filed against the Debtors totaling over $11 billion. In addition, many of the Proofs of Claim have been asserted in unliquidated amounts. The Debtors may have valid objections to many of the Proofs of Claim and, thus, the Allowed amount of such Claims may be significantly less than the total of the asserted amounts. If the Disputed Claims are Allowed in an amount greater than currently estimated, the Allowed Claims could exceed the Plan Proponents' current estimates set forth in the table in Section II.C.2 of this Disclosure Statement.

The Plan Proponents cannot guarantee that estimates of the likely Allowed Claims shall prove to be accurate. If the Plan Proponents' good faith estimates are too low, the amount of Available Cash for Distribution to Holders of Allowed Claims in Classes ~~4 and~~ 5 ~~(~~and 6 (and 7, if any) and Allowed Interests in Classes ~~8~~9C, ~~8~~9D and ~~8~~9E would be less than estimated, and the difference could be material and significantly reduce recoveries for such Holders.

B. Treatment of Convenience Claims

The Plan Proponents have made a number of assumptions in arriving at the "Estimated Percentage Recoveries" set forth in Section I.C of this Disclosure Statement. Among other things, the Plan Proponents (i) have been conservative in their estimates and have ascribed, for example, no value for the assets and potential sources of recovery in Section V.C (Sale of De Minimis Assets), Section V.D (Insurance) and Section V.E (Litigation); (ii) have relied on recovery projections and information provided by the SIPA Trustee (in the SIPA Trustee Second Interim Report and SIPA Distribution Schedule) and the Special Administrators (in the Special Administrators' Second Report and Special Administrators' Illustrative Effect Schedule) as set forth in Section I.C of this Disclosure Statement; and (iii) have made multiple assumptions that are subject to the "Risk Factors" set forth in this Article XV including the extent to which Filed Claims are invalid and overstated as set forth in Section XV.A.

Some of this uncertainty is already reflected in the current range of "Estimated Percentage Recoveries." While the Plan Proponents believe these estimates are reasonable, others may regard the assumptions made by the Plan Proponents as conservative; accordingly, the actual recoveries realized by Holders of Allowed Claims may be higher than currently estimated. Conversely, if the assumptions made by the Plan Proponents turn out to be incorrect and are not adequately conservative, the actual recoveries realized by Holders of Allowed Claims may be lower than currently estimated.

Furthermore, the timing of Distributions is uncertain and highly dependent on actions to be taken in the SIPA Proceeding and the MFGUK special administration. Currently, initial Distributions to Holders of Allowed Class 5 and Class 6 Claims are not expected to be made until the third quarter of 2013 at the earliest and subsequent Distributions are expected to continue over an approximate two (2) year period.

For administrative convenience to Holdings Ltd., Finance USA and MFG Holdings USA, and to provide Holders of Allowed Convenience Claims against these Debtors accelerated and certain Distributions on or as soon as practicable after the Effective Date, the Plan Proponents have established a Class for the treatment of such Convenience Claims (Class 4).

Each Holder of a Convenience Claim may elect to opt out of Class 4 and have their Allowed Claim treated instead as a Class 6 General Unsecured Claim. By electing to opt out of Class 4, each such Holder assumes the risk of (a) an ultimately lower recovery on account of their Allowed Class 6 Claim than the current treatment proposed for Class 4 and (b) delay in receiving Distributions. However, each such Holder may, by opting out of Class 4, ultimately receive a higher recovery on account of their Allowed Class 6 Claim.

~~B~~C. Recoveries on Claims Against Affiliates

The Property of the Estate for each Debtor is based on recoveries on account of claims against Affiliates as discussed in detail in Article IV hereto and other sources of recovery as discussed in detail in Article V hereto. The Estates have resolved a significant number of such claims. However, the Estates' recovery on account of their claims against Affiliates is in turn dependent on those Affiliates' recoveries on intercompany claims against other Affiliates. For example, the Plan Proponents have assumed that Holdings Ltd. will receive a Distribution from Finance USA on account of its Intercompany Claim. There can be no assurance that the Plan Proponents' estimates of the likely recoveries shall prove to be accurate. If the Plan Proponents' estimates are too high, the amount of Available Cash for Distribution to Holders of Allowed Claims in Classes ~~4 and~~ 5 ~~(~~and 6 (and 7, if any) and Allowed Interests in Classes ~~8~~9C, ~~8~~9D and ~~8~~9E would be less than estimated, and the difference could be material and significantly reduce recoveries for such Holders.

~~C~~D. Non-Confirmation of the Plan

Even if all Impaired Classes accept the Plan, the Plan may not be confirmed by the Bankruptcy Court. As set forth in more detail in Section XVI.B.2 below, § 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 Plan Proponents 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.

~~D~~E. Nonconsensual Confirmation

As set forth in more detail in Section XVI.B.3 below, pursuant to the "cramdown" provisions of § 1129 of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan at the Plan Proponents' 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 collectively, and the Creditor Co-Proponents separately, each 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 than the treatment currently provided for in the Plan. Further, in the event an Impaired Class fails to approve the Plan, the Plan Proponents collectively, and the Creditor Co-Proponents separately, may determine not to seek Confirmation of the Plan.

~~E~~F. Conditions Precedent to the Effective Date

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

~~F~~G. Delays in Confirmation or Effective Date

Through November 30, 2012, the Debtors have incurred approximately $48.6 million in Professional Fee Claims. The Plan Proponents estimate that an additional approximately $30 million in Professional Fee Claims have been or will be incurred through the Effective Date. Any delay in Confirmation or the Effective Date could result in, among other things, increased Professional Fee Claims as well as other Plan Administration Expenses. Such increased Claims or any other negative effects associated with a delay in Confirmation or the Effective Date could reduce recoveries for Holders of Allowed Claims in Classes ~~4 and~~ 5 ~~(~~and 6 (and 7, if any) and Allowed Interests in Classes ~~8~~9C, ~~8~~9D and ~~8~~9E.

~~G~~H. Performance of the Plan Administrator

The amount of Available Cash available for Distribution to Holders of Allowed Claims in Classes ~~4 and~~ 5 ~~(~~and 6 (and 7, if any) and Allowed Interests in Classes ~~7 and~~ 8 and 9 depends on (i) the amount of Plan Administration Expenses, (ii) the time and effort required to collect and convert Property of the Estate, and the amount of Cash realized therefrom, and (iii) the effects of any changes in Tax and other government rules and regulations applicable to the Debtors or their Estates. These factors could result in a reduced amount of Available Cash for Distribution to Holders of such Allowed Claims and Allowed Interests.

~~H~~I. Avoidance Actions

In accordance with § 1123(b) of the Bankruptcy Code, after the Effective Date, 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 Entity, including Causes of Action under chapter 5 of the Bankruptcy Code. In pursuing any such claims and Causes of Action, the Plan Administrator shall act in the best interest of the Estates. Accordingly, a Holder of a Claim may be subject to one or more such claims or Causes of Action even if such Holder votes in favor of the Plan.

~~I~~J. 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 pre-petition 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~~K. Risks Related to Certain U.S. Federal Tax Considerations of the Plan

1. Availability of MF Global US Tax Group's NOLs and other Tax Attributes May Be Limited for Future Use

It is uncertain whether MF Global US Tax Group has experienced an ownership change to date or will experience an ownership change prior to the Effective Date for purposes of the NOL change of ownership rules under § 382 of the IRC. For the tax year ended March 31, 2011, MF Global US Tax Group reported a

consolidated NOL carryforward for U.S. federal income tax purposes of approximately $~~40.7~~30.7 million. MF Global US Tax Group expects to incur additional NOL carryforwards for the tax year ended March 31, 2012, and the tax year ending March 31, 2013. If MF Global US Tax Group experienced an ownership change to date or experiences an ownership change prior to the Effective Date, then its NOL carryforwards as of such date may already be subject to substantial limitations with respect to their availability to offset future taxable income or gain of MF Global US Tax Group resulting from the implementation of the Plan (as discussed in this Section XV.~~J~~K.1).

Furthermore, it is uncertain whether implementation of the Plan would result in an ownership change under § 382 of the IRC. The Plan Proponents intend that the Plan be treated as a plan of liquidation for U.S. federal income tax purposes, and therefore, the Plan Proponents do not expect that the Plan should result in an ownership change of MF Global US Tax Group (as discussed in this Section XV.~~J~~K.1). However, there is no assurance that the IRS will agree with such a characterization of the Plan for U.S. federal income tax purposes, and, due to the 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 U.S. federal income tax purposes of the Holders of Claims as continuing creditors and not as effective equity holders of Holdings Ltd. throughout the liquidation process). Notwithstanding the Plan Proponents' position, if the IRS were to successfully assert an ownership change had occurred as a result of the Plan, the Debtors could incur a material amount of U.S. federal income tax liability unless (a) the Property of the Estate of the Debtors are distributed pursuant to the Plan on or before the date of such ownership change or (b) the amount of the annual limitations (taking into account any increase therein for certain recognized built-in gains) is large enough to permit MF Global US Tax Group to use an amount of NOL carryforwards and other attributes sufficient to offset such amount of U.S. federal income tax.

2. MF Global US Tax Group's NOLs and other Tax Attributes May Be Subject to Further Reduction

The Plan Proponents intend that the Plan be treated as a plan of liquidation for U.S. federal income tax purposes with the result that no COD income 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. However, there can be no assurance that the IRS will agree with this position due to, among other things, a lack of direct authoritative guidance as to when COD income occurs in the context of a liquidating chapter 11 plan and thus, there can be no assurance that all or a substantial amount of the COD income will not be incurred earlier. If the IRS were to successfully challenge the Plan Proponents' position, then the NOLs and other tax attributes of MF Global US Tax Group may be substantially reduced as a result of the COD income realized from the implementation of the Plan (as discussed in Section XIV.A.3.a).

~~K~~L. 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 XIV for a discussion of certain U.S. federal income tax consequences of the transactions contemplated under the Plan.

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

A. Acceptance of the Plan

This Disclosure Statement is provided in connection with the solicitation of acceptances of the Plan. The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the allowed claims of that class that have actually voted to accept or reject a plan. The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds in amount of the allowed interests of that class that have actually voted to accept or reject a plan.

If one or more Impaired Classes rejects the Plan, the Plan Proponents may, in their discretion, nevertheless seek confirmation of the Plan if the Plan Proponents believe that they will be able to meet the requirements of § 1129(b) of the Bankruptcy Code for confirmation of the Plan (which are set forth below), despite lack of acceptance by all Impaired Classes.

B. Confirmation

1. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to hold a hearing on confirmation of a plan. Notice of the Confirmation Hearing respecting the Plan has been provided to all known Holders of Claims and Interests or their Representatives. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of a plan. Any objection to Confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtors' Estates, and the basis for the objection and the specific grounds in support thereof. Such objection must be Filed with the Bankruptcy Court, with a copy forwarded directly to the Chambers of the Honorable Martin Glenn, United States Bankruptcy Court, together with proof of service thereof, and served upon (a) counsel to the Creditor Co-Proponents, Jones Day, 555 South Flower Street, 50th Floor, Los Angeles, CA 90071, Attn: Bruce Bennett, Esq. (b) counsel to the Chapter 11 Trustee, Morrison & Foerster LLP, 1290 Avenue of the Americas, New York, New York 10104, Attn: Brett H. Miller, Esq., (c) counsel to the Committee, Proskauer Rose LLP, Eleven Times Square, New York, New York 10036-8299, Attn: Irena Goldstein, Esq.; (d) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Brian Masumoto, Esq., so as to be received no later than the date and time designated in the notice of the Confirmation Hearing.

2. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Plan Proponents will request that the Bankruptcy Court determine that the Plan satisfies the requirements of § 1129 of the Bankruptcy Code. If so, the Bankruptcy Court shall enter an order confirming the Plan. The applicable requirements of § 1129 of the Bankruptcy Code are as follows:

a. The Plan must comply with the applicable provisions of the Bankruptcy Code;

b. The Plan Proponents must have complied with the applicable provisions of the Bankruptcy Code;

c. The Plan has been proposed in good faith and not by any means forbidden by law;

d. Any payment made or promised to be made by the Plan Proponents under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before Confirmation of the Plan is reasonable, or if such payment is to be fixed after Confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

e. The Plan Proponents have disclosed the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or administrator of each of the Debtors under the Plan. Moreover, the appointment to, or continuance in, such office of such individual is consistent with the interests of Holders of Claims and Interests and with public policy;

f. Best Interests Test. The "best interests" test requires that with respect to each Class of Impaired Claims or Interests, either each Holder of a Claim or Interest of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the applicable Debtor were liquidated on such date under chapter 7 of the Bankruptcy Code. In a chapter 7 liquidation, creditors and interest holders of a debtor are paid from available assets generally in the following order, with no lower class receiving any payments until all amounts due to senior classes have either been paid in full or payment in full is provided for: (i) first to secured creditors (to the extent of the value of their collateral), (ii) next to priority creditors, (iii) next to unsecured creditors, (iv) next to debt expressly subordinated by its terms, by the provisions of § 726(a) of the Bankruptcy Code, or by order of the Bankruptcy Court, and (v) last to holders of interests. The starting point in determining whether the Plan meets the "best interests" test is a determination of the amount of proceeds that would be generated from the liquidation of the Debtors' assets in the context of a chapter 7 liquidation. Such value must then be reduced by the costs of such liquidation, including costs incurred during the Chapter 11 Cases and allowed under chapter 7 of the Bankruptcy Code (such as fees and expenses of Professionals), a chapter 7 trustee's fees, and the fees and expenses of professionals retained by a chapter 7 trustee. The potential chapter 7 liquidation distribution in respect of each class must be further reduced by the costs imposed as a result of the delay that would be caused by conversion of the Chapter 11 Cases to cases under chapter 7.

The Plan Proponents submit that Holders of Claims and Interests will receive under the Plan a recovery at least equal in value to the recovery such Holders would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The Plan Proponents believe that under the Plan, Holders of Impaired Claims and Interests will receive property with a value equal to or in excess of the value such Holders would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code, and therefore that the Plan satisfies the "best interests" test. In this regard, the Plan Proponents have prepared a liquidation analysis (the "**Liquidation Analysis**"), a copy of which is attached hereto as Exhibit VI, which is premised upon a liquidation of the Debtors in a hypothetical chapter 7 case. As demonstrated by the Liquidation Analysis, the Plan Proponents believe that if the Chapter 11 Cases were

converted to chapter 7 liquidations, Holders of Claims and Interests would receive less than they will receive under the Plan.

~~g~~a. Each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan;

~~h~~b. Except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that (i) Holders of Allowed Administrative Claims shall be paid in full in Cash; (ii) Holders of Allowed Priority Tax Claims shall be paid in full in Cash; and (iii) Holders of Allowed Priority Non-Tax Claims shall be paid in full in Cash.

~~i~~c. At least one Impaired Class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;

~~j~~d. Feasibility. Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if a bankruptcy court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. Since the Plan provides for the liquidation of the Debtors, the Bankruptcy Court will find that the Plan is feasible if it determines that the Plan Proponents will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet its post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Chapter 11 Cases. The Plan Proponents believe that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

~~k~~e. All fees payable under 28 U.S.C. § 1930 have been paid and/or the Plan provides for the payment of all such fees on the Effective Date.

3. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan, even if such plan has not been accepted by all impaired classes entitled to vote on such plan, provided that such plan has been accepted by at least one impaired class. If any Impaired Classes reject or are deemed to have rejected the Plan, the Plan Proponents reserve the right to seek the application of the statutory requirements set forth in § 1129(b) of the Bankruptcy Code for Confirmation of the Plan despite the lack of acceptance by all Impaired Classes.

Section 1129(b) of the Bankruptcy Code provides that notwithstanding the failure of an impaired class to accept a plan, the plan shall be confirmed, on request of the proponent of the plan, in a procedure commonly known as "cramdown," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under and has not accepted the plan.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of secured claims includes the requirements that (a) the holders of such secured claims retain the liens securing such claims to the

extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan, and (b) each holder of a secured claim in the class receive deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims includes the requirement that either (a) such class receive or retain under the plan property of a value as of the effective date of the plan equal to the allowed amount of such claim, or (b) if the class does not receive such amount, no class junior to the non-accepting class will receive a distribution under the plan.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of interests includes the requirements that either (a) the plan provides that each holder of an equity interest in such class receive or retain under the plan, on account of such equity interest, property of a value, as of the effective date of the plan, equal to the greater of (i) the allowed amount of any fixed liquidation preference to which such holder is entitled, (ii) any fixed redemption price to which such holder is entitled, or (iii) the value of such equity interest, or (b) if the class does not receive such amount, no class of interests junior to the non-accepting class will receive a distribution under the plan.

If any Impaired Class of Claims or Interests 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 collectively, and the Creditor Co-Proponents separately reserve the right to amend the Plan in accordance with Section XIII.A of the Plan 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 Plan Proponents shall request that the Bankruptcy Court confirm the Plan pursuant to § 1129(b) of the Bankruptcy Code.

C. Voting

1. Voting of Claims and Interests

Each Holder of an Allowed Claim or Allowed Interest in an Impaired Class 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. Controversy Concerning Impairment

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

5. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Plan Proponents 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.

D. Effective Date of the Plan

1. Conditions to the Effective Date

The Effective Date, with respect to a particular Debtor, shall not occur, and the Plan shall not be consummated with respect to such Debtor, unless and until the following conditions have been satisfied or duly waived pursuant to Section X.D.2 of the Plan:

a. The Bankruptcy Court shall have entered the Confirmation Order, *inter alia*, 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.

b. The Confirmation Order shall not be stayed in any respect.

c. 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, by-laws, or articles of organization, as applicable, of the Debtors which shall have been amended to the extent necessary to effectuate the Plan.

d. The Exit Facility Agreement shall have been executed and delivered by all of the Entities that are parties thereto, and all conditions precedent to the consummation of the Exit Facility shall have been waived or satisfied in accordance with the terms thereof and the closing of the Exit Facility shall have occurred.

e. All authorizations, consents and regulatory approvals, if any, required in connection with the consummation of the Plan are obtained and not revoked.

f. The Estate, to the extent applicable, 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 required to satisfy such Allowed Secured Claims), (5) the Professional Fee Reserve Amount, (6) the Creditor Co-Proponents Fee Reserve Amount, and (7) the Plan Administration Expenses Reserve Amount.

g. 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.

For purposes of clarity, the satisfaction of the foregoing Conditions to the Effective Date by a particular Debtor shall result in the occurrence of the Effective Date and the Plan can be consummated as to such Debtor regardless of whether any other Debtor has satisfied the Conditions to the Effective Date.

2. Waiver of Conditions to the Effective Date

All conditions to the Effective Date set forth in Sections XVI.D.1(c) and (e) above may be waived in whole or part at any time by the Creditor Co-Proponents in their sole and absolute discretion without an order of the Bankruptcy Court; provided, however, that the conditions in Section XVI.D.1(d) above can only be waived by all of the Plan Proponents. 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.D.2 of the Plan within one-hundred eighty (180) days of the entry of the Confirmation Order, then upon motion by the Creditor Co-Proponents 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 if each of the conditions to the Effective Date has not been satisfied or duly waived in accordance with Section X.D.2 of the Plan within one (1) year of the entry of the Confirmation Order, the Chapter 11 Trustee may bring such motion; and provided, further, 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.C.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.H 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, they shall be addressed at or prior to the Confirmation Hearing.

XVII. EFFECTS OF CONFIRMATION

A. Vesting of Assets

Upon the Effective Date, pursuant to § 1141(b) and (c) of the Bankruptcy Code, all Property of the Estate of each Debtor shall vest in that Debtor free and clear of all Claims, Liens, encumbrances, charges and other interests, except as provided herein. From and after the Effective Date, the Plan Administrator, on behalf of the Debtors, may take any action, including, without limitation, the operation of their businesses, the use, acquisition, sale, lease and disposition of Property of the Estate, and the entry into transactions, agreements, understandings or arrangements, whether in or other than in the ordinary course of business, and execute, deliver, implement, and fully perform any and all obligations, instruments, documents and papers or otherwise in connection with any of the foregoing, free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as explicitly provided herein.

B. Binding Effect

On and after the Effective Date, the provisions of the Plan shall bind any Holder of a Claim against, or Interest in, the Debtors and their respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan.

C. Exculpation

From and after the Effective Date, (i) the Plan Proponents and the Committee, and their respective Representatives, and the Indenture Trustee, shall neither have nor incur any liability to any Person or Entity for any act taken or omitted, or to be taken, in connection with the formulation, preparation, dissemination, implementation, confirmation or approval of the Plan, the exhibits to the Plan, the Disclosure Statement, the Plan Trust Agreement, or any other contract, instrument, release or other agreement or document provided in connection therewith and (ii) the Chapter 11 Trustee shall be deemed to have fulfilled all of his duties under § 1106 of the Bankruptcy Code and, accordingly, discharged from all further obligations including the need to maintain the bond; provided, however, that the foregoing provisions shall not affect the liability of any Person or Entity that otherwise would result from any such act or omission to the extent that the act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct.

D. Resolution of Intercompany Claims

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval pursuant to § 1123(b)(3)(A) of the Bankruptcy Code and Bankruptcy Rule 9019 of the Interco Settlement, and further, will constitute the Bankruptcy Court's finding that such settlement is (i) in exchange for the good and valuable consideration provided by the Debtors, representing good faith settlement and compromise of the Claims resolved herein; (ii) in the best interests of the Debtors and all holders of Claims and Interests; (iii) fair, equitable, and reasonable; (iv) approved after due notice and opportunity for hearing; and (v) a bar to any of the Holders of Claims against and Interests in the Debtors asserting any Claim inconsistent with the Interco Settlement.

E. Injunction

Except as expressly provided in this Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, or as agreed to by a Holder of a Claim or Interest and the Plan Administrator (on behalf of a Debtor), all Entities (other than the Debtors) who have held, hold or may hold Claims against or Interests in any or all of the Debtors (whether proof of such Claims or Interests has been Filed or not), along with their respective present or former employees, agents, officers, directors or principals, are permanently enjoined, on and after the Effective Date, solely with respect to any Claims or Interests that are treated pursuant to this Plan, from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Protected Parties or the property of the Debtors, (ii) enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting, or otherwise recovering by any manner or means, whether

directly or indirectly, any judgment, award, decree, or order against the Protected Parties or the property of any of the Debtors, (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Protected Parties or the property of any of the Debtors, (iv) asserting any right of setoff, directly or indirectly, against any obligation due the Protected Parties or the property of any of the Debtors, except as contemplated or allowed by the Plan; (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; and (vi) taking any actions to interfere with the implementation or consummation of the Plan.

~~XVII~~XVIII. 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. Furthermore, the Committee has represented that it supports confirmation of the Plan as set forth in Section VII.F. Consequently, the Plan Proponents urge all Holders of Claims in Class 3A, 3B, 4A, 4B, 4F, 5A, 5B~~, 5C, 5D, 5E, 5F~~, 6A, 6B, 6C, 6D, 6E ~~and~~, 6F, 7A, 7B, 7C, 7D, 7E and 7F and Interests in Class ~~8~~9B, ~~8~~9C, ~~8~~9D, ~~8~~9E and ~~8~~9F, 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~~Ballots so that they shall be received on or before the Voting Deadline.

Dated: February ~~1~~12, 2013

Respectfully submitted,

THE PLAN PROPONENTS:

BARCLAYS CAPITAL

By: /s/ *AWAITING SIGNATURE AUTHORIZATION*
~~By:~~ _____

Dan Crowley
Managing Director

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*

~~By:~~ _____
Paul A. Friedman
Head of US Legal

CASPIAN CAPITAL LP

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

CITIGROUP FINANCIAL PRODUCTS INC.

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

CITIGROUP GLOBAL MARKETS INC.

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

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

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

DEUTSCHE BANK SECURITIES INC.

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

KNIGHTHEAD ~~MASTER FUND~~CAPITAL MANAGEMENT, ~~LP~~LLC
~~By: Knighthead Capital Management, LLC,~~
on behalf of funds and certain accounts it manages
~~its investment manager~~
By: */s/ Laura L. Torrado*

~~By:~~ _____
Laura L. Torrado
General Counsel

~~LMA SPC FOR AND ON BEHALF OF~~
P SCHOENFELD ASSET MANAGEMENT LP
~~MAP84 SEGREGATED PORTFOLIO~~
By: */s/ Martha Mensoian*
Martha Mensoian
~~By: Knighthead Capital Management, LLC, its investment advisor~~

~~By:~~ _____
~~Laura L. Torrado~~
General Counsel

Various funds managed by
POINTSTATE CAPITAL

By: */s/* ~~*AWAITING SIGNATURE AUTHORIZATION*~~*William J. Fenrich*
~~By:~~ _____
William J. Fenrich
Managing Director and General Counsel

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

By: /s/ ~~*AWAITING SIGNATURE AUTHORIZATION*~~*Jeff Farkas*
~~By:~~ _____
Jeff Farkas
Managing Director

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

~~By:~~ _____
By: */s/ Dev Chodry*
Authorized Signatory

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

~~By:~~ _____
By: */s/ Dev Chodry*
Authorized Signatory

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

~~By:~~ _____
By: */s/ Dev Chodry*
Authorized Signatory

SERENGETI ASSET MANAGEMENT LP

~~By:~~ _____
~~Marc Baum~~
By: */s/ 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:~~ _____
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:~~ _____
By: */s/ Jeffrey C. Erb*
Jeffrey C. Erb
General Counsel

LOUIS J. FREEH, CHAPTER 11 TRUSTEE

By: */s/ Louis J. Freeh*

Filed by:

/s/ Bruce Bennett
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Fax: (212) 468-7900

Counsel for the Chapter 11 Trustee, Co-Proponent

~~*/s/ Ray Costa*~~

EXHIBIT I

AMENDED JOINT PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE FOR MF GLOBAL HOLDINGS LTD., MF GLOBAL USE FINANCE CO., MF GLOBAL CAPITAL LLC, MF GLOBAL FX CLEAR LLC, MF GLOBAL MARKET SERVICES LLC, AND MF GLOBAL HOLDINGS USA INC.

(Filed Concurrently Herewith Under Separate Docket Number)

EXHIBIT II

FEASIBILITY ANALYSIS

EXHIBIT III

RECOVERY ANALYSIS

EXHIBIT IV

PLAN PROPONENTS ASSUMPTIONS IN CLAIMS ANALYSIS

EXHIBIT IV

PLAN PROPONENTS 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) amended Claims (excluding approximately $137.1 million in Claims); (iii) Claim 229 as it has been disallowed ~~as described in Section III.M of the Disclosure Statement~~per Bankruptcy Court order;[59] and (iv) Claims Filed against the Debtors for which the Debtors estimate no liability on account of the duplicative nature of the Claim or the fact that the claimant is not an employee of the Debtors (excluding approximately $~~3.6 billion~~400 million in Claims).

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~~7.2 billion in Claims Filed against ~~Holdings Ltd.~~the Debtors should not be Allowed and have ascribed a $0 value to such Claims as noted below:

To the extent identical Claims were Filed against one or more Debtors, the Plan Proponents have conducted a preliminary review and attributed the Claim to the appropriate Debtor. To the extent a Claim did not specify a Debtor, the Claim also has been ascribed to Holdings Ltd.

General Unsecured Claims Filed late have been reclassified to Class 7 Claims.

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) and has been included in the Claims estimation for both MFG Holdings USA and Holdings Ltd.

Claims properly filed against MFGI

- Claim 148 ~~filed~~Filed by Henning-Carey Proprietary Trading (for $1.6 billion)
- ~~Claim~~ Claims 204 ~~filed~~, 1694 - 1698 Filed by Russell Andrews & Fred Devito (for $600 million each)
- Claim 915 ~~filed~~Filed by Occidental Energy Marketing Inc. (for $44,822,761.30)
- Claim 1404 ~~filed~~Filed by Virginia Power Energy Marketing Inc. (for $64,346,879.85)
- Claim 1505 ~~filed~~Filed by RSJ Prop PCC Cell STS (for $21,502,501.27)
- Claim 1608 ~~filed~~Filed by Richard Lee Walter Jr (for $11,219,698.66)
- Claim 1614 - 1619 ~~filed~~Filed by Sovereign Int'l Asset Management Inc. (for $46,384,425.74)

[59] The Bankruptcy Court entered a Memorandum Opinion and Order Sustaining the Objection of the Chapter 11 Trustee and the SIPA Trustee to the Claims of Michelle Y. Coe on November 14, 2012 (No. 11-02790-mg (Bankr. S.D.N.Y.) (SIPA Proceeding ECF No. 4438). Ms. Coe filed a Motion for Reconsideration on November 26, 2012 (SIPA Proceeding ECF No. 4667). The Chapter 11 Trustee and SIPA Trustee filed an Opposition on December 5, 2012 (SIPA Proceeding ECF No. 4771). On December 6, the Bankruptcy Court entered an Order Denying Michelle Y. Coe's Motion for Reconsideration (SIPA Proceeding ECF No. 4796). On December 10, 2012, Ms. Coe filed a Response to the Opposition to Michelle Y. Coe's Motion for Reconsideration (SIPA Proceeding ECF No. 4865). The Plan Proponents believe there is no pending matter before the Bankruptcy Court as the Bankruptcy Court has entered an order denying reconsideration. Ms. Coe maintains that she has a pending motion.

Claim properly filed against MFGI; guaranteed by Holdings Ltd. but assumed satisfied by MFGI

- Claim 64 ~~filed~~Filed by Tenaska marketing Ventures (for $14,845,033.65)

MFGI Secured Facility Guarantee Claims assumed satisfied by MFGI

- Claim 891 ~~filed~~Filed by JPMorgan (unliquidated amount)
- Claim 893 ~~filed~~Filed by JPMorgan (unliquidated amount)
- Claim 1196 ~~filed~~Filed by Standard Chartered Bank (for $1.3 million, secured)
- Claim 1197 ~~filed~~Filed by Standard Chartered Bank (for $1.3 million, secured)
- Claim 1221 ~~filed~~Filed by Bank of America NA (unliquidated amount)
- Claim 1233 ~~filed~~Filed by Bank of America NA (unliquidated amount)

~~Claim~~**Claims based on fraud related to stock purchase; should be subordinated pursuant to Bankruptcy Code § 510(b)**

- Claim 896 ~~filed~~Filed by Cadian Capital Management LLC (for $100,000,000)
- Claim 1331 ~~filed~~Filed by Her Majesty, The Queen in Right of Alberta (for $11,613,659.82)
- Claim 1374 ~~filed~~Filed by Virginia Retirement System (for $8,141,865.11)

Claims assumed satisfied from the MFGUK administration

- Claim 957 ~~filed~~Filed by J P Morgan Markets Limited (for $244,912,610)
- Claim 1067 ~~filed~~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~~Filed by Bank of America NA (for $81,115,175.97)

Assumed disallowed if the 2nd Circuit appeal is lost

- Claim 1481 ~~filed~~Filed by Sapere CTA Fund LP (for $932,162,430) discussed in detail in Section III.N.2 of the Disclosure Statement

Claims Resolved Per MFGI-MFGUK Settlement Agreement

~~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) and has been included in the Claims estimation of MFG Holdings USA.~~

~~To the extent identical Claims were filed against one or more Debtors, the Plan Proponents have conducted a preliminary review and attributed the Claim to the appropriate Debtor. To the extent a Claim did not specify a Debtor, the Claim also has been ascribed to Holdings Ltd.~~

Finally, the Plan Proponents have assumed that the ~~claims filed~~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~~Filed by MFGUK against MFG Capital
- Claim 1027 (for $258,995) ~~filed~~Filed by MFGUK against FX Clear

- Claim 1028 (for $275,151) ~~filed~~Filed by MFGUK against MFG Market Services
- Claim 1029 (for $73,320.66) ~~filed~~Filed by MFGUK against MFG Holdings USA
- Claim 1030 (for $1.097,804.05) ~~filed~~Filed by MFGUK against Holdings
- Claim 1068 (for $89,121,319) ~~filed~~Filed by MFGI against Holdings Ltd.

~~Late filed Claims have been included in Class 6.~~

EXHIBIT V

ORGANIZATIONAL CHART

EXHIBIT VI

LIQUIDATION ANALYSIS

Summary Report: **Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on 2/12/2013 4:45:49 PM**	
Style Name: JD Color	
Original Filename:	
Original DMS:iw://LAI/LAI/3178929/39	
Modified Filename:	
Modified DMS: iw://LAI/LAI/3178929/43	
Changes:	
Add	1128
~~Delete~~	878
~~Move From~~	0
Move To	0
Table Insert	26
~~Table Delete~~	1
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Total Changes:	2033