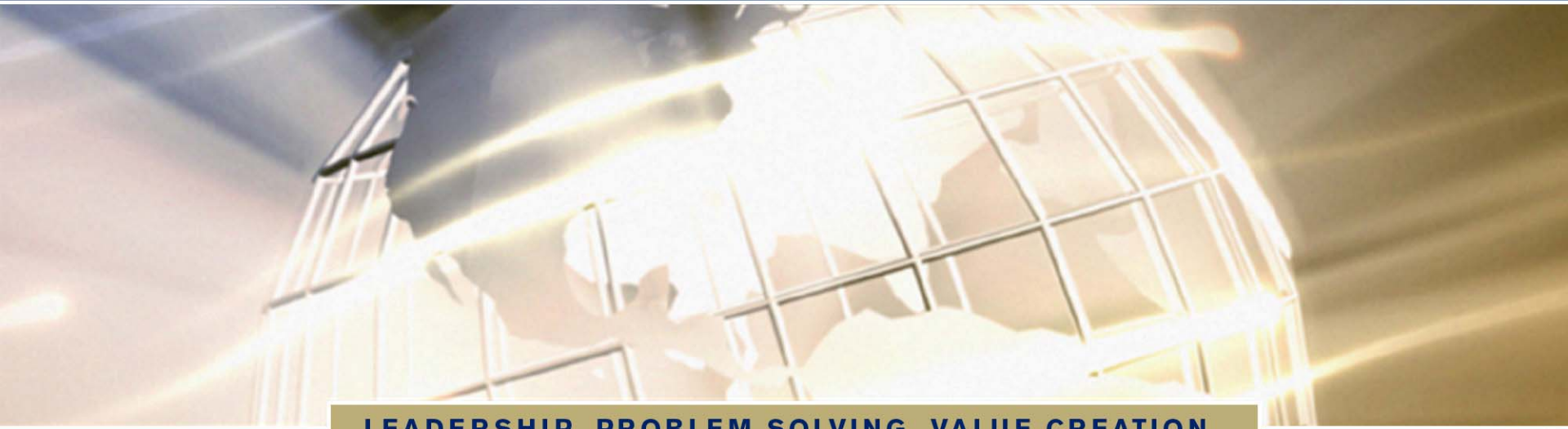


# Preliminary Analysis of Non-Insider Equity Recoveries for Refco, Inc.

February 2, 2006



**LEADERSHIP. PROBLEM SOLVING. VALUE CREATION.**



**ALVAREZ & MARSAL**

**DRAFT**

## Statement of Limitations

This preliminary analysis is based on our current understanding of the issues and information that is publicly available, including the S-1 registration statement and bankruptcy filings of Refco, Inc. Because there are many unknown factors at this time, the following analysis is subject to change as additional information becomes available and as our analysis continues.

This presentation and attached exhibits are the work product of Alvarez & Marsal and constitute privileged and confidential work product that is not to be used outside of this matter without the express written consent of Alvarez & Marsal.

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## I. Executive Summary

## Executive Summary

Alvarez & Marsal has performed a preliminary analysis of the issues impacting the non-insider equity holders of Refco, Inc. This summary highlights our findings. The individual analysis can be found in the detailed schedules that are included herein.

### **Background**

Refco, Inc. (“the Company” or “Refco”) was formed immediately prior to the initial public offering which occurred on August 16, 2005. Approximately 30.5 million shares were sold to the public (including the optional portion purchased by the underwriters).

Due to the discovery of a loan from a Phillip Bennett owned entity that had not been properly disclosed, the Company issued an 8K stating that the financial statements could not be relied upon. Although Bennett repaid the loan in cash on the date of the 8K filing, Refco, Inc and certain of its subsidiaries filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code on October 17, 2005 (“the Filing”). Management has been replaced, and the entire board has resigned.

Since the Filing, significant asset sales have occurred, or are in process. The public bonds have traded as high as 80.06 and as low as 16.00. This has been a case that can be described as a grab for assets, as a rapid liquidation has occurred.

## Executive Summary (cont'd)

- **A&M Analysis:** Our preliminary analysis includes:
  - A review of the potential recovery to equity holders based on the information available, certain assumptions and the absolute priority rule.
  - An evaluation of the intercompany accounts of Refco Group.
  - A summary of certain questionable transfers that conveyed value out of Refco to insiders in the two years prior to the Filing.
  
- **Our Preliminary Findings:**
  - I. According to the S-1 dated May 31, 2005, just a few months prior to the Filing, New Refco Group (the direct subsidiary of Refco, Inc.) had a net equity value of \$185 million. That value was based on its ownership of Refco Group, Ltd. The summary balance sheet for Refco Group, Ltd as of May 31, 2005 indicates:
    - a) Net equity value of \$188 million.
    - b) Investments in and advances due from subsidiaries totaling \$2.6 billion.
    - c) No intercompany debt.

## Executive Summary (cont'd)

- II. There is **significant recovery to non-insider equity** depending on the outcome of several key issues:
- A determination of what happened to \$2.6 billion of assets that Refco Group Ltd reported at 5/31/2005.
  - A forensic review and determination of the accounting entries related to the intercompany accounts and the underlying intent of those transactions.
  - The recovery of transfers made to insiders during the two years prior to and after the IPO of Refco, Inc.
    - The Bennett group received transfers with value of approximately \$2 billion.
    - Thomas H Lee Partners received value in excess of \$293 million.
  - Direct actions by the Refco parent against wrongdoers.

## Executive Summary (cont'd)

- III. There is insufficient credible information available to equity holders for a determination of what assets and value reside in each entity.
- Out of the more than 100 entities in the Refco corporate structure, only 24 have provided any information on their holdings. Furthermore, the 24 entities providing information did not itemize the required breakout of net book values associated with the individual stocks and interests in incorporated businesses, interests in partnerships and joint ventures.
  - The Schedules as filed with the Bankruptcy Court are riddled with errors. For example, intercompany receivables from one entity should match the intercompany payables within the other entity. Twelve of the 24 entities contain discrepancies with an absolute value in excess of approximately \$250 million.
  - Furthermore, the equity holders do not have access to any work product of the professionals investigating the asset values, transfers, or fraud associated with this matter.



## II. Potential Equity Recovery

## Schedule of Potential Recovery

- Three scenarios are included in the following preliminary reverse waterfall analysis. The scenarios illustrate the wide range of equity value available to Refco Inc. depending on the outcome of investigations, litigation and asserted claims. Moreover, the scenarios do not include recovery values to Refco Inc. for (i) distributions or interests from non-filed subsidiaries, (ii) distributions or interests from solvent debtors (for Scenarios 1 and 2) and (iii) causes of action. The recovery from these matters only enhances the equity value available to Refco Inc. It is therefore appropriate that a committee be appointed to represent the interests of all non-insider equity holders.
  - All three scenarios assume the cash proceeds from the sale transactions, including the cash retained from capital accounts and the wind-down of Refco Securities, are transferred from subsidiaries and upstreamed to Refco Group Ltd. The scenarios further assume cash proceeds from the Man acquisition and the wind-down of Refco Securities are used to paydown senior secured bank debt and the senior subordinated notes following the rule of absolute priority.
  - Scenario 1, "Investment in Subsidiaries from May 2005 Balance Sheet Included", includes the investment in and advances to subsidiaries by Refco Group Ltd as recorded in the May 2005 Condensed and Consolidating Balance Sheet (offering memorandum). The Company's statements and schedules do not reflect a similar investment and it is unclear what happened to this significant asset of Refco Group Ltd. All other intercompany assets are eliminated.

## Schedule of Potential Recovery

- Scenario 2, "Intercompany Accounts Eliminated", assumes that the net intercompany balances due to and from Refco Group Ltd are inaccurate and unreliable and therefore are eliminated from the reverse waterfall analysis. (See Intercompany Analysis section for more details related to why intercompany balances are excluded.)
- Scenario 3, "As-Is", includes the net intercompany balances due to and from Refco Group Ltd as presented in the Statements and Schedules filed with Bankruptcy Court and distributions available to upstream from solvent debtor subsidiaries.

## Schedule of Potential Recovery (cont'd)

IN US MILLIONS	SCENARIO 1 INVESTMENT IN SUBSIDIARIES FROM MAY '05 B/S INCLUDED	SCENARIO 2 INTERCOMPANY ACCOUNTS ELIMINATED	SCENARIO 3 AS-IS
Sale proceeds available to Refco Group Ltd			
Man Financial, net of bank debt & sub notes (Ex. A-1 & A-2)	\$ -	\$ -	\$ -
Liquidation of Refco Securities, net of sub notes (Ex. A-3)	7.7	7.7	7.7
Partners Capital Investment Group, LLC	1.5	1.5	1.5
Forex	32.7	32.7	32.7
SubTotal	41.9	41.9	41.9
Other assets			
Security deposits & personal property	8.0	8.0	8.0
Intercompany receivables	2,555.1	-	98.8
Distributions & interests in non-filed subsidiaries	unknown	unknown	unknown
Distributions available from solvent Debtors	unknown	unknown	805.7
Causes of action	unknown	unknown	unknown
SubTotal	2,563.1	8.0	912.5
Total assets available for distribution	2,605.1	50.0	954.4
Senior secured bank debt, remaining balance	-	-	-
Senior subordinated notes, remaining balance	-	-	-
Intercompany payables	(1,567.8)	-	(1,567.8)
Professional fees (est.)	(30.0)	(30.0)	(30.0)
Available to upstream to Refco Inc.	\$ 1,007.3	\$ 20.0	\$ (643.3)

Notes and assumptions on the following page(s).

## Schedule of Potential Recovery (cont'd)

### Footnotes:

#### Sale proceeds

Man Financial Inc., purchased the regulated commodities futures merchant business from Refco Inc., Refco Group Ltd. LLC, Refco Global Holdings LLC, Refco Global Futures LLC, Refco LLC, Refco (Singapore) PTE Limited, Refco Canada Co., Refco Overseas Ltd., and certain affiliates of Refco LLC. The total consideration, net of estimated transaction fees, is approximately \$1,040.8 million with a cash value of \$999.8 million. The allocation of value is estimated as follows: \$750.0 million on account of net regulatory capital and \$249.8 million of cash, net of assumed liabilities to Refco LLC. See Exhibits A-1 and A-2 on following pages.

It is assumed that \$150.0 million is available to distribute upstream from the liquidation of Refco Securities LLC. See Exhibit A-3 on following page.

Net sale proceeds of \$1.5 million are estimated from the Partners Capital Investment's repurchase of shares from Refco Group Ltd.

Net sale proceeds of \$32.7 million are estimated from Forex' acquisition of equity interests from Refco Group Ltd and Refco F/X Associates related to the online retail trading business.

#### Security deposits

Reflects security deposits and personal property (collections, collectibles) held by Refco Group Ltd at net book value.

## Schedule of Potential Recovery (cont'd)

### Footnotes (cont'd):

#### Intercompany accounts

Scenario 1 reflects the investment in and advances to subsidiaries by Refco Group Ltd as recorded in the May 2005 Condensed Consolidating Balance Sheet of Refco Inc.'s offering memorandum. All other intercompany assets are eliminated.

Scenario 2 eliminates all intercompany balances due to their questionable nature.

Scenario 3 includes (i) the net intercompany balances due to and from Refco Group Ltd as presented in the Statements and Schedules filed with Bankruptcy Court, and (ii) distributions available to upstream from solvent debtor subsidiaries.

#### Other liabilities

Contingent claims and liabilities are assumed to be \$0.

#### Professional Fees

Professional fees are in addition to the transaction fees related to Man Financial acquisition (see Ex. A-1).

## Man Transaction

- The following exhibits trace the upstream distribution of value from the Man Financial acquisition. The analysis includes the following assumptions:
  - (a) non-debtor entities are assumed to be solvent;
  - (b) Debtor entities with positive book value (i.e. assets greater than liabilities, Source: Debtors' Statements and Schedules filed with the Courts on December 29, 2005) distribute proceeds available to affiliates in a senior position in the organizational hierarchy; and
  - (c) debtor entities pay down their debts in priority, beginning with secured bank debt (where applicable), and unsecured debts, before distributing available equity interests upstream.

# Man Transaction (cont'd)

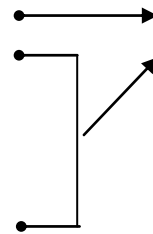
## Exhibit A-1:

### Consideration from Man Financial Acquisition

Net regulatory capital on account (Refco, LLC)	750.0
Cash consideration (Refco, LLC)	282.0
Assumed liabilities	41.0
	<u>          </u>
Consideration, gross	<u>\$ 1,073.0</u>
	<u>          </u>
Less: Transaction fees @ 3%	32.2
	<u>          </u>
Total consideration, net of transaction fees	<u><u>\$ 1,040.8</u></u>

### Allocation of Cash Value

Net regulatory capital on account (Refco, LLC)	750.0
Net cash consideration (Refco, LLC)	249.8
	<u>          </u>
	<u><u>\$ 999.8</u></u>

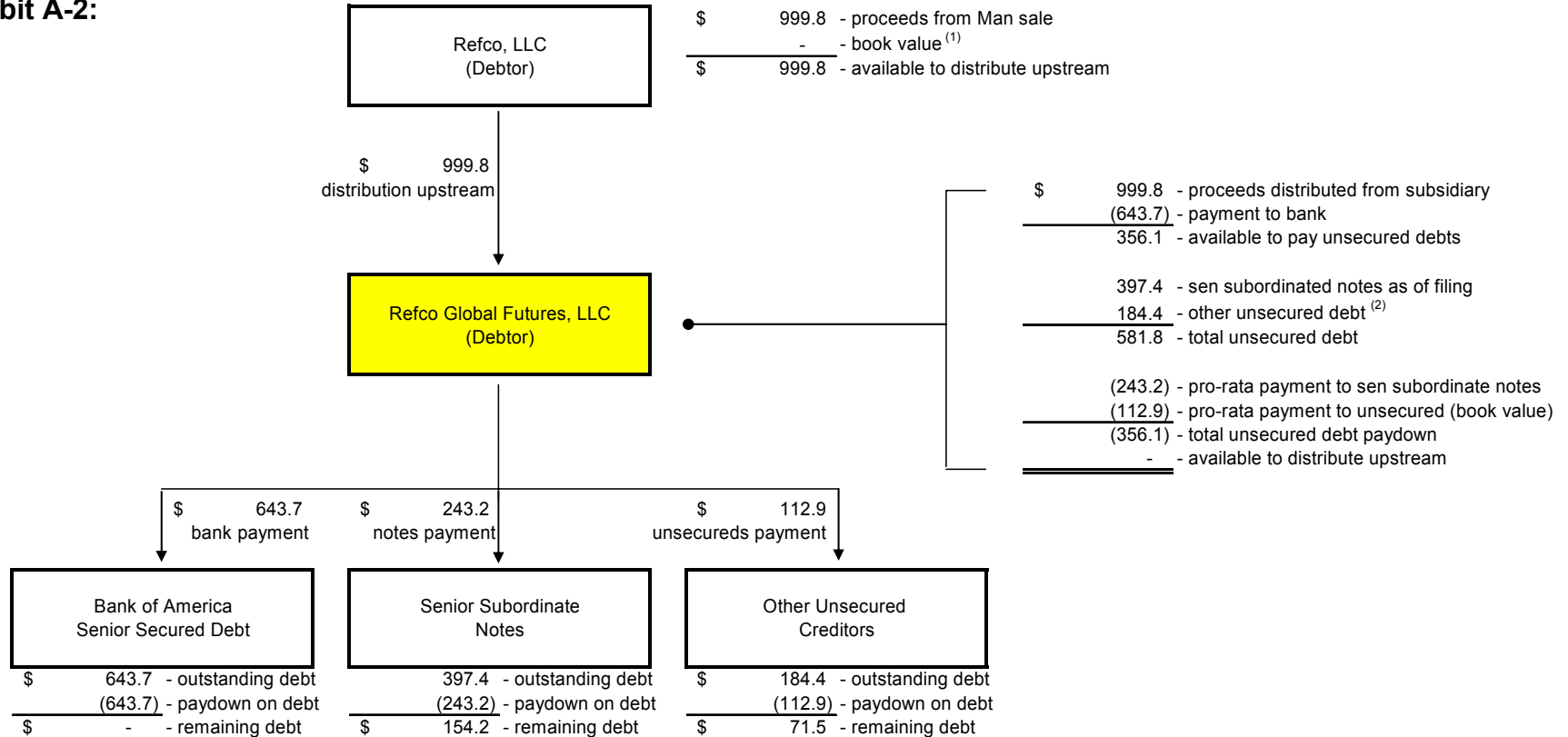




## Man Transaction (cont'd)

- Refco LLC receives \$249.8 million in net proceeds from Man Financial acquisition (Ex. A-1). Refco LLC distributes proceeds along with net regulatory cash upstream to its parent, Refco Global Futures, LLC. Assets and liabilities are unknown for Refco LLC as Refco LLC did not file statements and schedules with the Bankruptcy Court.
- Refco Global Futures, LLC uses the distribution of \$999.8 million from its subsidiary, Refco LLC, to paydown the senior secured bank debt. With the remaining proceeds available to creditors, Refco Global Futures pays down unsecured debtors pro-rata, including its other unsecured debts (i.e. intercompany and trade creditors) and subordinated notes (as a guarantor). It is assumed that no post-petition interest or penalties are accrued by the lender. (See Ex. A-2 for representation of proceeds distribution.)

# Man Transaction (cont'd)

**Exhibit A-2:**


  Borrower/Guarantor of Bank of America Senior Secured Debt

Notes: <sup>1</sup> Refco LLC did not file statements and schedules with the Bankruptcy Court and therefore the book value of Refco LLC is unknown. A preliminary analysis extracting intercompany amounts from debtors who filed statements and schedules reflects a net receivable balance from intercompany activity (i.e. money owed to Refco LLC).

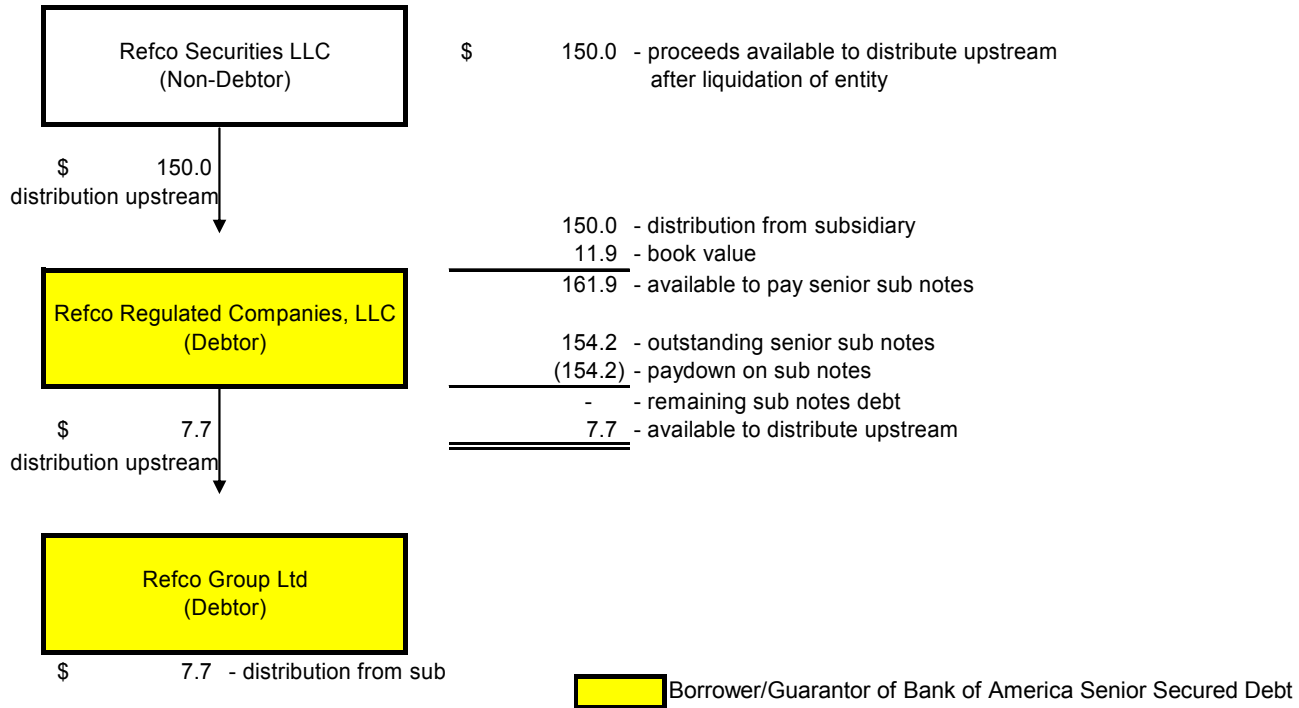
<sup>2</sup> Note that if intercompany debts are found to be erroneous at the subsidiary levels, and eliminated, an additional \$184 million will be available to upstream to equity.

## Man Transaction (cont'd)

- It is assumed Refco Securities LLC has \$150.0 million in regulatory capital, net of liabilities, available to distribute upstream to its parent, Refco Regulated Companies.
- Refco Regulated Companies, a guarantor on the sub notes, uses the distribution to paydown the balance of the senior subordinated notes.
- It is assumed that Refco Regulated Companies has adequate assets to satisfy its other debts due to its positive book value in the statement and schedules filed with the Bankruptcy Court.
- Refco Regulated Companies distributes remaining proceeds upstream to Refco Group Ltd (See Ex. A-3).

# Man Transaction (cont'd)

Exhibit A-3:



### III. Intercompany Analysis

## Intercompany Balances - Background

- The general reasons businesses use intercompany transfers vary and may include:
  - *Permanent*
    - Initial capitalization of subsidiaries
    - Dividends and other capital distributions
  - *Short Term*
    - Funding of the working capital and other liquidity needs
    - Transacting day-to-day business
  - *Long Term*
    - Loans or other obligations/asset transfers that will not be repaid in the next 12 months
  
- Pursuant to GAAP, the accounting method to record such a transfer should reflect the underlying purpose of the transfer.
  
- The Refco operations appear to use extensive intercompany transfers to effectuate its business and operating needs:
  - Per Refco S-1's Consolidating Balance Sheet, \$19.5 billion of intercompany amounts were eliminated in consolidation, for a net of \$74.3 billion in Total Assets as of 5/31/05.
  - The Bankruptcy Statements and Schedules indicate that at the Filing date, the total of the intercompany accounts related to the Debtor entities was over \$7 billion.

## Significant Value Change in Refco Group

- Refco Group Ltd., LLC (“Refco Group”) is the holding company for the operating subsidiaries of Refco, Inc.
  - Subsidiaries include both debtor and non-debtor companies.
  - Analysis of the Income Statements included in the S-1 appear to indicate Refco Group does not conduct individual operations.
  - Refco Group is a co-borrower under the bank credit agreement and bond indenture.
    - The cash borrowed by Refco Group was utilized:
      - At the operational subsidiary levels, as an investment or an advance, thus creating an asset at Refco Group;
      - As a part of the distribution to members during the THL transaction.
    - In most cases, debt in this type of situation is expected to be served through repayment of advances or dividend payments by the subsidiaries back to Refco Group, not through borrowings from the subsidiaries.
    - Refco Group has limited expenses since it does not have operations and, as such, should not create large intercompany payables without corresponding assets being created.

## Significant Value Change in Refco Group (cont'd)

- Understanding the nature of Refco Group's intercompany obligations is critical to the shareholders.
  - Equity interest in the Refco Group is the primary source of recovery to Refco shareholders.
  - Intercompany balances appear to be the main source of assets and liabilities of Refco Group.
  
- Refco Group carries an unusual intercompany liability balance that cannot be readily explained by a business need (See the table on the following page).
  - At Filing, Refco Group had \$1.6 billion in intercompany payables. The May 31, 2005 Consolidating Balance Sheet shows no intercompany payables.
  - Furthermore, Refco Group appears to have recorded an unusual \$2.5 billion reduction of the intercompany asset between May 2005 and the Filing date. From our review of the publicly available documents, there appears to be no disclosure or explanation as to what triggered such a reduction.



## Significant Value Change in Refco Group (cont'd)

**Refco Group Ltd., LLC**
**Balance Sheet**
*(US\$ in millions)*

	<u>5/31/2005 <sup>(1)</sup></u>	<u>At Filing <sup>(2)</sup></u>	<u>Change</u>
Receivables from broker-dealers, clearing organizations and customers, net of reserves	\$ 171.7	\$ 169.5	\$ (2.2)
Investments in and advances to subsidiaries	2,555.1	99.7	(2,455.5)
Goodwill, identifiable intangible assets and other assets	93.4	8.0	(85.3)
Total Assets	<u>2,820.2</u>	<u>277.1</u>	<u>(2,543.1)</u>
Short Term Borrowings, incl. current portion of long term borrowings	8.0	-	(8.0)
Payable to Customers	1,322.4		(1,322.4)
Intercompany Payables		1,613.4	1,613.4
Accounts Payable, Accrued Expenses and Other Liabilities	65.8	13.1	(52.7)
Long Term Borrowings	<u>1,236.0</u>	<u>1,028.0</u>	<u>(208.0)</u>
Total Liabilities	<u>2,632.3</u>	<u>2,654.5</u>	<u>22.2</u>
Members' Equity	187.9	n/a	n/a
Total Liabilities and Members' Equity	<u>\$ 2,820.2</u>		

Notes:
<sup>(1)</sup> Per S-1 filing.

<sup>(2)</sup> Per Statements and Schedules filed with the Bankruptcy Court.

## Intercompany Balances - Discrepancies

- Analysis of the Debtors' Statements and Schedules raises additional concerns regarding data integrity and accuracy of the intercompany amounts. For example, a simple comparison of the intercompany account receivable amounts of one Debtor entity to the corresponding intercompany accounts payable of another Debtor entity reveals significant discrepancies. The absolute values of these discrepancies by Debtor are summarized in the table below:

<b>Debtor</b> (US\$ in millions)	<b>Absolute Value</b>
1 Bersec International, LLC	\$ -
2 Kroeck & Associates, LLC	-
3 Marshall Metals, LLC	-
4 New Refco Group Ltd., LLC	-
5 Refco Administration, LLC	-
6 Refco Capital Holdings, LLC	0.1
7 Refco Capital Management, LLC	-
8 Refco Capital Markets, Limited	17.9
9 Refco Capital Trading, LLC	1.2
10 Refco Capital, LLC	196.5
11 Refco F/X Associates, LLC	3.3
12 Refco Finance, Inc.	-
13 Refco Financial, LLC	-
14 Refco Fixed Assets Management, LLC	2.2
15 Refco Global Capital Management, LLC	-
16 Refco Global Finance Limited	1.0
17 Refco Global Futures, LLC	-
18 Refco Global Holdings, LLC	0.1
19 Refco Group, Ltd., LLC	25.2
20 Refco Information Services, LLC	-
21 Refco Mortgage Securities, LLC	-
22 Refco Regulated Companies, LLC	-
23 Refco, Inc.	2.5
24 Summit Management, LLC	-
	<b>\$ 249.9</b>

## IV. Questionable Transfers

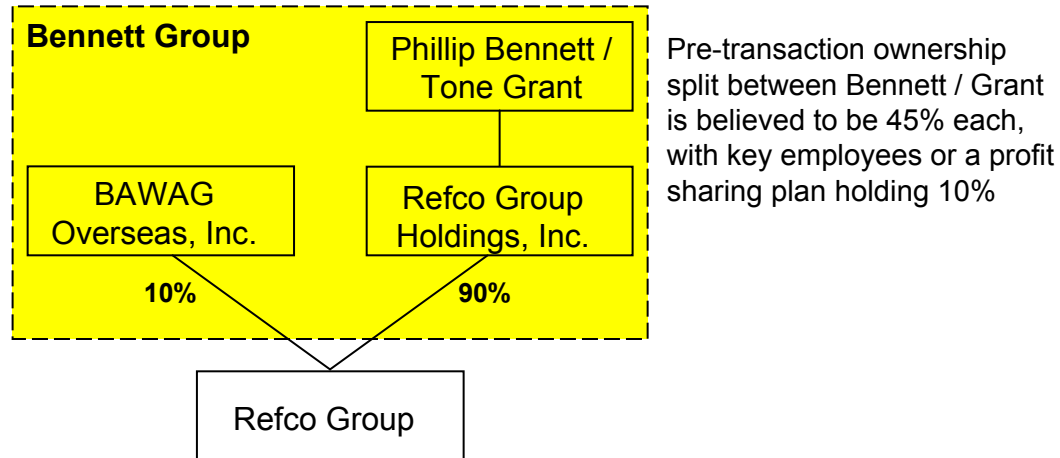
# Questionable Transfers

## Summary of THL Transactions

- In August 2004, Thomas H. Lee Partners and certain of their affiliates and co-investors (collectively, “THL”) entered into a series of transactions with various Refco entities (the “THL Transactions”).
  
- Key provisions are outlined below:
  - THL contributed \$507 million cash to acquire a 57% ownership interest in New Refco Group Ltd., LLC (“New Refco”)
  - Phillip R. Bennett (“Bennett”) exchanged a portion of his equity interest in Refco Group Ltd., LLC (“Refco Group”) for a 42.8% ownership interest in New Refco
  - Management contributed \$4.0 million cash to acquire a 0.2% ownership interest in New Refco
  - Refco Group entered into senior credit facilities providing for an \$800 million term loan and an undrawn \$75 million revolving loan facility
  - Refco Group, together with Refco Finance, Inc., issued \$600 million in senior subordinated notes
  - Refco Group distributed \$1.4 billion in cash and equity interests of Forstmann-Leff International Associates, LLC to Refco Group Holdings, Inc. (see ownership charts pre- and post-THL Transactions on the following pages).
  - Refco Group repaid a \$16.0 million intercompany subordinated loan to Refco Group Holdings, Inc.

## Questionable Transfers (cont'd)

### Refco Group Ownership Before THL Transactions

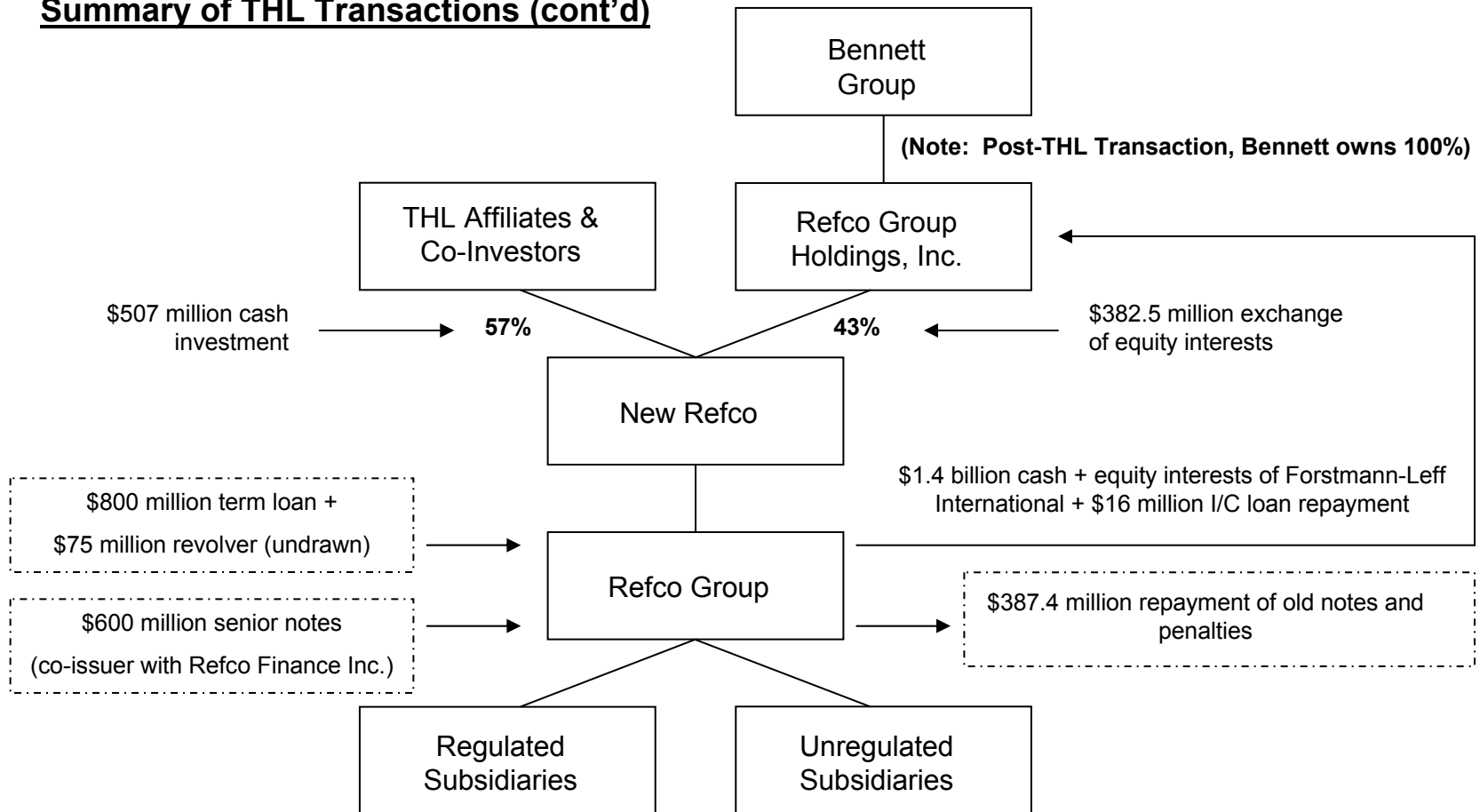


#### Transaction Notes:

- Refco Group Holdings, Inc. (“RGHI”) sells approximately 350 voting interests to THL (results in 57% interest in New Refco)
- RGHI exchanges approximately 264 voting interests for Class A Interests in New Refco (results in ~43% interest in New Refco)
- RGHI receives cash for the voting interests not sold to THL or exchanged for interests in New Refco
- BAWAG merges into subsidiary of RGHI; contributes 10% interests
- Allocation of proceeds between Bennett / Grant / BAWAG unknown
- RGHI becomes wholly-owned by Bennett as a result of the THL Transactions

# Questionable Transfers (cont'd)

## Summary of THL Transactions (cont'd)



## Questionable Transfers (cont'd)

### Summary of THL Transactions (cont'd)

- As a result of these transactions, the Bennett Group received \$1.4 billion of cash, all of the equity interests in Forstmann-Leff International, and a \$16.0 million repayment of an intercompany subordinated loan, which owned substantially all of the assets of a subsidiary (with a net book value of \$208 million).
- THL received approximately \$30 million in advisory fees at transaction close, \$15.2 million in subsequent payments related to agreements included in these transactions, and \$15.9 million immediately prior to the public offering in August 2005 to cover estimated income tax obligations.
- Bennett and THL received \$11 million in dividends at the close of fiscal year 2005 (presumably split based on their pro-rata ownership interest).

### Re- Incorporation

- Immediately prior to the public offering in August 2005, the parties formed Refco Inc. (a holding company) and exchanged their equity interests in New Refco for common shares in Refco Inc.

## Questionable Transfers (cont'd)

### Public Offering

- On August 16, 2005, Refco Inc. and certain selling stockholders sold 26,500,000 common shares to public investors at an offering price of \$22.
- Additionally, the underwriters were extended an option to purchase 3,975,000 additional common shares (the “Over-allotment”). If exercised, proceeds from the Over-allotment were to be distributed to stockholders of record prior to the public offering (i.e., Bennett and THL).
- The offering generated \$583 million in proceeds that were distributed as follows:

	<b>Proceeds</b>
	(US\$ in millions)
Refco Inc.	\$ 258.5
THL (selling stockholder)	178.3
Bennett (selling stockholder)	111.2
Underwriting Discounts / Commissions	35.0
	<u>\$ 583.0</u>

- Subsequent to the offering, the underwriters exercised their option to purchase 3,975,000 shares generating \$82.2 million in proceeds that were distributed to Bennett and THL on August 18, 2005.



## Questionable Transfers (cont'd)

### Transfers to The Bennett Group

- Consideration transferred to Bennett, Bennett-controlled entities or other insiders related to the ownership structure prior to the THL Transactions (collectively, "The Bennett Group") from fiscal year 2003 through the petition date is summarized below:

(US\$ in millions)	Fiscal Year 2003 through Petition Date <sup>[1]</sup>			
	<u>Refco Inc.</u>	<u>New Refco</u>	<u>Refco Group</u>	<u>Total</u>
Cash Distributions	\$ -	\$ -	\$ 1,373.2	\$ 1,373.2 <sup>[2],[3]</sup>
Dividends	35.2	4.7	220.0	259.9
Other Consideration	-	(9.8)	250.9 <sup>[4]</sup>	241.1
Proceeds from Sale of Stock	111.2	-	-	111.2
Compensation	-	-	12.6	12.6
	<u><b>\$ 146.3</b></u>	<u><b>\$ (5.1)</b></u>	<u><b>\$ 1,856.7</b></u>	<u><b>\$ 1,998.0</b></u>

<sup>[1]</sup> Benefits to The Bennett Group as disclosed in the Company's S-1 or other publicly available documents.

<sup>[2]</sup> Reflects total distributions to Refco Group Holdings, Inc. as a result of the THL Transactions. Prior to these transactions, Refco Group Holdings, Inc. was owned by Phillip Bennett, Tone Grant and other insiders. BAWAG (partial owner of Refco Group) was merged into a subsidiary of Refco Group Holdings, Inc. as part of these transactions. Allocation of distributions between the various parties are unknown.

<sup>[3]</sup> Assumes that Forstmann-Leff International Associates, LLC, ("FLIA") is in excess of the \$1.3 million distributed at the time of the THL Transaction.

<sup>[4]</sup> As part of the THL Transactions, Refco Group distributed all of the equity interests of FLIA to Refco Group Holdings. At the time, FLIA owned substantially all of the assets of Refco Group's Asset Management business. Amount reflected herein represents net book value of the Asset Management business on 2/29/04 plus change in control payments triggered by the THL Transactions.

## Questionable Transfers (cont'd)

### Transfers to THL

- Consideration transferred from various Refco entities to THL from August 8, 2004 through the petition date is summarized below:

(US\$ in millions)	<u>August 5, 2004 through Petition Date</u> <sup>[1]</sup>		
	<u>Refco Inc.</u>	<u>New Refco</u>	<u>Total</u>
Proceeds from Sale of Stock	\$ 178.3	\$ -	\$ 178.3
Dividends	46.9	6.3	53.1 <sup>[2]</sup>
Fees	-	30.0	30.0
Cash Distributions	-	15.9	15.9
Other Consideration	-	15.2 <sup>[3]</sup>	15.2
	<u>\$ 225.2</u>	<u>\$ 67.4</u>	<u>\$ 292.6</u>

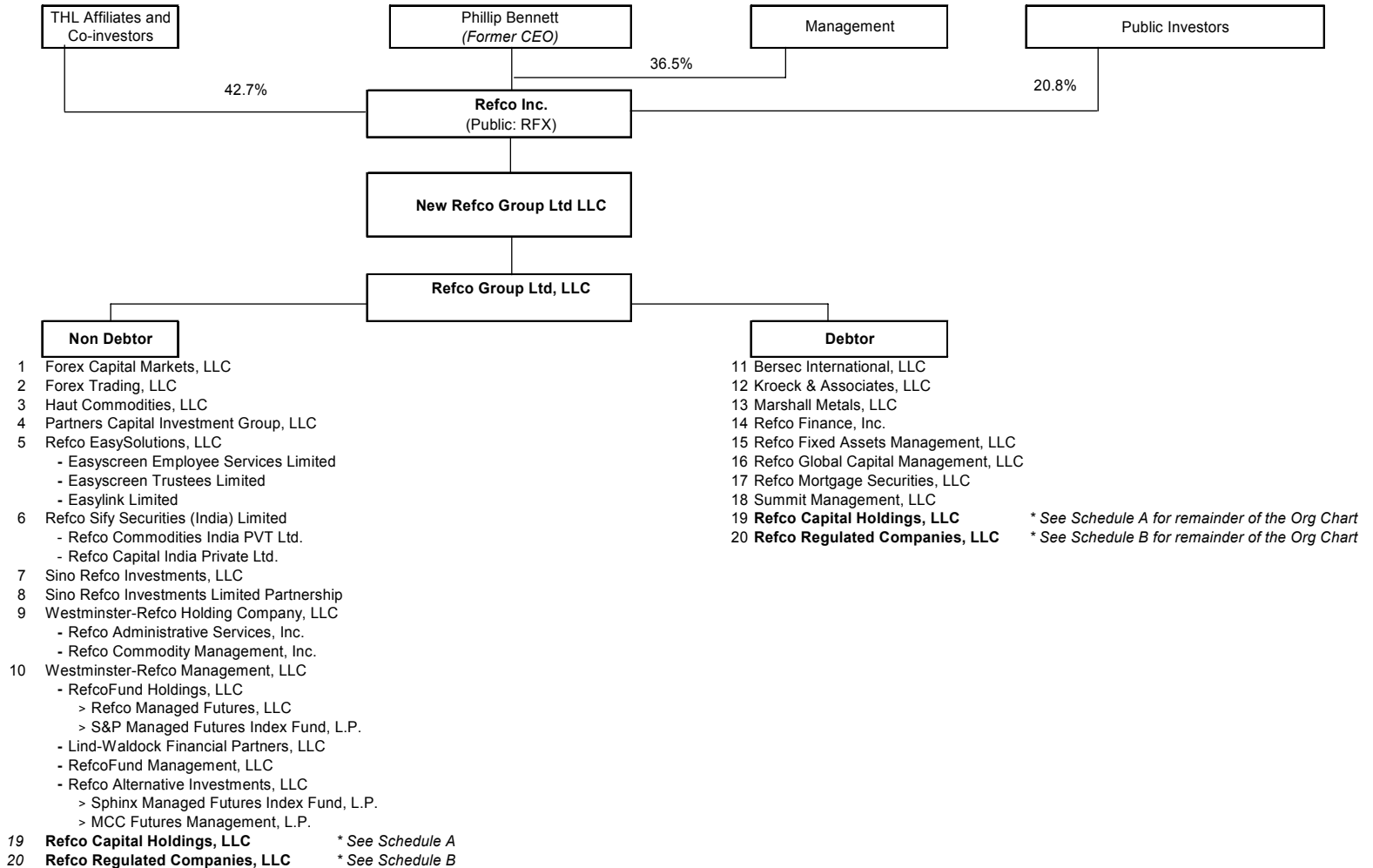
<sup>[1]</sup> Benefits to THL as disclosed in the Company's S-1 or other publicly available documents.

<sup>[2]</sup> Estimates assume distributions were made pro-rata based on ownership interest.

<sup>[3]</sup> Payments made pursuant to terms of various agreements included in the THL Transactions.

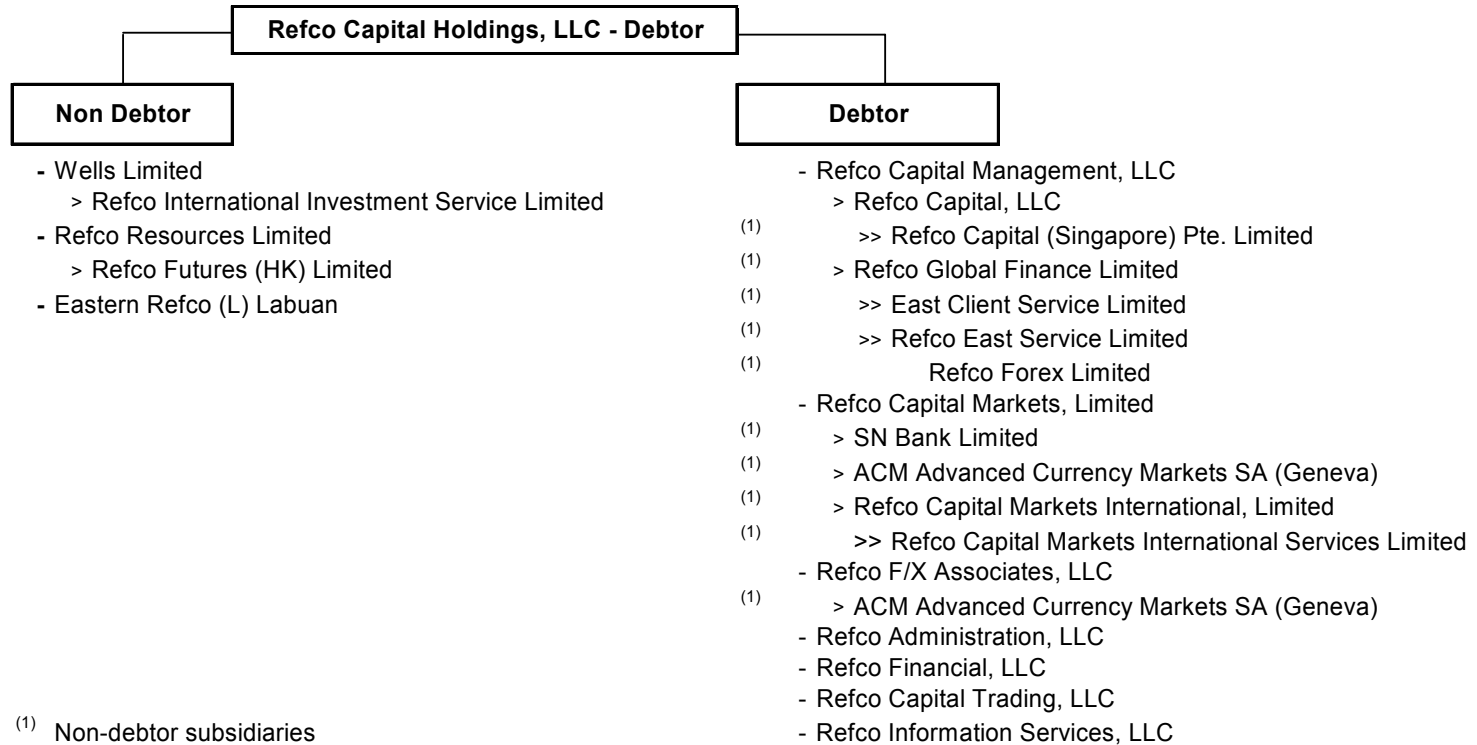
## V. Appendix

## Appendix A: Organization Chart



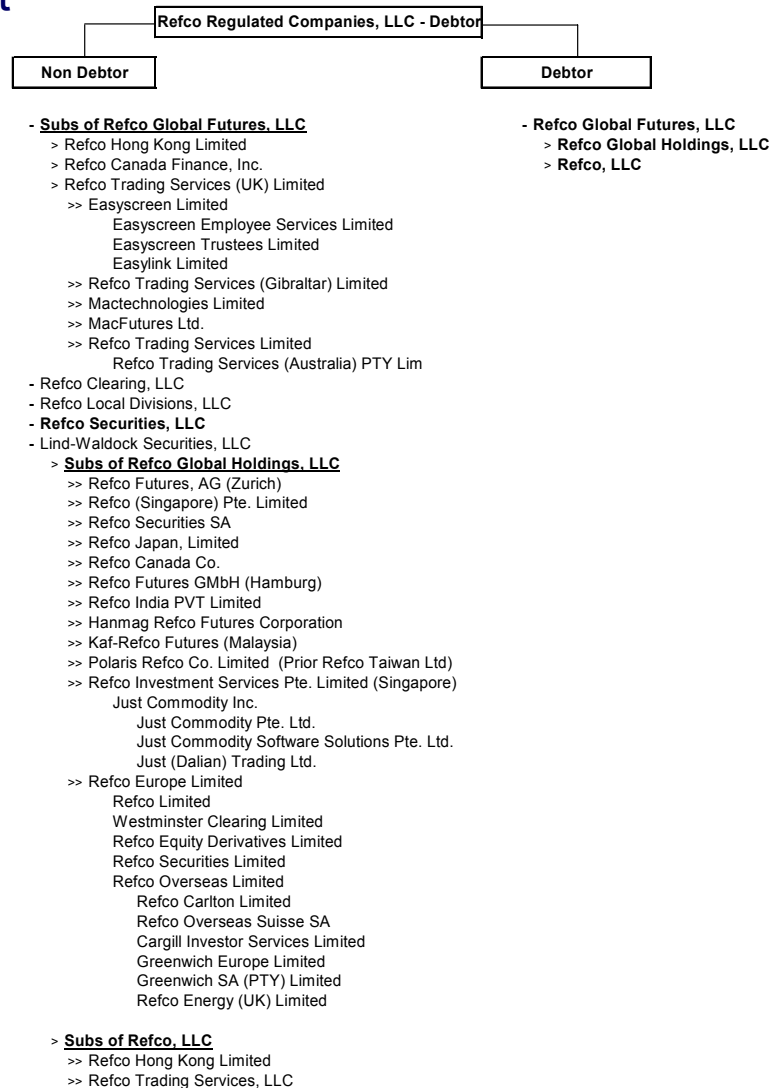
## Appendix A: Organization Chart

### Schedule A:



## Appendix A: Organization Chart

### Schedule B:



## Appendix B: Chart of Net Book Value for Filed Subsidiaries

Refco, Inc Debtor Entities (US\$ in thousands)	Net Book Value <sup>[1]</sup>
1 Bersec International, LLC	\$ -
2 Kroeck & Associates, LLC	598
3 Marshall Metals, LLC	(3,183)
4 New Refco Group Ltd., LLC	(650,069)
5 Refco Administration, LLC	(658)
6 Refco Capital Holdings, LLC	(10,370)
7 Refco Capital Management, LLC	14,744
8 Refco Capital Markets, Limited	604,580
9 Refco Capital Trading, LLC	(3,976)
10 Refco Capital, LLC	(41,397)
11 Refco F/X Associates, LLC	213,326
12 Refco Finance, Inc.	(397,405)
13 Refco Financial, LLC	357
14 Refco Fixed Assets Management, LLC	(27,029)
15 Refco Global Capital Management, LLC	-
16 Refco Global Finance Limited	2,114
17 Refco Global Futures, LLC	(121,944)
18 Refco Global Holdings, LLC	(12,796)
19 Refco Group, Ltd., LLC	(2,377,381)
20 Refco Information Services, LLC	196
21 Refco Mortgage Securities, LLC	-
22 Refco Regulated Companies, LLC	11,913
23 Refco, Inc.	225,737
<sup>[2]</sup> 24 Refco, LLC	-
25 Summit Management, LLC	-

### Notes

<sup>[1]</sup> Source: Statements and Schedules of Debtors; adjusted for Bank guarantees

<sup>[2]</sup> No information is available. Refco, LLC was not part of the original bankruptcy filing on October 17, 2005. Pursuant to the order authorizing the Debtors to sell the Assets, Refco, LLC was required to file Chapter 7 under the Bankruptcy Court to effectuate the sale.

## Appendix C: Subsidiaries involved in previous or pending asset sales for which no information is available

- [1] 1 Cargill Investor Services Limited
- [2] 2 Forex Capital Markets, LLC
- [2] 3 Forex Trading, LLC
- [1] 4 Greenwich Europe Limited
- [1] 5 Hanmag Refco Futures Corporation
- [1] 6 Kaf-Refco Futures (Malaysia)
- [3] 7 Partners Capital Investment Group, LLC
- [1] 8 Polaris Refco Co. Limited (Taiwan)
- [1] 9 Refco (Singapore) Pte. Limited
- [1] 10 Refco Canada Co.
- [1] 11 Refco Capital India Private Ltd.
- [1] 12 Refco Capital Markets, Limited
- [1] 13 Refco Carlton Limited
- [1] 14 Refco Commodities India PVT Ltd.
- [1] 15 Refco Group, Ltd., LLC
- [1] 16 Refco Hong Kong Limited
- [1] 17 Refco Investment Services Pte. Limited (Singapore)
- [1] 18 Refco Overseas Limited
- [1] 19 Refco Securities, LLC
- [1] 20 Refco Sify Securities (India) Limited
- [1] 21 Refco Trading Services (UK) Limited
- [1] 22 Refco, LLC
- [1] 23 Trafalgar Commodities Limited

### **Notes**

- [1] Refco, Inc subsidiaries related to the Man Financial Transaction
- [2] Refco, Inc subsidiaries related to the Forex Acquisition
- [3] Refco, Inc subsidiaries related to the Partners Share Repurchase



## Appendix D:

### Subsidiaries assumed to be solvent for which no information is available

- 1 ACM Advanced Currency Markets SA (Geneva) (42.5% owned by Refco Capital Markets, Limited)
- 2 ACM Advanced Currency Markets SA (Geneva) (8.5% owned by Refco F/X Associates)
- 3 East Client Service Limited
- 4 Eastern Refco (L) Labuan
- 5 Easylink Limited (51% owned by Easyscreen Limited)
- 6 Easylink Limited (49% owned by Refco EasySolutions, LLC)
- 7 Easyscreen Employee Services Limited (51% owned by Easyscreen Limited)
- 8 Easyscreen Employee Services Limited (49% owned by Refco EasySolutions, LLC)
- 9 Easyscreen Limited
- 10 Easyscreen Trustees Limited (51% owned by Easyscreen Limited)
- 11 Easyscreen Trustees Limited (49% owned by Refco EasySolutions, LLC)
- 12 Greenwich SA (PTY) Limited
- 13 Haut Commodities, LLC
- 14 Just (Dalian) Trading Ltd.
- 15 Just Commodity Inc.
- 16 Just Commodity Pte. Ltd.
- 17 Just Commodity Software Solutions Pte. Ltd.
- 18 Lind-Waldock Financial Partners, LLC
- 19 Lind-Waldock Securities, LLC
- 20 MacFutures Ltd.
- 21 Mactechnologies Limited
- 22 MCC Futures Management, L.P.
- 23 Refco Administrative Services, Inc.
- 24 Refco Alternative Investments, LLC
- 25 Refco Canada Finance, Inc.
- 26 Refco Capital (Singapore) Pte. Limited
- 27 Refco Capital Markets International, Limited
- 28 Refco Capital Markets International Services Limited
- 29 Refco Clearing, LLC
- 30 Refco Commodity Management, Inc.
- 31 Refco East Service Limited
- 32 Refco EasySolutions, LLC
- 33 Refco Energy (UK) Limited
- 34 Refco Equity Derivatives Limited

## **Appendix D (cont'd):**

### **Subsidiaries assumed to be solvent for which no information is available**

- 35 Refco Europe Limited
- 36 Refco Forex Limited
- 37 Refco Futures (HK) Limited
- 38 Refco Futures GmbH (Hamburg)
- 39 Refco Futures, AG (Zurich)
- 40 Refco Hong Kong Limited (99% owned)
- 41 Refco India PVT Limited
- 42 Refco International Investment Service Limited
- 43 Refco Japan, Limited
- 44 Refco Limited
- 45 Refco Local Divisions, LLC
- 46 Refco Managed Futures, LLC
- 47 Refco Overseas Suisse SA
- 48 Refco Resources Limited
- 49 Refco Securities Limited
- 50 Refco Securities SA
- 51 Refco Trading Services (Australia) PTY Lim
- 52 Refco Trading Services (Gibraltar) Limited
- 53 Refco Trading Services Limited
- 54 Refco Trading Services, LLC
- 55 RefcoFund Holdings, LLC
- 56 RefcoFund Management, LLC
- 57 S&P Managed Futures Index Fund, L.P.
- 58 Sino Refco Investments Limited Partnership
- 59 Sino Refco Investments, LLC
- 60 SN Bank Limited
- 61 Sphinx Managed Futures Index Fund, L.P.
- 62 Wells Limited
- 63 Westminster Clearing Limited
- 64 Westminster-Refco Holding Company, LLC
- 65 Westminster-Refco Management, LLC