

MF GLOBAL HOLDINGS LTD., ET AL.
Post-Effective Date Quarterly Operating Report
For the period ending December 31, 2016

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BACKGROUND

This post-Effective Date quarterly operating report (“QOR”) of MF Global Holdings Ltd. (“Holdings Ltd.”) and its affiliated debtors, MF Global Finance USA Inc. (“Finance USA”), MF Global Capital LLC (“Capital”), MF Global FX Clear LLC (“FX Clear”), MF Global Market Services LLC (“Market Services”), and MF Global Holdings USA Inc. (“Holdings USA”) (collectively, the “Debtors”¹) covers a specific time period and has been prepared solely for the purpose of complying with the reporting requirements of the *Second Amended and Restated 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.* (Docket No. 1382) (the “Second Amended Plan”). The financial information contained in this QOR is preliminary and unaudited, and as such may be subject to revision. The information in this QOR should not be viewed as indicative of future results. The Second Amended Plan is a joint plan for six separate Debtors. The Debtors are not consolidated for financial reporting and should be viewed as standalone entities. The total columns in each of the tables of the QOR are for illustrative purposes only.

The Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) as follows: (i) Holdings Ltd. and Finance USA filed on October 31, 2011; (ii) Capital, FX Clear, and Market Services filed on December 19, 2011; and (iii) Holdings USA filed on March 2, 2012. Each respective Debtor’s bankruptcy filing dates are referred to in this QOR as the “Petition Date” and any period prior to such Debtor’s bankruptcy filing date is referred to as “pre-petition” for the respective Debtor. The Debtors’ chapter 11 cases are assigned to the Honorable Judge Martin Glenn and are being jointly administered under the caption “In re MF Global Holdings Ltd., et al.” Case No. 11-15059 (MG). Shortly after each respective Petition Date, Louis J. Freeh, Esq. (the “Chapter 11 Trustee”) was appointed as chapter 11 trustee of the Debtors. On the Effective Date, the Chapter 11 Trustee ceased his stewardship of the Debtors and Holdings Ltd. became the Plan Administrator under the Second Amended Plan, with a newly appointed board of directors.

The last date and time for any person or entity, including MF Global affiliates, to file a proof of claim against the Debtors (the “Bar Date”) has passed as of the issuance of this QOR. During the reporting period, the Plan Administrator continued to review and reconcile certain pre-petition and administrative claims filed against the Debtors. The Plan Administrator has identified and will continue to identify claims that it believes should be disallowed for a number of reasons, including but not limited to: claims that are duplicative of other claims; claims that are amended by later filed claims; claims that are not properly filed against a Debtor in the Debtors’ chapter 11 cases; and claims that are either overstated, assert an incorrect priority, or that cannot otherwise properly be asserted against the Debtors. The Plan Administrator has objected and will continue to object to such claims as appropriate. Accordingly, adjustments to the financial information provided herein may be reflected in future QORs as a result of the claims reconciliation process, and such adjustments may be material.

On July 24, 2015, the Plan Administrator and James W. Giddens (the “SIPA Trustee”), as Trustee for the liquidation of MF Global Inc. (“MFGI”), entered into a Sale and Assumption Agreement pursuant to which the SIPA Trustee assigned to the Plan Administrator (or its designee), among other things, all of the SIPA Trustee’s rights and interest in (a) the claims asserted in the case captioned “In re MF Global Holdings Ltd. Investment Litigation,” 11 Civ. 7866 (the “MDL”), (b) MFGI’s E&O Policies, D&O Policies, and other insurance policy proceeds, (c) recoveries in the MF Global UK Limited (“MFGUK”) insolvency proceeding, (d) certain contracts, and (e) cash and miscellaneous accounts receivables (the “Sale and Assumption Agreement”). In exchange, the Plan Administrator agreed that (a) the Debtors and certain of their non-Debtor affiliates waived their right to further distributions from the MFGI estate, which allowed the SIPA Trustee to make final distributions to all other unsecured creditors in an amount that satisfied such claims at 95%, and (b) the Plan Administrator’s designee assumed, among other things, certain of the SIPA Trustee’s discovery obligations, the SIPA Trustee’s obligations under the assigned contracts, and certain tax obligations. Pursuant to the agreement, the Plan Administrator’s designee is entitled to receive amounts in the future pending the outcome of certain events relating to disputed claims and expense reserves.

On September 8, 2015, pursuant to the Sale and Assumption Agreement, the Plan Administrator designated MF Global Assigned Assets LLC (“MFGAA” or “Assigned Assets”) its assignee and Holdings Ltd., Finance USA, Holdings USA, Capital, FX Clear, MF Global FX LLC (“FX LLC”), and MF Global Special Investor LLC (“Special Investor”) (the “Members”) made an initial capital contribution to Assigned Assets in the form of an assignment of all of that Member’s rights and interests in its allowed MFGI claims in exchange for a ratable membership interest in Assigned Assets. Future proceeds will be distributed to the Members in proportion to their respective membership interests in Assigned Assets.

¹ Throughout this QOR, the term “Debtors” refers collectively to 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.

On February 11, 2016, the Bankruptcy Court entered a final decree for the closing of the Chapter 11 Cases of Capital, FX Clear and Market Services (the “Closing Debtors”) (Docket No. 2201). As a result, the Closing Debtors no longer have any reporting or administrative obligations under the Second Amended Plan including, without limitation, the obligation to file post-Effective Date quarterly reports. The Chapter 11 Cases of Holdings Ltd., Finance USA, and Holdings USA remain open.

CURRENT QUARTER ACTIVITY SUMMARY

On July 20, 2016, the Plan Administrator, on behalf of itself and its affiliates including MFGAA, and Nader Tavakoli, as Litigation Trustee for the Litigation Trust (collectively, the “MFG Plaintiffs”), filed a joint motion under Bankruptcy Rule 9019 (the “9019 Motion”) seeking Bankruptcy Court approval of the Stipulation and Settlement Agreement dated as of July 6, 2016 (the “MDL Settlement”) among the MFG Plaintiffs, the Customer Class Representatives, and Sapere CTA Fund LP, as Plaintiffs, and Jon Corzine, Bradley Abelow, Henri Steenkamp, David Dunne, Edith O’Brien and Vinay Mahajan as Defendants, resolving Plaintiffs’ claims in the Multidistrict Litigation (the “MDL”) pending against Defendants. [See *In re MF Global Holdings, Ltd., et al.* Chapter 11 Case No. 11-15059 (MG) D.I. 2271]² The MFG Plaintiffs also filed a related Stipulation to modify the Plan Injunction (Id. D.I. 2269) and a motion to file certain confidential documents under seal (Id. D.I. 2270).

As set forth more fully in the 9019 Motion, the proposed MDL Settlement required confidential contributions from certain Defendants and contribution or assignment of all remaining D&O and E&O policy limits totaling approximately \$184 million (comprised of the remaining policy limits committed to the Global Settlement of \$159 million and assignment to the MFG Plaintiffs of Defendants’ rights to pursue additional policy limits of \$25 million from certain E&O insurers (the “Dissenting Insurers”) who refused to fund the settlement). Gross recoveries to the estates will be reduced by hold-backs to settle or create reserves for all claims against the Defendants in the MDL litigation, including the CFTC action, Sapere action, and Customer Class interest claims, and certain fees and costs, including Customer Class counsel fees. The MDL Settlement was approved by the Bankruptcy Court on August 10, 2016 (D.I. 2282). The Customer Class portion of the MDL Settlement was approved by the District Court and the Customer Class Action (as defined in the MDL Settlement Agreement), was dismissed on October 18, 2016 (MDL D.I. 1152). Entry of this order satisfied the final condition for the Effective Date of the MDL Settlement, which occurred on November 18, 2016.

On August 24, 2016, the MFG Plaintiffs filed a motion seeking approval of the distribution and allocation of the proceeds available under the MDL Settlement among the MFG Plaintiffs (Id. D.I. 2291). The Allocation Motion provided for a 50/50 split of the net proceeds on account of the Litigation Trust Claims and the MFGI/Customer Claims (as defined in the Allocation Motion). The Allocation Motion was approved by the Bankruptcy Court on December 1, 2106 (D.I. 2322). A separate motion for approval of the distribution protocol for the Litigation Trust’s share of the proceeds (D.I. 2308) was granted by the Bankruptcy Court on December 1, 2016 (D.I. 2323). Promptly thereafter, the available cash proceeds from the MDL Settlement were distributed with certain reserves held back pending various court determinations (including as to the amount of Class Counsel fees). No estimates of any future distributions can be made with certainty at this juncture.

On December 9, 2016, the Litigation Trust made a distribution to the Plan Administrator on behalf of Finance USA, Holdings Ltd. and Holdings USA of \$40.6 million, \$29.5 million and \$3.7 million, respectively. In addition, the Litigation Trust also made a distribution to MFGAA of \$12.0 million. On December 14, 2016, MFGAA made a distribution to its Members and Finance USA, Holdings Ltd. and Holdings USA received \$14.3 million, \$1.3 million and \$0.5 million, respectively. Using the above mentioned distributions and other net available cash, on December 15 and 16, 2016, Finance USA, Holdings Ltd. and Holdings USA made interim distributions of 1.6245%, 1.8377% and 2.7179%, respectively, on their allowed general unsecured claims. As a result of these distributions, \$64.9 million in total was distributed to third party general unsecured creditors.

On October 27, 2016, Holdings Ltd. and MFGAA (the “MFG Plaintiffs”) commenced an Adversary Proceeding related to the MDL Settlement against the Dissenting Insurers to, among other things, recover (i) the \$25 million in policy limits not contributed to the MDL Settlement and (ii) damages for the Dissenting Insurers’ “bad faith” refusal to fund the settlement (D.I. 2304; Adv. Proceeding 16- 01251). Certain of the Dissenting Insurers (the “Bermuda Insurers”) obtained *ex parte* anti-suit injunctions from the Supreme Court of Bermuda on November 8, 2016, which enjoined the MFG Plaintiffs from prosecuting the Adversary Proceeding. After the issuance of two separate Orders to Show Cause by the Bankruptcy Court on November 22, 2016 (Adv. D.I. 6) and December 29, 2016 (Adv. D.I. 416), and various proceedings (D.I. 35 & 66), the Bankruptcy Court, on January 12, 2017, issued a preliminary injunction and an order holding the Bermuda Insurers in contempt which required them to vacate the anti-suit injunctions (Adv. D.I. 66, 67). The Bankruptcy Court thereafter ordered the Bermuda Insurers to discontinue the Bermuda proceedings pursuant to an order entered on January 23, 2017 (Adv. D.I. 78). The Bermuda Insurers have filed motions for leave to appeal the Bankruptcy Court’s findings, *inter alia*, of personal jurisdiction, adequacy of service of process, and contempt, all of which are pending in the District Court before the Hon. Robert Sweet. Separate motions will be heard by the Bankruptcy Court on whether to award monetary sanctions and/or damages against the Bermuda Insurers.

² Citations to “D.I.” refer to docket items in the main bankruptcy case of MFGH, Case No. 11-15059. Citations to “MDL D.I.” refer to docket items in the consolidated MDL proceeding *Deangelis v. Corzine*, No. 11-cv-7866 (S.D.N.Y.) (VM) (the “MDL”). Citations to “Adv. D.I.” refer to docket items in Adversary Proceeding Number 16- 01251 (Bankr. S.D.N.Y.).

On March 28, 2014, the Plan Administrator, filed a lawsuit in the Southern District of New York against PricewaterhouseCoopers LLP (“PwC”), Holdings Ltd.’s long-time external auditors and accounting experts. The complaint alleges that PwC committed professional malpractice in connection with erroneous accounting advice and audit services concerning the use of repurchase-to-maturity financing transactions and off-balance-sheet accounting for the company’s investment in billions of dollars worth of European sovereign debt and concerning over \$100.0 million in deferred tax assets. The complaint seeks an amount to be determined at trial but not less than \$1.0 billion. [See MF Global Holdings Ltd., as Plan Administrator v. PricewaterhouseCoopers LLP, No. 14-cv-2197-VM]. The trial is currently scheduled to commence on February 13, 2017.

MF Global Holdings Ltd., et al.
Schedules of Cash Flows (Unaudited)
For the Period October 1, 2016 through December 31, 2016

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Cash balance at October 1, 2016	\$ 9,999,531	\$ 28,309,514	\$ 3,338,915	\$ 41,647,960
Cash Inflows:				
Expense Reimbursement from Debtor Affiliates	687,500	3,079,891	958,444	4,725,835
Pre-petition Receivables from Debtor Affiliates	7,033,658	26,200,941	656,173	33,890,772
Pre-petition Receivables from Non-Debtor Affiliates	2,597,633	4,228,500	685,483	7,511,616
Other	54,901,603	31,116,556	4,499,024	90,517,183
Total Inflows	65,220,393	64,625,889	6,799,124	136,645,406
Cash Outflows:				
Payroll, Payroll Taxes and Employee Benefits	-	-	(779,348)	(779,348)
Operating Costs	(10,964)	(518,707)	(56,308)	(585,979)
Professional Fees	(38,275)	(11,659,040)	-	(11,697,315)
US Trustee Fees	-	(26,650)	-	(26,650)
Other	-	(1,658,220)	-	(1,658,220)
Total Operating Expenses	(49,239)	(13,862,617)	(835,657)	(14,747,512)
Expense Reimbursement to Debtor Affiliates	(3,645,917)	(1,079,918)	-	(4,725,835)
Distributions:				
Administrative Claims	-	-	-	-
Priority Tax Claims (includes Admin tax claims)	-	-	-	-
1 - Priority Non-Tax Claims	-	-	-	-
2 - Secured Claims	-	-	-	-
3 - JPMorgan Secured Setoff Claim	-	-	-	-
4 - Convenience Claims	-	(4,226)	(33,083)	(37,309)
5 - Liquidity Facility Unsecured Claims	(23,184,874)	(21,173,991)	-	(44,358,865)
6 - General Unsecured Claims	(26,361,526)	(20,308,669)	(7,798,786)	(54,468,980)
7 - Subordinated Claims	-	-	-	-
8 - Preferred Interests	-	-	-	-
9 - Common Interests	-	-	-	-
Total Distributions	(49,546,400)	(41,486,886)	(7,831,868)	(98,865,154)
Total Cash Outflows	(53,241,556)	(56,429,420)	(8,667,525)	(118,338,501)
Net Cash Flows:	11,978,837	8,196,468	(1,868,401)	18,306,905
Cash balance at December 31, 2016	\$ 21,978,368	\$ 36,505,982	\$ 1,470,514	\$ 59,954,865

The accompanying notes are an integral part of this report

MF Global Holdings Ltd., et al.
Statements of Net Assets (Liquidation Basis)
As of December 31, 2016

	<u>Note</u>	<u>MF Global Finance USA Inc.</u>	<u>MF Global Holdings Ltd.</u>	<u>MF Global Holdings USA Inc.</u>	<u>Total</u>
Cash		\$ 21,978,368	\$ 36,505,982	\$ 1,470,514	\$ 59,954,865
Non-affiliate pre-petition receivables	4	-	-	410,272	410,272
Debtor affiliate pre-petition receivables	4	205,353,100	1,378,894,285	26,892,674	1,611,140,059
Other affiliate pre-petition receivables	4	-	50,889,993	2,276,190	53,166,182
Debtor affiliate post-petition receivables	4	63,275	1,365,057	408,109	1,836,442
Other affiliate post-petition receivables	4	-	194,465	-	194,465
Other assets	5	102,000,000	508,987	-	102,508,987
MFGAA membership interests	6	170,619,303	15,219,293	6,115,787	191,954,383
Total assets		500,014,046	1,483,578,063	37,573,546	2,021,165,654
Liabilities subject to compromise:	8				
Claims subject to reconciliation		(414,758)	(414,758)	-	(829,515)
Allowed claims:					
Debtor affiliate		(1,382,466,135)	(22,683,683)	(205,353,100)	(1,610,502,918)
Other affiliate		(3,193,876)	(763,716)	(77,229)	(4,034,821)
Liquidity Facility unsecured claim		(701,821,776)	(863,433,798)	-	(1,565,255,574)
Notes claim		-	(770,022,310)	-	(770,022,310)
Other unsecured		-	(28,379,454)	(18,508,667)	(46,888,121)
Subordinated		-	(106,131,012)	-	(106,131,012)
Subordinated claims not allowed		(1,085)	(16,685,153)	(1,986,436)	(18,672,673)
Liabilities to be settled in full:	9				
Administrative, secured and priority		-	-	-	-
Debtor and other affiliate charges		(1,481,176)	(528,803)	(82,888)	(2,092,868)
Professional fees - post-effective date	10	-	(3,020,368)	-	(3,020,368)
Estimated Plan Administration Expenses	11	(19,859,466)	(38,331,530)	(1,126,719)	(59,317,715)
Total Liabilities		(2,109,238,272)	(1,850,394,585)	(227,135,039)	(4,186,767,896)
Net assets in liquidation		\$ (1,609,224,226)	\$ (366,816,522)	\$ (189,561,494)	\$ (2,165,602,241)

The accompanying notes are an integral part of this report

NOTES AND DEFINITION OF TERMS

Note 1: Basis of Presentation

The Plan Administrator has prepared this QOR in accordance with the Second Amended Plan. While the Plan Administrator has exercised its best efforts to ensure that this QOR is accurate, based on information that was available at the time of preparation, inadvertent errors or omissions may exist. The Plan Administrator reserves the right to amend this QOR from time to time as may be necessary or appropriate. This QOR is not meant to be relied upon as a complete description of the Debtors, their businesses, condition (financial or otherwise), results of operations, prospects, assets or liabilities.

The unaudited balance sheets (“statements of net assets in liquidation”) and statements of cash flows (“schedules of cash flows”) in this QOR have been prepared in accordance with the requirements of the Second Amended Plan. The statements of net assets in liquidation and schedules of cash flows were not prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”) and neither purport to represent nor reconcile with financial statements prepared in accordance with US GAAP. This QOR does not include explanatory footnotes and other disclosures required under US GAAP, and is not presented in a US GAAP-based reporting format. Certain classifications utilized in this QOR may differ from prior report classifications and accordingly amounts may not be comparable. The statements of net assets in liquidation and the schedules of cash flows have been presented in at least the level of detail required by the Second Amended Plan.

Certain items presented in this QOR remain under review by the Plan Administrator and may be accounted for differently in future QORs. Accordingly, the financial information herein is subject to change and any such change could be material. The statements of net assets in liquidation do not reflect or provide for all the consequences of the Debtors’ chapter 11 cases including (i) as to assets, a wide range of legal claims that are being pursued or are under consideration to pursue, their realizable values on a liquidation basis or their availability to satisfy liabilities, and (ii) as to pre-petition liabilities, the amounts that may ultimately be allowed for claims or contingencies, or the ultimate status or priority of claims filed. Accordingly, future QORs may reflect adjustments (including write-downs and write-offs) to the assets and adjustments to the liabilities, which may be material.

Prior to October 31, 2011, the majority of the Debtors’ operational accounting functions, including day-to-day maintenance of the Debtors’ books and records, were fulfilled by an accounting group located in Chicago, Illinois and employed by MFGI which commenced its separate liquidation proceeding under the Securities Investor Protection Act on October 31, 2011 and which proceeding is now completed.

Note 2: Use of Estimates

In preparing the statements of net assets in liquidation, the Plan Administrator has made various estimates that may affect reported amounts and disclosures. Estimates are based on available information and judgment. Actual results could differ from estimates and could have a material effect on the statements of net assets in liquidation. As more information becomes available to the Plan Administrator, including the outcome of various negotiations and litigation, amongst other matters, it is expected that estimates could be revised. Such revisions may be material.

Note 3: Schedules of Cash Flows

Expense reimbursement from/to debtor affiliates

Holdings Ltd. and Holdings USA incur disbursements for operating costs and professional fees on behalf of all three remaining Debtors, and in return are reimbursed by each Debtor for such Debtor's allocated portion of these expenses.

Pre-petition receivables from debtor affiliates

During the period, Finance USA, Holdings Ltd. and Holdings USA made interim distributions of 1.6245%, 1.8377% and 2.7179%, respectively, on their allowed general unsecured claims. As a result of these distributions, Finance USA, Holdings Ltd. and Holdings USA, received \$7.0 million, \$26.2 million and \$0.7 million, respectively.

Pre-petition receivables from non-debtor affiliates

During the period, Holdings Ltd. received a \$0.6 million loan repayment and \$2.7 million of accrued interest from MF Global Holdings Overseas Limited (“MFGHOL”) and a \$0.3 million distribution from MF Global Finance Europe Limited (“MFGFEL”). In addition, MF Global Singapore (“MFGS”) made final distributions on house estate claims pursuant to which Finance USA and Holdings USA received \$2.6 million and \$0.1 million, respectively. Finally, Holdings Ltd. and Holdings USA received distributions of \$0.5

million and \$0.4 million, respectively, from MF Global Futures HK Limited (“Futures HK”), and \$0.1 million and \$0.2 million, respectively, from MF Global Holdings HK Limited (“Holdings HK”).

Other cash inflows

Prior to the December 15 and 16, 2016 interim distributions on allowed general unsecured claims, the Litigation Trust made a distribution to the Plan Administrator on behalf of Finance USA, Holdings Ltd. and Holdings USA of \$40.6 million, \$29.5 million and \$3.7 million, respectively, and MFGAA made a distribution to its Members and Finance USA, Holdings Ltd. and Holdings USA received \$14.3 million, \$1.3 million and \$0.5 million, respectively. Also during the period, Holdings Ltd. received a \$0.1 million recovery from previously unclaimed property and \$0.1 million in reimbursements of defense costs incurred in connection with the WARN litigation, which were allocated to Holdings USA. In addition, Holdings USA received \$0.3 million related to a litigation settlement. Finally, the Debtors collectively earned \$0.1 million in interest on cash balances.

Other cash outflows

During the period, \$1.3 million of the confidential settlement funding received by Holdings Ltd. in the third quarter of 2016 was released to MFGAA based on the court approved distribution methodology.

Note 4: Receivables

The Plan Administrator has presented all receivables on a net basis, categorized by owing entity and whether the receivable was generated before or after the Debtors’ respective Petition Date. The three types of owing parties are defined as follows: (i) “Non-affiliates” refer to third-parties, who were not a direct or indirect subsidiary of Holdings Ltd. on October 31, 2011; (ii) “Debtor affiliate” refers to one of the Debtors that is being jointly administered with Holdings Ltd.; and (iii) “Other affiliates” refer to non-Debtor entities that were a direct or indirect subsidiary of Holdings Ltd. on October 31, 2011.

“Debtor affiliate pre-petition receivables” include amounts per the Intercompany Settlement contained in the Second Amended Plan. During the period, Finance USA, Holdings Ltd. and Holdings USA made interim distributions of 1.6245%, 1.8377% and 2.7179%, respectively, on their allowed general unsecured claims. As a result of these distributions, Finance USA, Holdings Ltd. and Holdings USA, received \$7.0 million, \$26.2 million and \$0.7 million, respectively, from Debtor affiliates. Per the Second Amended Plan, Holdings Ltd.’s right to receive distributions on account of \$275,000,000 of its \$1,886,930,980 claim against Finance USA is subordinated to the rights of the holders of the Allowed Class 5B Liquidity Facility Unsecured Claims³ until such time that the Class 5B Liquidity Facility Unsecured Claims are paid in full. As a result of this agreement, during the period, the holders of the Allowed Class 5B Liquidity Facility Unsecured Claims received an additional \$4.5 million from Finance USA, for an aggregate distribution of 2.0122%. Below is a roll forward of Debtor affiliate pre-petition receivables as of December 31, 2016.

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2014	\$ 258,790,163	\$ 1,886,952,872	\$ 27,939,696	\$ 2,173,682,731
Distributions received	(46,403,405)	(482,531,296)	(390,849)	(529,325,551)
Asset assignment from other affiliates	-	673,651	-	673,651
Balance at September 30, 2016	\$ 212,386,758	\$ 1,405,095,226	\$ 27,548,846	\$ 1,645,030,830
Distributions received	(7,033,658)	(26,200,941)	(656,173)	(33,890,772)
Balance at December 31, 2016	\$ 205,353,100	\$ 1,378,894,285	\$ 26,892,674	\$ 1,611,140,059

“Other affiliate pre-petition receivables” contain pre-petition amounts owed from non-debtor former MF Global affiliates. The impact of exchange rate fluctuations on receivables denominated in foreign currency is recorded in these assets. During the period, Holdings Ltd. received a \$0.6 million loan repayment from MFGHOL and a \$0.3 million distribution from MFGFEL. In addition, MFGS made final distributions on house estate claims pursuant to which Finance USA and Holdings USA received \$2.5 million and \$0.1 million, respectively. Finally, Holdings Ltd. and Holdings USA received distributions of \$0.4 million and \$0.3 million, respectively, from Futures HK, and \$0.1 million and \$0.2 million, respectively, from Holdings HK. Below is a roll forward of other affiliate pre-petition receivables as of December 31, 2016.

³ As such term is defined in the Second Amended Plan.

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2014	\$ 1,555,558,294	\$ 134,072,690	\$ 165,616,158	\$ 1,855,247,142
Distributions received	(814,378,506)	(36,427,090)	(26,319,575)	(877,125,170)
Distribution credit from MFGI	-	(3,438,445)	-	(3,438,445)
MFGI Sub-Debt w rite-off	(470,000,000)	-	(130,000,000)	(600,000,000)
Asset assignments from other affiliates	-	1,047,461	-	1,047,461
Foreign exchange movements	-	(6,382,747)	(470,362)	(6,853,109)
MFGAA Member contributions	(268,679,788)	(12,615,157)	(5,307,514)	(286,602,459)
Other affiliate w rite-downs/offers	-	(523,150)	(523,132)	(1,046,283)
Other cash received	-	-	(30,000)	(30,000)
MF Global Holdings Overseas Limited ("MFGHOL") loan repayments	-	(22,145,794)	-	(22,145,794)
Balance at September 30, 2016	\$ 2,500,000	\$ 53,587,769	\$ 2,965,575	\$ 59,053,343
Distributions received	(2,500,000)	(767,747)	(590,667)	(3,858,414)
MFGHOL loan repayment	-	(557,820)	-	(557,820)
Foreign exchange movements	-	(1,372,209)	(98,718)	(1,470,927)
Balance at December 31, 2016	\$ -	\$ 50,889,993	\$ 2,276,190	\$ 53,166,182

“Debtor affiliate post-petition receivables” contain amounts owed between Debtors for post-petition obligations arising from the operating expenses of the Debtors’ estates.

“Other affiliate post-petition receivables” contain post-petition amounts owed from non-debtor former MF Global affiliates. During the period, Holdings Ltd. received a \$2.7 million accrued interest repayment from MFGHOL. Below is a roll forward of other affiliate post-petition receivables as of December 31, 2016.

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2014	\$ -	\$ 5,874,116	\$ 43,766	\$ 5,917,882
MFGHOL accrued interest repayments	-	(7,054,206)	-	(7,054,206)
Interest income on MFGHOL loan	-	5,533,040	-	5,533,040
Other cash received	-	(2,014,104)	(46,406)	(2,060,510)
Other fees	-	-	2,640	2,640
Balance at September 30, 2016	\$ -	\$ 2,338,846	\$ -	\$ 2,338,846
MFGHOL loan repayment	-	(2,742,180)	-	(2,742,180)
Interest income on MFGHOL loan	-	597,799	-	597,799
Balance at December 31, 2016	\$ -	\$ 194,465	\$ -	\$ 194,465

Receivables are reported at the face amount of the receivable or at settlement agreement value, less amounts received through the end of the reporting period. Provisions and write-downs to receivables may be recorded in the future when greater clarity on the financial situation of each counterparty and collectability of each receivable becomes known.

Note 5: Other Assets

The Plan Administrator does not have current valuations of all assets as of the reporting date. Other Assets include professional fee retainers and security deposits, as well as receivables arising from the purchase of claims filed against MFGUK that had payment guarantees from Holdings Ltd. and the assignment of certain insurance litigation from MFGI. Pursuant to an Assignment Agreement between the SIPA Trustee and Finance USA dated May 23, 2014, the SIPA Trustee assigned his rights in certain insurance litigation related to the unauthorized trading activity of Evan Dooley to Finance USA in exchange for, among other things, \$102.0 million. In order to effect this \$102.0 million payment, the SIPA Trustee, as permitted by the Assignment Agreement, withheld \$102.0 million from the distributions made from MFGI on October 31, 2014 that otherwise would have been distributed to Finance USA. Amounts ultimately realized may vary materially from amounts currently recorded in the statements of net assets in liquidation. Additional information on potential ranges of recoveries by the Debtors is included in the Disclosure Statement for the Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code for the Debtors (as supplemented “Disclosure Statement”) (Docket Nos. 1111-1 & 1193). Accordingly, the Plan Administrator may amend or adjust the value of these assets in the future.

Note 6: MF Global Assigned Assets LLC

On September 8, 2015, pursuant to the Sale and Assumption Agreement, the Plan Administrator designated Assigned Assets its assignee under the agreement and the Members made an initial capital contribution in the form of an assignment of all of that Member's rights and interests in its MFGI claims in exchange for a ratable membership interest. Subsequent to the capital contribution, solvent former Debtors Capital and FX Clear assigned all assets and MFGAA interests to their direct parent entity Holdings USA and in March 2016, Special Investor and FX LLC also assigned all assets and MFGAA interests to their direct parent entities Holdings Ltd. and Holdings USA, respectively. Below is a breakdown of the allowed general unsecured claim each Member held at MFGI as well as the corresponding membership percentage in Assigned Assets, both at the time of the initial contribution and at December 31, 2016.

Member	Allowed General Unsecured Claim at MFGI	Membership Percentage as of September 8, 2105	Membership Percentage as of December 31, 2106
MF Global Finance USA Inc.	\$ 1,033,383,802	88.862192%	88.862192%
MF Global Holdings Ltd.	48,712,140	4.188829%	7.952576%
MF Global Special Investor LLC	43,768,836	3.763747%	0%
MF Global Holdings USA Inc.	33,656,292	2.894154%	3.185234%
MF Global Capital LLC	3,044,660	0.261815%	0%
MF Global FX Clear LLC	311,014	0.026745%	0%
MF Global FX LLC	29,300	0.002520%	0%
TOTAL	\$ 1,162,906,045	100%	100%

During the period, Assigned Assets received a \$12.0 million distribution from the Litigation Trust. In addition, Assigned Assets received \$1.3 million from Holdings Ltd. related to a confidential settlement funding. These receipts, coupled with net available cash, enabled Assigned Assets to make a \$16.1 million distribution to its Members. In addition, Assigned Assets increased its \$1.3 million expense reserve for assumed liabilities to \$4.1 million. Below is a roll forward of selected balance sheet accounts of Assigned Assets as of December 31, 2016.

	Cash	MFGUK Receivable	Other Accounts Receivable (at face amounts)	Other Assets ⁽¹⁾	Equity - Member contributions of MFGI claims
Balance at September 30, 2015	\$ 58,669,784	\$ 37,874,962	\$ 1,059,924	\$ 204,673,608	\$ 302,278,278
Post-closing distributions from MFGI	36,976,177	-	-	(36,284,252)	691,925
Distributions to Members	(94,308,694)	-	-	-	(94,308,694)
Assigned receivables from MFGI	-	-	1,048,302	(1,048,302)	-
DTCC distribution	1,393,571	-	-	(1,393,571)	-
MF Global UK Limited distribution	5,940,659	(5,940,659)	-	-	-
Foreign exchange movements	-	(5,308,203)	-	-	(5,308,203)
Cash received	1,312,936	-	(944,153)	(134,678)	234,106
Operating expenses	(2,815,452)	-	-	-	(2,815,452)
Interest on cash balances	41,679	-	-	-	41,679
Balance at September 30, 2016	\$ 7,210,660	\$ 26,626,100	\$ 1,164,074	\$ 165,812,806	\$ 200,813,639
Foreign exchange movements	-	(1,441,866)	-	-	(1,441,866)
Litigation Trust Funding	12,015,468	-	-	-	12,015,468
Cash received	1,610,214	-	-	(269,829)	1,340,385
Distributions to Members	(16,042,495)	-	-	-	(16,042,495)
Operating expenses	(720,768)	-	-	-	(720,768)
Interest on cash balances	8,513	-	-	-	8,513
Balance at December 31, 2016	\$ 4,081,592	\$ 25,184,234	\$ 1,164,074	\$ 165,542,976	\$ 195,972,876

⁽¹⁾ Other assets are reported at the carrying amount of the remaining uncollected balance of the former MFGI claims. Provisions and adjustments may be recorded in the future when greater clarity on collectability becomes known.

Note 7: Foreign Currency

The functional currency of each of the Debtors is U.S. dollars. The Debtors hold receivables from former UK affiliates of approximately £20.8 million as of the reporting date, and those balances have been converted to U.S. dollars as of the reporting date for presentation purposes. The GBP/USD exchange rate used at December 31, 2016 was 1.23016 compared to the September 30, 2016 rate of 1.30059. As of December 31, 2016, the breakdown of these receivables in pounds sterling is as follows:

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2016	£ -	£ 464,083	£ 1,396,217	£ 1,860,300
Distributions received	-	-	-	-
Total MF Global UK Limited claim remaining at December 31, 2016	£ -	£ 464,083	£ 1,396,217	£ 1,860,300
Balance at September 30, 2016	£ -	£ 19,111,852	£ -	£ 19,111,852
Distributions received	-	(211,829)	-	(211,829)
Total MF Global Finance Europe Limited claims remaining at December 31, 2016	£ -	£ 18,900,023	£ -	£ 18,900,023
Total receivables in GBP at December 31, 2016	£ -	£ 19,364,106	£ 1,396,217	£ 20,760,323

In addition to the direct foreign currency exposure detailed above, the Debtors also have indirect exposure resulting from the Debtors' claims against, and interests in, certain former MF Global affiliates, which in turn have asset recoveries with direct foreign currency exposure. The largest example is the Debtors' combined interests in MFGAA, which has remaining pound sterling exposure due to its claims against the MFGUK estate. The Debtors have also filed claims against other former affiliates in U.S. dollars that may be allowed in local currency, causing additional foreign currency exposure. While the Debtors' largest currency exposure (direct and

indirect) is pound sterling, the Debtors' also have direct and/or indirect exposure to Singapore dollars, New Taiwan dollars, Australian dollars, Hong Kong dollars and Canadian dollars, amongst other currencies. The Debtors have not hedged any foreign currency exposure.

Note 8: Liabilities Subject to Compromise

Liabilities subject to compromise include claims filed by creditors asserting obligations incurred prior to the Debtors' respective Petition Dates, which have not yet been withdrawn, expunged, resolved, or paid and satisfied. Liabilities subject to compromise do not represent the amounts that may ultimately be paid in respect of such claims. Liabilities subject to compromise exclude claims and interests classified as either preferred interests or common interests. Additional information on potential ranges of recoveries to holders of allowed pre-petition claims is included in the Disclosure Statement.

"Claims Subject to Reconciliation" and "Subordinated Claims not Allowed" refer to claims filed for potential pre-petition obligations, for which reconciliation of the claims has not yet been completed. The amounts of the claims are reported at the face values of the claims, which do not necessarily represent the amounts that may ultimately be allowed, if any. Claims filed for unliquidated amounts are presented at zero value until reconciliations of the claims are completed.

Included in Claims Subject to Reconciliation are amounts claimed for which objections may be filed in the Bankruptcy Court, as well as subordinated claims which are not expected to be allowed or receive distributions. If objections are sustained, the related claimed amounts will be withdrawn and removed from Claims Subject to Reconciliation. There is no guarantee that the Bankruptcy Court will sustain objections. If objections are not sustained, the claimed amounts will either remain in Claims Subject to Reconciliation or be reclassified to Allowed Claims, as appropriate.

"Allowed claims – Debtor affiliate" refers to claims allowed by the Second Amended Plan for pre-petition obligations between the Debtors, and are reported at the allowed values of the claims less any distributions that have been made. These balances include amounts allowed by the Intercompany Settlement as defined in the Second Amended Plan. Below is a roll forward of allowed claims – debtor affiliate as of December 31, 2016.

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2014	\$ (1,893,080,591)	\$ (30,270,015)	\$ (258,790,163)	\$ (2,182,140,769)
Distribution payments	484,328,737	7,030,060	46,403,405	537,762,202
Balance at September 30, 2016	\$ (1,408,751,854)	\$ (23,239,955)	\$ (212,386,758)	\$ (1,644,378,567)
Distribution payments	26,285,719	556,272	7,033,658	33,875,649
Balance at December 31, 2016	\$ (1,382,466,135)	\$ (22,683,683)	\$ (205,353,100)	\$ (1,610,502,918)

"Allowed claims – Other affiliate" refers to non-Debtor entities that were a direct or indirect subsidiary of Holdings Ltd. on October 31, 2011, and are reported at the allowed values of the claims less any distributions that have been made. Below is a roll forward of allowed claims – other affiliate as of December 31, 2016.

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2014	\$ (4,666,462)	\$ (1,019,133)	\$ (94,356)	\$ (5,779,951)
Distribution payments	1,396,779	236,689	-	1,633,468
Asset assignment from other affiliates	-	-	17,127	17,127
Balance at September 30, 2016	\$ (3,269,682)	\$ (782,445)	\$ (77,229)	\$ (4,129,356)
Distribution payments	75,807	18,729	-	94,535
Balance at December 31, 2016	\$ (3,193,876)	\$ (763,716)	\$ (77,229)	\$ (4,034,821)

"Allowed claims – Liquidity Facility Unsecured Claim" refers to the unsecured claims allowed under the Second Amended Plan for the revolving credit facility dated as of June 15, 2007 for which Holdings Ltd. and Finance USA were borrowers, and are reported at the allowed values of the claims less any distributions that have been made. Below is a roll forward of allowed claims – liquidity facility unsecured claim as of December 31, 2016.

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2014	\$ (1,152,200,622)	\$ (1,152,200,622)	\$ -	\$ (2,304,401,244)
Distribution payments on \$1,152 million allow ed claim	344,880,147	267,592,833	-	612,472,980
Distribution payments on \$275 million settlement	82,313,825	-	-	82,313,825
Balance at September 30, 2016	\$ (725,006,650)	\$ (884,607,789)	\$ -	\$ (1,609,614,439)
Distribution payments on \$1,152 million allow ed claim	18,717,499	21,173,991	-	39,891,490
Distribution payments on \$275 million settlement	4,467,375	-	-	4,467,375
Balance at December 31, 2016	\$ (701,821,776)	\$ (863,433,798)	\$ -	\$ (1,565,255,574)

“Allowed claims – Notes Claim” refers to the claim for principal and interest allowed under the Second Amended Plan for the (a) 1.875% convertible senior notes due 2016, (b) 9% convertible senior notes due 2038, (c) 3.375% convertible senior notes due 2018, and (d) 6.25% senior notes due 2016, and is reported at the allowed value of the claim less any distributions that have been made. Below is a roll forward of allowed claims – notes claim as of December 31, 2016.

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2014	\$ -	\$ (1,027,548,593)	\$ -	\$ (1,027,548,593)
Distribution payments	-	238,643,023	-	238,643,023
Balance at September 30, 2016	\$ -	\$ (788,905,570)	\$ -	\$ (788,905,570)
Distribution payments	-	18,883,261	-	18,883,261
Balance at December 31, 2016	\$ -	\$ (770,022,310)	\$ -	\$ (770,022,310)

“Allowed claims – Other unsecured” represents all other currently allowed and unpaid general unsecured claims filed for pre-petition obligations and are reported at the allowed values of the claims less any distributions that have been made. Below is a roll forward of allowed claims – other unsecured as of December 31, 2016.

	MF Global Finance USA Inc.	MF Global Holdings Ltd.	MF Global Holdings USA Inc.	Total
Balance at September 30, 2014	\$ -	\$ (39,814,603)	\$ (21,603,980)	\$ (61,418,583)
Allow ed claims	-	(2,446,584)	(3,101,083)	(5,547,667)
Withdraw n claims	-	3,598,197	-	3,598,197
Distribution payments	-	10,535,382	5,424,584	15,959,966
Balance at September 30, 2016	\$ -	\$ (28,127,607)	\$ (19,280,480)	\$ (47,408,087)
Allow ed claims	-	(1,250,016)	-	(1,250,016)
Distribution payments	-	998,170	771,812	1,769,982
Balance at December 31, 2016	\$ -	\$ (28,379,454)	\$ (18,508,667)	\$ (46,888,121)

“Allowed claims – Subordinated” represents currently allowed and unpaid claims filed for pre-petition obligations that have been subordinated and are reported at the allowed values of the claims. As of December 31, 2016, no distributions have been made on the \$106.1 million subordinated claims allowed at Holdings Ltd.

Note 9: Liabilities to be Settled in Full

Liabilities to be Settled in Full represent liabilities that are expected to be paid at 100% of the reported amount.

- “Administrative, secured and priority” refer to claims filed for obligations incurred after the Debtors’ respective Petition Dates and prior to the Effective Date, claims secured by a lien on property in which the Debtors have an interest, or claims entitled to priority in payment pursuant to the Bankruptcy Code, all as defined by the Second Amended Plan.
- “Debtor and other affiliate charges” refer to amounts owed between Debtors or other controlled affiliates for post-petition obligations arising from the operating expenses of the Debtors’ estates or the assignment of assets from non-Debtors.

Note 10: Professional Fees

Professional Fees are presented based on the date incurred and include amounts that have been incurred but are unpaid for professionals retained by the Plan Administrator on behalf of the Debtors through the reporting date. Amounts accrued for Professional Fees include invoices received and estimates.

Note 11: Estimated Plan Administration Expenses

Estimated Plan Administration Expenses represent (i) an estimate of future operating expenses and professional fees (including litigation costs) and (ii) accrued, but unpaid, operating expenses. The Plan Administrator evaluated the Plan Administration Expenses

Reserve and determined it would be prudent to increase its estimates of potential future operating expenses and professional fees to \$59.1 million, which includes reasonable contingency amounts. The Plan Administrator may revise the estimate of future Plan Administration Expenses periodically, as necessary.

Note 12: Subsequent Events

On October 27, 2016, the MFG Plaintiffs commenced an Adversary Proceeding prosecuting rights held in their own right and as assignees of all rights of the Defendants as Individual Insureds (as part of the MDL Settlement) against the Dissenting Insurers. For updates regarding activity in January 2017, see the discussion of Adversary Proceeding involving the Dissenting Insurers and related Bermuda action in the Current Quarter Activity Summary above.

Consent Orders were entered by the CFTC with Corzine and O'Brien on January 5, 2017. Under the MDL Settlement Agreement, certain amounts may revert to MFGAA from the CFTC O'Brien Reserve and the CFTC Corzine Reserve. To the extent any additional amounts will become available for distribution as a result of the CFTC Consent Orders, they are expected to be paid to MFGAA once the orders become final on or about March 6, 2017.

The Plan Administrator has recorded amounts in the financial statements as of the reporting date based on the information available at the time the review was performed. Any events subsequent to the time of the review are not reflected in the statements of net assets in liquidation or schedule of cash flows and will be reflected in future QORs.

MATERIAL EVENTS

For the period ending December 31, 2016

	Event	Yes	No	Notes
1	Any settlement of an individual Claim greater than \$25 million		X	
2	Any litigation settlement where the Cause of Action was greater than \$25 million or the settlement is for more than \$25 million	X		i
3	Any sale of Property of the Estate where the face amount of such asset is \$25 million or greater		X	
4	Other significant events	X		(ii) - (iv)

- (i) On July 20, 2016, the Plan Administrator, on behalf of itself and its affiliates including MFGAA, and Nader Tavakoli, as Litigation Trustee for the Litigation Trust (collectively, the “MFG Plaintiffs”), filed a joint motion under Bankruptcy Rule 9019 (the “9019 Motion”) seeking Bankruptcy Court approval of the Stipulation and Settlement Agreement dated as of July 6, 2016 (the “MDL Settlement”) among the MFG Plaintiffs, the Customer Class Representatives, and Sapere CTA Fund LP, as Plaintiffs, and Jon Corzine, Bradley Abelow, Henri Steenkamp, David Dunne, Edith O’Brien and Vinay Mahajan as Defendants, resolving Plaintiffs’ claims in the Multidistrict Litigation (the “MDL”) pending against Defendants. [See *In re MF Global Holdings, Ltd., et al.* Chapter 11 Case No. 11-15059 (MG) D.I. 2271] The MFG Plaintiffs also filed a related Stipulation to modify the Plan Injunction (Id. D.I. 2269) and a motion to file certain confidential documents under seal (Id. D.I. 2270).

As set forth more fully in the 9019 Motion, the proposed MDL Settlement required confidential contributions from certain Defendants and contribution or assignment of all remaining D&O and E&O policy limits totaling approximately \$184 million (comprised of the remaining policy limits committed to the Global Settlement of \$159 million and assignment to the MFG Plaintiffs of Defendants’ rights to pursue additional policy limits of \$25 million from certain E&O insurers (the “Dissenting Insurers”) who refused to fund the settlement). Gross recoveries to the estates will be reduced by hold-backs to settle or create reserves for all claims against the Defendants in the MDL litigation, including the CFTC action, Sapere action, and Customer Class interest claims, and certain fees and costs, including Customer Class counsel fees. The MDL Settlement was approved by the Bankruptcy Court on August 10, 2016 (D.I. 2282). The Customer Class portion of the MDL Settlement was approved by the District Court and the Customer Class Action (as defined in the MDL Settlement Agreement), was dismissed on October 18, 2016 (MDL D.I. 1152). Entry of this order satisfied the final condition for the Effective Date of the MDL Settlement, which occurred on November 18, 2016.

On August 24, 2016, the MFG Plaintiffs filed a motion seeking approval of the distribution and allocation of the proceeds available under the MDL Settlement among the MFG Plaintiffs (Id. D.I. 2291). The Allocation Motion provided for a 50/50 split of the net proceeds on account of the Litigation Trust Claims and the MFGI/Customer Claims (as defined in the Allocation Motion). The Allocation Motion was approved by the Bankruptcy Court on December 1, 2016 (D.I. 2322). A separate motion for approval of the distribution protocol for the Litigation Trust’s share of the proceeds (D.I. 2308) was granted by the Bankruptcy Court on December 1, 2016 (D.I. 2323). Promptly thereafter, the available cash proceeds from the MDL Settlement were distributed with certain reserves held back pending various court determinations (including as to the amount of Class Counsel fees). No estimates of any future distributions can be made with certainty at this juncture.

- (ii) On December 9, 2016, the Litigation Trust made a distribution to the Plan Administrator on behalf of Finance USA, Holdings Ltd. and Holdings USA of \$40.6 million, \$29.5 million and \$3.7 million, respectively. In addition, the Litigation Trust also made a distribution to MFGAA of \$12.0 million. On December 14, 2016, MFGAA made a distribution to its Members and Finance USA, Holdings Ltd. and Holdings USA received \$14.3 million, \$1.3 million and \$0.5 million, respectively. Using the aforementioned distributions and other net available cash, on December 15 and 16, 2016, Finance USA, Holdings Ltd. and Holdings USA made interim distributions of 1.6245%, 1.8377% and 2.7179%, respectively, on their allowed general unsecured claims. As a result of these distributions, \$64.9 million in total was distributed to third party general unsecured creditors.
- (iii) On October 27, 2016, Holdings Ltd. and MFGAA (the “MFG Plaintiffs”) commenced an Adversary Proceeding related to the MDL Settlement against the Dissenting Insurers to, among other things, recover (i) the \$25 million in policy limits not contributed to the MDL Settlement and (ii) damages for the Dissenting Insurers’ “bad faith” refusal to fund the settlement

(D.I. 2304; Adv. Proceeding 16- 01251). Certain of the Dissenting Insurers (the “Bermuda Insurers”) obtained *ex parte* anti-suit injunctions from the Supreme Court of Bermuda on November 8, 2016, which enjoined the MFG Plaintiffs from prosecuting the Adversary Proceeding. After the issuance of two separate Orders to Show Cause by the Bankruptcy Court on November 22, 2016 (Adv. D.I. 6) and December 29, 2016 (Adv. D.I. 416), and various proceedings (D.I. 35 & 66), the Bankruptcy Court, on January 12, 2017, issued a preliminary injunction and an order holding the Bermuda Insurers in contempt which required them to vacate the anti-suit injunctions (Adv. D.I. 66, 67). The Bankruptcy Court thereafter ordered the Bermuda Insurers to discontinue the Bermuda proceedings pursuant to an order entered on January 23, 2017 (Adv. D.I. 78). The Bermuda Insurers have filed motions for leave to appeal the Bankruptcy Court’s findings, *inter alia*, of personal jurisdiction, adequacy of service of process, and contempt, all of which are pending in the District Court before the Hon. Robert Sweet. Separate motions will be heard by the Bankruptcy Court on whether to award monetary sanctions and/or damages against the Bermuda Insurers.

- (iv) On March 28, 2014, the Plan Administrator, filed a lawsuit in the Southern District of New York against PricewaterhouseCoopers LLP (“PwC”), Holdings Ltd.’s long-time external auditors and accounting experts. The complaint alleges that PwC committed professional malpractice in connection with erroneous accounting advice and audit services concerning the use of repurchase-to-maturity financing transactions and off-balance-sheet accounting for the company’s investment in billions of dollars worth of European sovereign debt and concerning over \$100.0 million in deferred tax assets. The complaint seeks an amount to be determined at trial but not less than \$1.0 billion. [See MF Global Holdings Ltd., as Plan Administrator v. PricewaterhouseCoopers LLP, No. 14-cv-2197-VM]. The trial is currently scheduled to commence on February 13, 2017.