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Counsel for Claimant James J. McHugh

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

MF GLOBAL HOLDINGS LTD., *et al.*

Debtors.

Chapter 11

Case No. 11-15059 (MG)

(Jointly Administered)

**RESPONSE OF JAMES J. MCHUGH IN OPPOSITION TO THE TWENTY-NINTH
OMNIBUS OBJECTION OF PLAN ADMINISTRATOR SEEKING TO DISALLOW
CERTAIN NON-DEBTOR EMPLOYEE CLAIMS**

James J. McHugh (“Mr. McHugh”), by and through his undersigned counsel, hereby respectfully submits this response in opposition to the Debtors’ Twenty-Ninth Omnibus Objection to Claims (Seeking to Disallow Certain Non-Debtor Employee Claims) (the “Claim Objection”) filed by MF Global Holdings Ltd. and its affiliated debtors in the above-referenced chapter 11 cases (collectively, the “Debtors”), along with the accompanying Declaration of James J. McHugh included with this filing. In support of this response, Mr. McHugh respectfully states as follows:

1. McHugh has worked as a salesman in the securities industry for over 25 years.
2. Mr. McHugh was employed by several MF Global entities from June 2009 to November 2011. He worked as a salesman and a manager.

3. In March 2009, prior to Mr. McHugh joining the MF Global entities, Mr. McHugh and Debtor MF Global Holdings USA, Inc. entered into an agreement concerning the terms of Mr. McHugh's employment (the "Employment Agreement"), including Mr. McHugh's compensation. The Employment Agreement is attached to the accompanying Declaration of James J. McHugh as Exhibit 1.

4. In addition to his employment with Debtor MF Global Holdings USA, Inc., Mr. McHugh was also employed by MF Global, Inc. MF Global, Inc. is a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"). Mr. McHugh was also registered with FINRA as an employee of MF Global, Inc. from June 2009 to December 2011. Debtors wrongly claim Mr. McHugh was solely employed by MF Global, Inc.

5. In approximately March 2010, due to restructuring of the MF Global entities, the MF Global entities and Mr. McHugh agreed to alter Mr. McHugh's responsibilities and compensation. The MF Global entities asked Mr. McHugh to take a position as the head of a sales division. On May 17, 2010, McHugh and Debtor MF Global Holdings USA, Inc. executed an amendment to the Employment Agreement between Mr. McHugh and Debtor MF Global Holdings USA, Inc. Under the amended Employment Agreement, Mr. McHugh would receive a salary of \$200,000 and compensation equal to 40% of the commissions Mr. McHugh generated. (The amendment is included as page 9 of Exhibit 1 to the Declaration of James McHugh.)

6. From March 2010 through June 2011, the MF Global entities paid Mr. McHugh the appropriate 40% commissions on a quarterly basis.

7. The MF Global entities failed to pay Mr. McHugh the commissions he earned under the agreement from July to October 2011. The MF Global entities owe Mr. McHugh \$255,923.07 in commissions for that period.

8. Upon information and belief, all other employees of the MF Global entities that got paid on a commission basis, received payment for the commissions they earned from July to September 2011. Mr. McHugh's commissions were not paid due to an internal error that the MF Global entities later corrected but never resulted in a payment to Mr. McHugh.

9. On November 1, 2011, consistent with its monthly practices, the MF Global entities provided Mr. McHugh with commission reports reflecting the commissions he generated for the MF Global entities. The commission reports confirm that McHugh is owed approximately \$255,923.07 in sales commissions for the period July to October 2011. The commission report is attached as Exhibit 2 to the Declaration of James McHugh.

10. On January 13, 2012, Mr. McHugh filed a complaint against Debtor MF Global Holdings USA, Inc. in the United States District Court for the Southern District of New York, Case No. 12 Civ. 0284 (AJN) seeking his unpaid commissions, plus interest and damages pursuant to the New York Labor Law.

11. On March 2, 2012, Debtor MF Global Holdings USA, Inc. filed a petition for relief under Chapter 11 in this Court – the present matter. As a result, Mr. McHugh's action against Debtor MF Global Holdings USA, Inc. was stayed.

12. Previously, on October 31, 2011, Debtor MF Global Holdings, Ltd. also filed a petition for relief under Chapter 11 in this Court – the present matter. Further on that date, a Securities Investment Protection Act, 15 U.S.C. §§ 78aaa et seq., liquidation of MF Global, Inc., the broker-dealer subsidiary of MF Global Holdings, Inc., was initiated before this Court, Case No. 11-2790 (MG) SIPA.

13. On May 31, 2012, Mr. McHugh filed a timely proof of claim in the amount of \$255,923.07, plus interest and New York Labor Law damages, with respect to the broker-dealer MF Global, Inc.

14. On June 1, 2012, Mr. McHugh filed a timely proof of claim in the amount of \$255,923.07, plus interest and New York Labor Law damages, with respect to Debtor MF Global Holdings, Ltd.

15. Also on June 1, 2012, Mr. McHugh filed a timely proof of claim in the amount of \$255,923.07, plus interest and New York Labor Law damages, with respect to Debtor MF Global Holdings USA, Ltd.

16. On July 23, 2013, Debtors MF Global Holdings, Ltd. and MF Global Holdings USA, Ltd. filed the Twenty-Ninth Omnibus Objection seeking to disallow the claims of Mr. McHugh and several other former employees of the MF Global entities – the present Claim Objection. The Debtors allege that, despite having the Employment Agreement with Debtor MF Global Holdings USA, Inc. which explicitly indicates that Mr. McHugh “will be employed by MF Global” Holdings USA, Inc. (McHugh Decl. Ex. 1 at 1), Mr. McHugh was solely an employee of the broker-dealer MF Global, Inc. The Employment Agreement contradicts any such allegation.

17. The Debtors go so far as to claim that “[n]othing in the Debtors’ books and records demonstrates any basis for liability by any of the Debtors for the asserted compensation-related claims.” (Dkt. No. 1557 at 7.) However, upon information and belief, Debtors retained a copy of the Employment Agreement between MF Global Holdings USA, Inc. (McHugh Decl. Ex. 1) and the commission runs provided to Mr. McHugh (McHugh Decl. Ex. 2.). Thus, the “books and records” of Debtors absolutely demonstrate the basis for liability to Mr. McHugh.

18. Upon information and belief, the Debtors and their related MF Global entities did not honor corporate formalities including, *inter alia*, with respect to Mr. McHugh's employment. *See, e.g.*, Dkt. No. 707 at 2 ("Prior to October 31, 2011, when [MF Global Holdings Ltd.] filed for bankruptcy, the Debtors operated, with other [MF Global Holdings Ltd.] direct and indirect subsidiaries ('non-Debtor MFG entities'), on a global, integrated and interdependent basis."). Mr. McHugh's employment benefited MF Global Holdings USA, Inc. and MF Global, Inc. and he was an employee of both entities.

19. Mr. McHugh's employment agreement references debtor MF Global Holdings USA, Inc. while, in FINRA filings, Mr. McHugh was also deemed an employee of MF Global, Inc. He was an employee of both entities and presents valid claims against both.

20. In addition, to the joint employment that gives rise to claims for Mr. McHugh's unpaid compensation against the broker-dealer MF Global, Inc. and against Debtor MF Global Holdings USA, Inc., Mr. McHugh is entitled to hold Debtor MF Global Holdings, Ltd. jointly and severally liable as well pursuant to New York Business Corporation Law §630. On January 17, 2012, Mr. McHugh, through counsel, gave notice to MF Global Holdings, Ltd. that, pursuant to New York Business Corporation Law §630, Mr. McHugh intended to hold MF Global Holdings, Ltd. jointly and severally liable for the wages MF Global Holdings USA, Ltd. owes to Mr. McHugh. (McHugh Decl. Ex. 3.) As such, Mr. McHugh also presents a valid claim against MF Global Holdings, Ltd. as well.

RESERVATION OF RIGHTS

21. Mr. McHugh specifically reserves his right to raise all arguments at the hearing on the Claim Objection and to support such arguments with all appropriate evidence. Mr. McHugh

also reserves the right to supplement this response upon the conclusion of discovery on this matter.

WHEREFORE, Mr. McHugh respectfully requests entry of an Order:

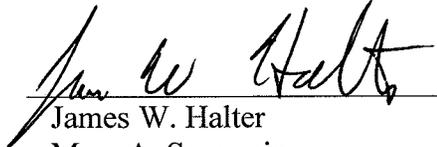
(A) Denying the Twenty-Ninth Omnibus Objection with respect to Mr. McHugh's claim; and

(B) Granting such other and further relief as is just and appropriate under the circumstances.

Dated: August 14, 2013
New York, New York

Respectfully submitted,

LIDDLE & ROBINSON, L.L.P.



James W. Halter

Marc A. Susswein

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New York, NY 10022

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Counsel for Claimant James J. McHugh

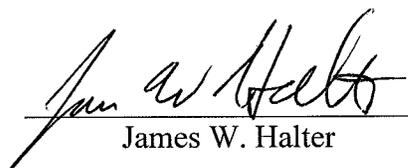
CERTIFICATE OF SERVICE

I, James Halter, hereby certify that on this 14th day of August, 2013, the foregoing *Response of James J. McHugh in Opposition to the Twenty-Ninth Omnibus Objection of Plan Administrator Seeking to Disallow Certain Non-Debtor Employee Claims*, and the accompanying *Declaration of James J. McHugh* in support thereof, was served via overnight delivery by FedEx, postage prepaid, and through the Court's ECF system, if applicable, to the following:

Morrison & Foerster LLP
1290 Avenue of the Americas
New York, New York 10104
Attn: Brett H. Miller, Esq.
Melissa A. Hager, Esq.
Craig A. Damast, Esq.
Counsel for the Plan Administrator

Office of the United States Trustee
for the Southern District of New York
33 Whitehall Street
21st Floor
New York, NY 10004
Attn: Brian S. Masumoto, Esq.

Dated: August 14, 2013
New York, New York


James W. Halter

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

MF GLOBAL HOLDINGS LTD., *et al.*

Debtors.

Chapter 11

Case No. 11-15059 (MG)

(Jointly Administered)

**DECLARATION OF JAMES J. MCHUGH IN SUPPORT OF THE
RESPONSE OF JAMES J. MCHUGH IN OPPOSITION TO THE TWENTY-NINTH
OMNIBUS OBJECTION OF PLAN ADMINISTRATOR SEEKING TO DISALLOW
CERTAIN NON-DEBTOR EMPLOYEE CLAIMS**

I, James J. McHugh, being duly sworn, depose and say as follows:

1. I submit this affidavit in support of the *Response of James J. McHugh in Opposition to the Twenty-Ninth Omnibus Objection of Plan Administrator Seeking to Disallow Certain Non-Debtor Employee Claims* (Dkt. No. 1557) in the above-referenced matter.

2. I have personal knowledge of the facts stated in this Declaration and am competent to testify to them.

3. I entered into an employment agreement with MF Global Holdings USA, Inc. on March 9, 2009 which was amended on May 17, 2010. Attached hereto as Exhibit 1 is a true and accurate copy of the employment agreement and amendment.

4. Attached hereto as Exhibit 2 is a true and correct copy of the "Summary of Commissions" I generated for the MF Global entities, as provided to me by the MF Global entities. I am owed \$255,923,07 for the commissions I generated for the MF Global entities between July and October 2011.

5. Attached hereto as Exhibit 3 is a true and correct copy of a letter my counsel sent to MF Global Holding, Ltd. on January 17, 2012.

Dated: New York, New York
August __, 2013


James J. McHugh

EXHIBIT 1



March 9, 2009

James J. McHugh
15 Sailors Way
Rumson, NJ 07760

Dear Mr. McHugh:

This letter will serve as MF Global Holdings USA Inc.'s ("MF Global") offer of employment to you as a Senior Vice President in the New York office of MF Global with responsibility for sales and trading of Investment Grade Corporate Bonds and to oversee the development and management of the Investment Grade Corporate sales and trading. You will report to Peter McCarthy. Your employment must commence no later than June 8, 2009 ("Commencement Date"). Additional terms of this offer and your employment are set forth in Exhibit A attached hereto, which is hereby incorporated by reference.

You will be employed by MF Global and enjoy the benefits of an excellent employee program, which includes medical/dental/vision/life/disability insurance and a 401(k) plan. You will be eligible to participate (i) in the health insurance plans effective the first day of the month following thirty (30) days of employment (*i.e.*, August 1, 2009) and (ii) in the 401(k) plan effective the first pay period of the month following your commencement of employment (*i.e.*, July 1, 2009). You will also be entitled to participate in all fringe benefit plans that MF Global may in its sole discretion make available generally to its employees. You will be entitled to annual vacation and other leave in accordance with MF Global's vacation policies in effect from time to time.

In order to comply with the Immigration Report and Control Act of 1986, all employers are required to verify the work authorization status of each person hired. Employment with MF Global is contingent upon your eligibility to work in the United States. We would appreciate it, therefore, if you would bring the following documents with you on your first day of employment:

1. A U.S. passport (current or expired) OR a driver's license;
2. A social security card OR birth certificate; and
3. Other identification not listed above which meets the requirements of verifying work eligibility for I-9 documentation.

As a new staff member, the Compliance Department of MF Global will contact you to obtain your fingerprints and will submit them for review to the Department of Justice and/or a self-regulatory organization. You should be aware that your continued employment with MF Global is contingent upon the results of any fingerprint review. You should also be aware that the results of a fingerprint review may require you to provide additional documentation in order to remain in our employ.

MF Global Holdings US, Inc.
717 Fifth Avenue
9th Floor
New York, New York 10022-8101
Tel 212-589-6200
Fax 212-589-6250
www.mfglobal.com

Mr. James J. McHugh
March 9, 2009
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Employment with MF Global is at the will of either party. It is entered into by our mutual consent and can be terminated at any time and for any reason at the discretion of either you or MF Global. MF Global expressly disavows any statements (oral or written) by any party, which would appear to contravene this "at will" relationship. As a prospective or current employee, you may not reasonably rely on any representation that contradicts the "at will" nature of your employment unless such representation is set forth in a written agreement signed by the Head of Human Resources.

While an employee of MF Global, you will be subject to and agree to comply fully with the provisions of applicable law and regulations governing the financial services industry, our zero tolerance sexual harassment policy, and all other written MF Global policies, procedures, rules and regulations, including but not limited to, all terms, conditions and procedures set forth in MF Global's Employee Handbook and Compliance Manual, as they now exist or as they may be amended from time to time.

This offer of employment is made to you based on your representation and warranty to MF Global that (i) you, as of your Commencement Date, will not be a party to any non-competition or non-solicitation agreement as it relates to customers or employees, or employment agreement containing non-compete and/or non-solicitation of customer or employee provisions with any current or former employer, except for the six-month non-solicitation of employees and clients obligation you owe RBC Capital Markets, (ii) you are not subject to any other obligation which would in any way restrict the performance of your duties at MF Global, (iii) to the best of your knowledge, information and belief, you are not aware of any action taken by you (or any failure to act) that could form the basis for a breach of fiduciary duty or related claim by any current or former employer against you, (iv) that you will not engage in any behavior that would violate, either directly or indirectly, the terms of any non-solicitation of employees provisions that may be in force on or after your employment with MF Global, and (v) that prior to engaging in any form of direct or indirect recruiting activities of any employee(s) of any former employer, you will obtain written clearance from the Head of Human Resources.

You agree that the terms of this letter are confidential, and that neither you nor your agents will disclose any information concerning them to any third party at any time; except that you may disclose such terms to your attorneys, tax and financial advisors and your spouse or partner as long as such individuals are informed of and agree to be bound by the terms of this confidentiality provision. This paragraph shall not be interpreted to prohibit the disclosure of this letter or the terms thereof, if any party is compelled to do so under subpoena or other judicial or regulatory process.

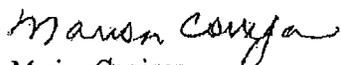
This offer and your employment with MF Global are conditioned upon your agreement not to disclose directly or indirectly to your current employer the details of the compensation contained in this offer and Exhibit A hereto, and the completion to the satisfaction of MF Global, in its sole discretion, of pre- and post-employment, background, reference, regulatory, credit, criminal and/or other personal checks performed on you.

Mr. James J. McHugh
March 9, 2009
Page 3

Please indicate your agreement and acceptance by signing below and as indicated on Exhibit A hereto, and returning a copy of this letter to me. Your signatures will indicate your understanding of, and agreement to, the terms and conditions on which this offer is based. Once signed by you, this offer and Exhibit A will be referred to collectively as the "Agreement."

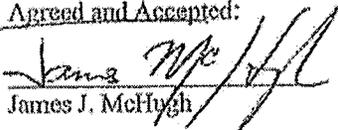
We are proud of the accomplishments of MF Global and look forward to the valuable contributions you will make to our firm.

Very truly yours,



Marion Corrigan
Vice President - Human Resources

Agreed and Accepted:


James J. McHugh

3/9/09
Date

James J. McHugh

EXHIBIT A

1. Draw. While employed at MF Global, you will be paid a monthly draw of \$10,000, payable in equal semimonthly installments of \$5,000, less all taxes, standard employee contribution deductions and any deductions required by law ("Draw").

2. Other Compensation.

- (a) You shall receive a monthly payment, less all taxes, standard employee contribution deductions and any deductions required by law, calculated and payable within thirty (30) days of the end of each calendar month ("Monthly Payment"). Each Monthly Payment will be an amount equal to the "Investment Grade Corporate Group Income Pool," as defined below.
- (b) "Investment Grade Corporate Group Income Pool" shall be an amount calculated as of the last business day of each month as follows: (i) fifty percent (50%) of the "Net Commissions," (as defined below) attributable to the Investment Grade Corporate Group Income Pool minus (ii) "Expenses," (as defined below) minus (iii) any and all draw and distribution payments made to you and other members of the Investment Grade Corporate Group and minus (iv) any "Monthly Deficit" (as defined below).
- (c) "Net Commissions" for each month shall mean Gross Revenue (as defined below) minus any and all third party clearing charges (for markets MF Global does not clear), exchange, clearing and NFA fees and clearinghouse fees, all at cost.
- (d) "Gross Revenue" for each month shall mean all commissions and brokerage fees and other markups or markdowns, including but not limited to, brokerage IB fees and rebates, generated on transactions done through the Investment Grade Corporate Group.
- (e) "Investment Grade Corporate Group" shall include you and any other current or future member of your team as designated by MF Global and with your input.
- (f) "Expenses" shall include, but not be limited to, the following:
 - (i) All applicable direct and indirect expenses of the Investment Grade Corporate Group, including but not limited to, third party brokerage and fees, exchange, clearing and NFA fees (without duplication thereof), rent, communications, and salaries, bonuses and benefits paid to or on behalf of you;

- (ii) All debts, including customer debits and uncollectible commissions, and all costs and expenses associated with such debts;
 - (iii) All errors incurred by or through you and the other members of the Investment Grade Corporate Group, and all costs and expenses associated with such errors;
 - (iv) All legal fees and costs incurred by MF Global arising out of or in connection with transactions or business activity conducted by or through you and the other members of the Investment Grade Corporate Group;
 - (v) Individual trading screens, price/data vending services and market data used by you and other members of the Investment Grade Corporate Group; and
 - (vi) All of your and the Investment Grade Corporate Group's reasonable travel and entertainment expenses as approved by MF Global in its sole discretion.
- (g) If the Investment Grade Corporate Income Pool is not greater than \$0.00 during the respective month, (i) you will not receive any Monthly Payment, and (ii) the amount of the deficit ("Monthly Deficit") will be carried forward and applied to the calculation in Paragraph 2(b).
- (h) In addition to any payment referred to above, you will be eligible to receive a five (5) percent override on Net Commissions generated by any future salesperson you recruit into the Investment Grade Corporate Group; provided, however, that in no event shall any such override payment cause such future salesperson and/or the Investment Grade Corporate Group as a whole to have a Monthly Deficit.
- (i) Gross Revenue is not earned by, payable to, or owed to you until such time that the Gross Revenue is received by MF Global. All Net Commissions that are advanced to you pursuant to this Paragraph 2 will be reversed and debited from the Investment Grade Group Income Pool if the Gross Revenue is not actually received by MF Global within 90 days of the date the transactions are executed or cleared.

3. Loan. Within ten (10) business days of the Commencement Date, you will receive a forgivable loan of Nine Hundred Thousand United States Dollars (US\$900,000) (the "Loan"). The Loan will be "forgiven" annually in four (4) parts as of December 31, 2009, June 30, 2010, December 31, 2010 and concluding with June 30, 2011. If, prior to June 30, 2011, your employment is terminated by your resignation for other than Good Reason (as defined

below) or by MF Global for Cause (as defined below), you will be required to repay to MF Global the outstanding portion of the Loan according to the terms of the Promissory Note executed in connection with the Loan in the form annexed hereto as Exhibit I.

4. Termination.

(a) Resignation for Other Than Good Reason/Termination by MF Global for Cause. Your employment is "at will" and may be terminated by you or MF Global at any time for any reason. In the event that you resign for any reason, you shall provide to MF Global thirty (30) days written notice thereof. In the event that your employment is terminated by MF Global for "Cause" (as defined below), MF Global is not required to provide you with any prior notice thereof, subject to any applicable cure period set forth below. In the event that you resign for any reason other than Good Reason or your employment is terminated by MF Global for Cause, you will be entitled to receive only the following:

- (i) The Draw, the Monthly Payment, or the pro rata portions thereof, earned by you through the Termination Date minus any accrued Monthly Deficit, irrespective of whether the termination of your employment occurs prior to the applicable payment date; plus
- (ii) Any accrued but unpaid benefits as of the Termination Date, such as vacation pay, to which you are entitled under the MF Global benefit plans then in effect; plus
- (iii) To the extent not previously reimbursed, any travel and entertainment expenses incurred prior to the Termination Date.

(b) Resignation for Good Reason/Termination by MF Global without Cause/Death/Disability. In the event that your employment is terminated by MF Global without Cause, MF Global shall provide you with thirty (30) days written notice thereof, in which case the date that concludes the thirty (30) day notice period shall be deemed the Termination Date. In the event that such thirty (30) days notice is provided, MF Global may, in its sole discretion, require that you not report to MF Global's offices during that thirty (30) day period. In the event that MF Global terminates your employment without Cause or you resign for Good Reason (as defined below), you shall be entitled to receive:

- (i) The Draw, the Monthly Payment, or the pro rata portions thereof, earned by you through the Termination Date minus any accrued Monthly Deficit, irrespective of whether the

termination of your employment occurs prior to the applicable payment date; plus

- (ii) Any accrued but unpaid benefits as of the Termination Date, such as vacation pay, to which you are entitled under the MF Global benefit plans then in effect; plus
 - (iii) To the extent not previously reimbursed, any travel and entertainment expenses incurred prior to the Termination Date; plus
 - (iv) Forgiveness of the balance of the Loan as follows:
 - (A) The entire remaining Loan balance shall be forgiven and MF Global will report the amount of such forgiveness to the IRS and you understand that you will be responsible for all Taxes (as defined below) owned on such Loan amounts forgiven after the Termination Date;
 - (B) "Taxes" shall mean all applicable federal, state and local income taxes required to be withheld as a result of the forgiveness, as well as your share of FICA and all other employment taxes required by law to be withheld as a result of such forgiveness, with a detailed breakdown of such taxes to be provided to you prior to the Termination Date.
- (c) For purposes of MF Global's termination of your employment for Cause, "Cause" shall mean:
- (i) Your willful malfeasance, fraud or theft, embezzlement or misappropriation that may reasonably be expected to have an injurious effect on MF Global; or
 - (ii) Conviction of any criminal offense (other than a motor vehicle offense) which is a felony and arises out of or is in any way connected with your employment hereunder or involves fraud, dishonesty or moral turpitude or impairs or impedes substantially your ability to perform the duties described in this Agreement or impairs the financial condition or business reputation of MF Global; or
 - (iii) The issuance of any final consent decree, cease and desist or similar order against you individually, arising out of your personal, rather than any company, misconduct or violation of law, by a regulatory agency relating to violations or alleged violations of any federal or state

securities or commodities laws governing the conduct of the business of MF Global; or

- (iv) The material violation of any material MF Global policy, and, if MF Global in its sole discretion determines that the violation is curable, your failure to remedy or correct such material violation before the expiration of ten (10) business days following written notice by MF Global to you of such violation; or
 - (v) The suspension or termination of any of your required registrations with the Commodity Futures Trading Commission, Securities and Exchange Commission, any exchange or any self-regulatory organization; or
 - (vi) Breach of any of your representations and/or warranties contained herein.
- (d) For purposes of your terminating your employment for Good Reason, the following provisions shall apply:
- (i) Definition: "Good Reason" shall mean:
 - (A) A material diminution in your authority, duties or responsibilities;
 - (B) An action or inaction by MF Global which causes a material breach of a material provision of this Agreement;
 - (C) MF Global's complete exit from the fixed income business as it is currently conducted by MF Global; or
 - (D) MF Global has moved your place of employment outside of the New York metropolitan area.
 - (ii) Notice: In the event you choose to terminate your employment for Good Reason, in addition to any other notice period contained herein, you must:
 - (A) Provide (i) written notice to MF Global of the existence of an event which you believe is a "Good Reason" event within ninety (90) days of the event which gives rise to such "Good Reason" event and (ii) provide MF Global thirty (30) days to cure such event; and

- (B) Terminate your employment within one hundred twenty (120) days following the first existence of such "Good Reason" event.

5. Non-Compete/Non-Poach/Non-Solicit. You agree that following the termination of your employment by MF Global for Cause or by you for any reason, you shall not directly or indirectly:

- (a) For a period of ninety (90) days, engage, as an owner, partner, shareholder, officer, director, employee, consultant, advisor, agent or representative, in any business that is substantially similar to that in which you were engaged during your employment with MF Global and which competes with MF Global or any of its affiliates (collectively, the "MF Global Companies"); or
- (b) For a period of ninety (90) days, recruit, solicit or hire any employee of the MF Global Companies or otherwise induce any such employee to leave the employment of any of the MF Global Companies or to become an employee of or associated with you or any company or business with which you may become associated; or
- (c) For a period of ninety (90) days, solicit the business or patronage of (i) any customer, client, account, of any of the MF Global Companies with whom any of any member of the Investment Grade Corporate Group have had material contact during the period of your employment or (ii) any potential customer, client or account of any of the MF Global Companies with whom any of any member of the Investment Grade Corporate Group have had material contact within one hundred and eighty (180) days of your Termination Date.

MF Global is entering into this Agreement with you in substantial part because (a) your services are important, valuable, unique, extraordinary and special, and because (b) of your agreement to this non-compete, non-poach and non-solicit provision. You understand and expressly agree to the prohibitions contained in this Paragraph 5 and acknowledge that you have received and will receive the compensation set forth herein, in order to eliminate or otherwise waive any possibility, claim or assertion that your compliance with these prohibitions will impose any undue hardship upon you. You also acknowledge that your agreement to not compete, to not poach and to not solicit is reasonable.

6. Confidential Information and Company Property. As an employee of MF Global, you will have access to information that is not available to the general public regarding MF Global, MF Global's affiliated companies, their businesses (including but not limited to customer identities, financial information, sales, operations, marketing, trading, execution and clearing strategies, operational costs, and employee costs, salaries and benefits), and the businesses of their customers, clients and suppliers. All such information is "Confidential

Information" and must be kept confidential at all times during the term of your employment with MF Global and thereafter. You shall not at any time during employment or thereafter for any reason, directly or indirectly, disclose or furnish any Confidential Information to any third party, firm, entity or business, except as otherwise required by law. Upon the termination of your employment with MF Global for any reason, including by you, you shall immediately return to MF Global all Confidential Information and all property (in whatever form), documents and other material belonging to MF Global or its affiliates that you received during your employment with MF Global.

7. Injunctive Relief. You agree that the provisions set forth in Paragraphs 5 and 6 hereof shall survive termination of your employment with MF Global for any reason. You acknowledge that, if you breach any of your obligations set forth in Paragraphs 5 and 6 hereof, MF Global would suffer irreparable harm, and any such harm would not be measurable, and/or not be adequately compensated, by monetary damages. Thus, in addition to any other rights or remedies that may be available to MF Global at law or in equity, you agree that MF Global will be entitled to seek injunctive relief in connection with any breach or prospective breach by you of any of your obligations set forth in Paragraphs 5 and 6 hereof in any state or federal court of competent jurisdiction located within the State of New York, County of New York, without the necessity of posting a bond. You also hereby submit to the jurisdiction of such courts in connection with any proceeding or action commenced by MF Global to obtain such injunctive relief, and agree that process may be served upon you by any manner authorized by law.

8. Modification. This Agreement contains the entire understanding of the parties, and supersedes any and all prior understandings, representations and promises (whether written or oral) between the parties, except as expressly set forth herein. This Agreement may not be modified or altered except in writing duly signed by you and an authorized representative of MF Global, and which writing expressly refers to this offer letter.

9. Waiver. Any failure of either party to this Agreement to exercise any of its rights or remedies hereunder or to enforce any of the provisions shall not constitute a waiver of any such rights, remedies or enforcement of such provisions, and shall not prejudice either party's right to exercise at any other time all such rights or remedies or to enforce any and all provisions hereunder.

10. Construction. You agree that you have had the opportunity to have this Agreement reviewed by your attorney. You agree that the language in this Agreement shall be deemed to have been drafted and approved by both you and MF Global, and that no rules of strict construction shall be applicable against you or MF Global.

11. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to its conflict of laws principles.

AGREED AND ACCEPTED:


James J. McHugh



May 17, 2010

James McHugh
15 Sailors Way
Rumson, NJ 07760
Dear Mr. McHugh:

This letter will serve to amend your March 9, 2009 Offer Letter ("the Offer Letter") between you and MF Global Holdings USA Inc. ("MF Global" or "the Company") to reflect that the Draw set forth in Section 1 of Exhibit A of the Offer Letter shall be converted to an salary of \$200,000 effective as of May 1, 2010. Similarly, clause 2(h) of Exhibit A shall no longer be in force or of any effect as of May 1, 2010. In addition the following clause 2(j) shall be added and read as follows:

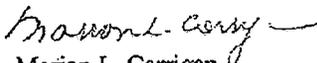
- (j) A portion (up to twenty percent (20%) of any Monthly Payment as defined in clause 2(a) of Exhibit A of the Offer Letter or any other incentive or discretionary award that you may receive shall be awarded in the form of a non-cash award as determined by the Company that shall vest ratably over a 3 year period (e.g. restricted share units, stock appreciation rights, restricted stock) under one or more of its long term incentive plans, in effect from time to time, which shall be subject to vesting and forfeiture conditions and additional terms and conditions of the applicable award agreement and plan documents.

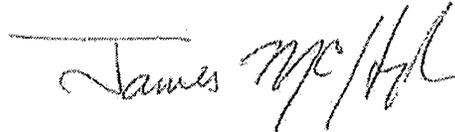
Other than the language set forth above, which amends and modifies Exhibit A of the Offer Letter, all other terms and conditions set forth in the Offer Letter remain in full force and effect.

Please indicate your agreement and acceptance by signing below and returning a copy of this letter to me. Your signature will indicate your understanding of, and agreement to, the terms and conditions on which this letter is based.

As you know, we are proud of the accomplishments of MF Global and look forward to the continuing contribution you will make to our Company.

Very truly yours,


Marion L. Corrigan
Vice President, Human Resources



Agreed and Accepted:

MF Global Holdings USA Inc.
717 Fifth Avenue
9th Floor
New York, New York 10022-8101
Tel 212-589-6200
Fax 212-589-6250
www.mfglobal.com

EXHIBIT 2

**MF Global Securities Inc.
Summary of Commissions Generated**

**As Per RPTT19
McHugh, James F214**

Month	USD
Apr-10	148,435.61
May-10	103,014.68
Jun-10	125,748.32
Jul-10	93,598.41
Aug-10	49,790.44
Sep-10	146,776.13
Oct-10	85,716.43
Nov-10	82,873.72
Dec-10	110,157.51
Jan-11	155,574.53
Feb-11	149,700.57
Mar-11	154,082.59
YTD	1,405,468.94

Apr-11	81,087.21
May-11	75,577.56
Jun-11	145,753.96
Jul-11	21,994.71
Aug-11	161,825.90
Sep-11	132,915.24
Oct-11	221,500.43
Nov-11	
Dec-11	
Jan-12	
Feb-12	
Mar-12	
YTD	840,655.01

MF Global Securities Inc.
Summary of Commissions Generated

As Per RPTT19
McHugh, James/ Princer, F286

Month	USD
Apr-10	
May-10	
Jun-10	
Jul-10	
Aug-10	
Sep-10	
Oct-10	
Nov-10	
Dec-10	72,325.70
Jan-11	33,822.32
Feb-11	25,935.98
Mar-11	49,721.00
YTD	181,805.00
Apr-11	47,976.31
May-11	18,734.96
Jun-11	70,574.89
Jul-11	12,514.92
Aug-11	46,356.49
Sep-11	114,742.42
Oct-11	29,528.95
Nov-11	
Dec-11	
Jan-12	
Feb-12	
Mar-12	
YTD	340,428.94

EXHIBIT 3

LIDDLE & ROBINSON, L.L.P.

800 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 687-0500

FACSIMILE: (212) 687-1505

www.liddlerobinson.com

E-mail: jhalter@liddlerobinson.com

MIRIAM M. ROBINSON (RETIRED)

JAMES A. BATSON
BLAINE H. BORTNICK
ETHAN A. BRECHER
DAVID I. GREENBERGER
MICHAEL E. GREINERT
JAMES R. HUBBARD
JEFFREY L. LIDDLE
DAVID M. MAREK
CHRISTINE A. PALMIERI
MARC A. SUSSWEIN

January 17, 2012

JAMES W. HALTER
ANDREA M. PAPARELLA
DANIEL S. JO
SHERRY M. SHORE
JESSICA H. SAVAGE
MATTHEW J. McDONALD
MARIA W. WONG
JENNIFER RODRIGUEZ
SAMANTHA L. PLESSER

BY HAND AND OVERNIGHT DELIVERY

MF Global Holdings Ltd.
1350 Avenue of the Americas
New York, New York 10019
Attn: Laurie R. Ferber, Esq., General Counsel

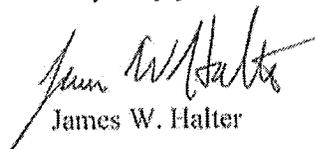
Re: James McHugh v. MF Global Holdings USA, Inc.,
SDNY Case No. 12 Civ. 0284 (AJN)

Dear Ms. Ferber:

I write, on behalf of James McHugh, a former employee of MF Global Holdings USA, Inc. ("Holdings USA"). Holdings USA owes Mr. McHugh wages for his work in July, August, September, and October 2011. Holdings USA agreed to and, until June 2011, did pay Mr. McHugh compensation equal to a percentage of the commissions he generated. As reflected in the commission reports Holding USA provided to Mr. McHugh on November 1, 2011, Holdings USA owes Mr. McHugh approximately \$255,300 in commissions for his work from July to October 2011. Holdings USA has refused to pay Mr. McHugh the owed commissions.

Pursuant to New York Business Corporation Law § 630, Mr. McHugh hereby provides notice to MF Global Holdings, Ltd. ("Holdings Limited") that Mr. McHugh intends to hold Holdings Limited jointly and severally liable for the wages Holdings USA owes him as one of the ten largest shareholders of Holdings USA.

Very truly yours,


James W. Halter

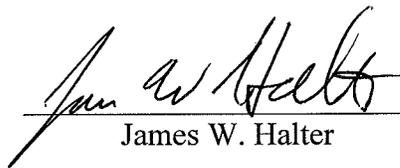
CERTIFICATE OF SERVICE

I, James Halter, hereby certify that on this 14th day of August, 2013, the foregoing *Response of James J. McHugh in Opposition to the Twenty-Ninth Omnibus Objection of Plan Administrator Seeking to Disallow Certain Non-Debtor Employee Claims*, and the accompanying *Declaration of James J. McHugh* in support thereof, was served via overnight delivery by FedEx, postage prepaid, and through the Court's ECF system, if applicable, to the following:

Morrison & Foerster LLP
1290 Avenue of the Americas
New York, New York 10104
Attn: Brett H. Miller, Esq.
Melissa A. Hager, Esq.
Craig A. Damast, Esq.
Counsel for the Plan Administrator

Office of the United States Trustee
for the Southern District of New York
33 Whitehall Street
21st Floor
New York, NY 10004
Attn: Brian S. Masumoto, Esq.

Dated: August 14, 2013
New York, New York


James W. Halter