

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

-----	x
	:
In re	: Chapter 11
	:
MF GLOBAL HOLDINGS LTD., <i>et al.</i> ,	: Case No. 11-15059 (MG)
	:
Debtors.	: (Jointly Administered)
	:
-----	x

**DECLARATION OF LAURIE R. FERBER PURSUANT TO LOCAL BANKRUPTCY
RULE 1007-2 AND IN SUPPORT OF THE CHAPTER 11 PETITION AND VARIOUS
FIRST-DAY MOTIONS**

I, Laurie R. Ferber, pursuant to 28 U.S.C. § 1746, hereby declare that the following is true to the best of my knowledge, information and belief:

1. I am the general counsel and executive vice president of MF Global Holdings Ltd. (“MF Ltd.”) and executive vice president and a director of MF Global Finance USA Inc. (“MF Finance,” collectively with MF Ltd., the “Initial Debtors”). MF Ltd. is the ultimate parent of the jointly administered debtors MF Global Capital LLC, MF Global FX Clear LLC and MF Global Market Services, LLC (the “Additional Debtors,” collectively, with the Initial Debtors, the “Prior Debtors”). I am also an executive vice president and a member of the Additional Debtors. In addition, I am an executive vice president and director of MF Global Holdings USA Inc. (“Holdings USA”) (the “Current Debtor” and, collectively with the Prior Debtors, the “Debtors”) (MF Ltd. and the Debtors, collectively with their non-Debtor subsidiaries and affiliates including MF Global Inc. (“MFGI”), the “Company” or “MF Global”). I am authorized to submit this declaration (the “Second Ferber Declaration”) on behalf of the Current Debtor. As a result of my tenure with the Debtors, my review of relevant documents, my discussions with other members of the Debtors’ management team, relevant employees and various professionals of the Prior

Debtors' and Current Debtor's estates, I am familiar with the Debtors' former operations, current wind-down efforts, business affairs, and books and records.

2. I submit this Second Ferber Declaration pursuant to Rule 1007-2 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Rules") in support of the Current Debtor's petition for relief under chapter 11 of title 11 of the United States Code, as amended (the "Bankruptcy Code") and for relief in the form of motions and applications (the "First-Day Motions"), including the *Motion for Order Under 11 U.S.C. § 105 Directing that Certain Orders in Chapter 11 Cases of MF Global Holdings Ltd., et al. Be Made Applicable to Chapter 11 Case of MF Global Holdings USA Inc.*, which would incorporate the *Order Pursuant to 11 U.S.C. § 1104 and Fed. R. Bankr. P. 2007.1 Directing Appointment of Chapter 11 Trustee* (the "Appointment Order") to the Current Debtor's case. It is my belief that a smooth transition into chapter 11 for the Current Debtor requires an expanded appointment for the chapter 11 trustee, Louis J. Freeh (the "Trustee"), such that his appointment continues to the Current Debtor. I have reviewed the Current Debtor's petition and the First-Day Motions, or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to ensure the efficient wind-down of the Debtors' businesses.

3. Except as otherwise indicated, the facts set forth in this Second Ferber Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees of the Debtors, my discussions with other members of the Debtors' management team, relevant employees and various professionals of the Debtors' estates, or my opinion based upon experience, knowledge, and information concerning the operations of the Company. If called upon to testify, I would testify competently to the facts set forth herein.

4. This Second Ferber Declaration is divided into three parts. Part I of this Second Ferber Declaration describes the Company's businesses and the circumstances surrounding the commencement of the Debtors' chapter 11 cases and the SIPA Proceeding. Part II sets forth the relevant facts in support of the First-Day Motions filed concurrently herewith. Part III sets forth information required by Local Rule 1007-2 to the extent not otherwise provided herein.

I. BACKGROUND

A. Background and Business Operations

5. As more fully described below, the Debtors have discontinued their operations and are in the process of winding down. A number of MF Ltd. affiliates are the subject of various administration proceedings in the United States and around the world. Until recently, MF Global was one of the world's leading brokers in markets for commodities and listed derivatives. The Company was also a broker-dealer in markets for commodities, fixed income securities, equities, and foreign exchange. In addition to executing client transactions, MF Global also provided research and market commentary to help clients make trading decisions, as well as clearing and settlement services, client financing, and securities lending services. For fiscal 2011, MF Global, on a consolidated basis, reported total revenues of approximately \$2.2 billion, revenues net of interest and transaction-based expenses of approximately \$1.1 billion, and incurred a net loss attributable to Debtor MF Ltd., the ultimate parent company, of \$81.2 million.

6. MF Global is headquartered in the United States and had operations globally, including the United Kingdom, Australia, Singapore, India, Canada, Hong Kong, and Japan.

B. The Company's Corporate and Capital Structure

7. MF Ltd. was a public company that traded on the New York Stock Exchange under ticker symbol "MF" until trading in the stock was halted on October 31, 2011. On

November 1, 2011, the New York Stock Exchange officially suspended trading. The Company's corporate structure is set forth in Exhibit A, attached hereto. MF Ltd. is the ultimate parent company of the other Debtors in these chapter 11 cases. The Company reported consolidated assets and liabilities in its earnings release on October 25, 2011—reflected in an 8-k filed with the Securities and Exchange Commission that same day—for the quarterly period ended September 30, 2011, of approximately \$41.0 billion and \$39.7 billion, respectively.

C. The Initial Debtors' Chapter 11 Filing

8. On October 31, 2011 (the "Initial Debtors' Petition Date"), in order to preserve their assets and maximize value for the benefit of stakeholders, the Initial Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of New York.

9. On November 2, 2011, the Court entered several orders granting the following first-day relief in the Initial Debtors' chapter 11 cases: (a) joint administration of the Initial Debtors; (b) authorization to prepare a consolidated list of the top fifty unsecured creditors in lieu of a creditor matrix; (c) extension of deadlines to file schedules and statements; (d) authorization to retain GCG, Inc. as claims and noticing agent; (e) authorization of continued use of the cash management system; and (f) authorization to use cash collateral.

10. On November 7, 2011, the United States Trustee (the "UST") appointed the official committee of unsecured creditors (the "Committee"), which is currently comprised of the following members: Wilmington Trust Company (solely in its capacity as indenture trustee), JPMorgan Chase Bank N.A., Bank of America N.A., Elliott Management Corporation and Caplin Systems Ltd. Dewey & LeBoeuf LLP is counsel to the Committee.

11. In the period immediately following the commencement of the Initial Debtors' chapter 11 cases, the Debtors began the wind down of their former operations, rapidly reducing

employee headcount and other costs and taking additional actions to preserve the assets of their estates for the benefit of stakeholders. The Initial Debtors simultaneously focused on obtaining debtor-in-possession financing to fund an orderly wind down of their estates. Despite their best efforts and extensive negotiations with potential lenders, the Debtors were unable to secure debtor in possession financing. The Initial Debtors did secure an interim cash collateral agreement through a stipulated order with JPMorgan Chase Bank, N.A., the administrative agent to the lenders under the \$1.2 billion Liquidity Facility (the “Lender”), which, along with the recovery of unencumbered, liquid assets, provided the Initial Debtors with \$8 million and allowed them to continue to wind down their operations. Immediately after the appointment of the Chapter 11 Trustee, the Initial Debtors entered into negotiations with the Lender to increase the available cash collateral for use by the Initial Debtors to fund the Debtors’ operations. Thereafter, the Initial Debtors reached an agreement with the Lender for the consensual use of approximately \$21.3 million in cash collateral through and until September 30, 2012. The Court approved of the terms of the stipulation and entered a final order on December 14, 2011 (the “Final Cash Collateral Order”). At the time of the Final Cash Collateral Order, the Initial Debtors had recovered sufficient funds to offset the cash collateral previously used.

D. The SIPA Proceeding and Administration Proceedings in the Rest of the World

12. On the Initial Debtors’ Petition Date, the Securities Investor Protection Corporation commenced a proceeding in the United States District Court for the Southern District of New York (the “District Court”) under the Securities Investor Protection Act (“SIPA”) against MFGI, the Debtors’ broker-dealer affiliate, in the case captioned *Securities Investor Protection Corp. v. MF Global Inc.*, Case No. 11-CIV 7750. Pursuant to the provisions of SIPA, the District Court entered an order, inter alia, (a) appointing James W. Giddens as trustee (the “SIPA Trustee”) for the liquidation of the business of MFGI, (b) appointing Hughes

Hubbard & Reed LLP as counsel to the SIPA Trustee, and (c) removing the case to this Court, which case is now pending as *In re MF Global Inc.*, Case No. 11-2790 (MG) (SIPA) (the “SIPA Proceeding”).

13. Concurrently with the Initial Debtors’ Petition Date and the commencement of liquidation proceedings by SIPA against MFGI, administration proceedings were initiated against various MF Global affiliates around the world, including in the United Kingdom, Hong Kong, Australia, Singapore, and Canada, including MF Global UK Limited and MF Global UK Services Limited. The Debtors understand that the administrators of these affiliates continue to explore the sale, wind-down, and liquidation of MF Global’s former operating entities.

E. Appointment of a Chapter 11 Trustee

14. On November 21, 2011, the U.S. Trustee filed the Application for Order Approving Appointment of Chapter 11 Trustee (the “Trustee Appointment Application”). The Trustee Appointment Application was filed to, among other things, facilitate global cooperation between the Debtors, MFGI, and administrators at MF Global affiliates around the world and the coordination of the investigations of various regulators and investigators. On November 28, 2011, the Court entered an order pursuant to the Trustee Appointment Application directing the appointment of a chapter 11 trustee.

F. Events Leading to the Additional Debtors’ Chapter 11 Filings

15. The Additional Debtors were unregulated entities that conducted primarily over-the-counter business in commodities, foreign exchange, credit default swaps and interest rates. Specifically, MF Global Capital LLC entered into foreign exchange transactions on a matched principal basis and provided over-the-counter (“OTC”) foreign exchange, prime brokerage and energy commodity and credit default swaps brokerage services to customers and affiliates. MF Global FX Clear LLC provided foreign exchange execution and clearing services via an

electronic trading platform to customers and affiliates and entered into these OTC foreign exchange transactions on a matched principal basis. MF Global Market Services LLC entered into matched principal based OTC trading of energy and agricultural products with clients, financial institutions and affiliated companies.

16. The commencement of the Initial Debtors' chapter 11 cases severely impacted the Additional Debtors. Since the Initial Petition Date, the Additional Debtors have discontinued their operations and are winding down their former businesses. To avoid the depletion of assets with no attendant benefit, the Additional Debtors filed voluntary petitions in this Court for relief under the Bankruptcy Code on December 19, 2011 (the "Additional Debtors' Petition Date").

G. Events Leading to the Current Debtor's Chapter 11 Filing

17. The Current Debtor provided administrative services to MF Ltd. and its domestic subsidiaries. These services include, but are not limited to, administration of certain benefits programs, payroll and human resources processing. MF Ltd. and its domestic subsidiaries reimbursed Holdings USA for these services. Holdings USA incurs various costs, which are allocated to, and reimbursed by, MF Ltd. and its domestic subsidiaries. In addition, Holdings USA is the holding company for the majority of the U.S. subsidiaries of MF Global.

18. The commencement of the Initial Debtors' cases as well as the commencement of the SIPA Proceeding negatively impacted the Current Debtor. The filing of a chapter 11 petition as of the date hereof (the "Current Debtor's Petition Date") has been made to facilitate the ongoing orderly wind-down of the Prior Debtors and their non-debtor affiliates.

19. To better facilitate the chapter 11 process, the Trustee will request various types of relief in the First-Day Motions filed with the Court concurrently herewith.

II. FIRST-DAY MOTIONS

20. In furtherance of these objectives, the Trustee has filed concurrently herewith four (4) First-Day Motions and proposed orders and respectfully requests that the Court consider entering the proposed orders granting such First-Day Motions. I have reviewed, or otherwise had explained to me, each of the First-Day Motions and proposed orders (including the exhibits thereto) and the facts set forth therein are true and correct to the best of my knowledge, information and belief based on the information provided to me by the various professionals and employees associated with the Debtors and the Trustee, to the extent not already known by me. Moreover, I believe that the relief sought in each of the First-Day Motions (a) is important to enable the Current Debtor to make the transition to chapter 11 with a minimum disruption or loss of value and (b) constitutes a critical element in achieving the Debtors' successful orderly wind-down.

A. Administrative and Procedural Matters

Joint Administration of Cases

21. The Trustee has sought the joint administration of the Current Debtor's chapter 11 case with the jointly administered chapter 11 cases of the Prior Debtors. I believe that it would be far more practical and expedient for the administration of these chapter 11 cases if the Court were to authorize their joint administration. Many of the motions, hearings, and other matters involved in these chapter 11 cases will affect all of the Debtors. Hence, joint administration will reduce costs and facilitate the administrative process by avoiding the need for duplicative notices, applications, and orders.

Application of Certain Orders to Current Debtor

22. The Trustee has also requested entry of an order making certain of the orders entered in the chapter 11 cases for the Initial Debtors, including but not limited to the order or

orders (a) authorizing the Debtors to prepare a consolidated list of the top fifty unsecured creditors in lieu of a creditor matrix (the “Consolidated Creditors’ Order”) (Docket No. 20); (b) approving the Debtors’ retention of GCG, Inc. as claims and noticing agent (Docket No. 22); (c) appointing a Chapter 11 Trustee (Docket No. 156); (d) granting an extension of time to file schedules and statements of financial affairs (Docket No. 118); (e) implementing certain notice and case management procedures (Docket No. 256); (f) authorizing, on a final basis, use of cash collateral (Docket No. 275); (g) authorizing the Trustee’s retention and employment of (i) Freeh Sporkin & Sullivan LLP, as investigative counsel (Docket No. 437); (ii) FTI Consulting Inc., as restructuring advisors (Docket No. 438); (iii) Morrison & Foerster LLP, as bankruptcy counsel (Docket No. 440); and (iv) Pepper Hamilton as special counsel (Docket No. 441); and (h) authorizing the Committee to retain and employ (i) Dewey & LeBoeuf LLP, as the Committee’s counsel; and (ii) Capstone Advisory Group LLC as financial advisor, applicable to the Current Debtor and actions of the Trustee, avoiding unnecessary duplication and expenses to the Debtors and their estates. Such relief will obviate the need for duplicative notices, motions, applications, and orders to be filed in these chapter 11 cases. I believe that application of the Initial Debtors’ Orders to the Current Debtor will save considerable time and expense for their estates and reduce the burden on this Court and all parties in interest. If the Current Debtor had filed its petition at the same time as the Initial Debtors, the Current Debtor would have been a movant with respect to the respective motions seeking entry of the Initial Debtors’ Orders.

B. Business Operations of the Current Debtor

Cash Management

23. The Trustee seeks entry of an order (a) authorizing the Current Debtor’s continued use of existing (i) bank accounts, (ii) cash management system, and (iii) business forms and checks; and (b) authorizing the continuation of intercompany transactions among the

Debtors and non-debtor affiliates and according superpriority status to all postpetition intercompany claims.

24. Bank Accounts. The Current Debtor maintains a number of depository bank accounts, which are listed on Exhibit A to the Cash Management motion (the "Bank Accounts"). It is my belief that the Bank Accounts are held at financially stable banking institutions with Federal Deposit Insurance Corporation (up to an applicable limit per Debtor per institution) or other appropriate government-guaranteed deposit protection insurance.

25. In accordance with the same relief granted under the Initial Debtors' Cash Management Order, the Trustee is seeking a waiver of the requirement in the U.S. Trustee Guidelines that the Current Debtor's prepetition bank accounts be closed and that new postpetition bank accounts be opened. I believe that, if the Current Debtor were required to close its existing bank accounts and open new postpetition bank accounts, it would disrupt the administration of these chapter 11 cases and jeopardize the Trustee's efforts to maximize value of the Debtors' estates.

26. Additionally, since the Initial Debtors' Petition Date, Holdings USA has been providing certain shared administrative services to MFGI, with MFGI prefunding or reimbursing Holdings USA for the cost of those services. Going forward, MFGI will prefund Holdings USA through deposits into a Holdings USA Bank Account (8300) (the "Reimbursement Account") at Signature Bank. These segregated funds are restricted and are only used for their intended purposes in accordance with letter agreements between the Debtors and MFGI. Funds are transferred from the Reimbursement Account to a Holdings USA operational account at Signature Bank when Holdings USA pays for services rendered or expenses incurred on behalf of MFGI. The Trustee is seeking authority to continue to use funds in the Reimbursement

Account in the ordinary course of business to pay for the services and expenses for which such funds have been deposited, consistent with the arrangements put in place between the Trustee and MFGI since the Initial Debtors' Petition Date. I believe that it is important to the orderly administration of these estates that the Trustee be authorized to continue to use funds in the Reimbursement Account in the ordinary course of business to pay for the services and expenses for which such funds have been deposited.

27. Cash Management System. Prior to the commencement of the Debtors' chapter 11 cases, the Company, in the ordinary course of business, used a partially automated and integrated cash management system to collect, transfer, and disburse funds and to accurately record all such transactions as they were made (the "Cash Management System"). The Trustee is seeking to continue using the Cash Management System during the chapter 11 cases as necessary to fund and track wind-down expenses and cash transfers.

28. I believe that it is in the best interest of the Debtors to keep their existing Cash Management System in place to the extent necessary to facilitate the wind down of the Debtors' businesses because it will avoid the unnecessary expenses and administrative problems that would result from requiring the Debtors to adopt new, segmented cash management systems.

29. Business Forms. Prior to the Current Debtor's Petition Date, in the ordinary course of business, the Current Debtor used numerous business forms including, but not limited to, letterhead, purchase orders, invoices, contracts, and checks (collectively, the "Business Forms"). It is my belief that changing Business Forms in these chapter 11 cases would be expensive and burdensome to the Debtors. For this reason, the Trustee has requested that the Current Debtor be authorized to continue to use all Business Forms existing immediately prior to the Current Debtor's Petition Date, which will be modified to include a reference to the Current

Debtor's status as "debtor in bankruptcy under the control of a chapter 11 trustee," provided that the Trustee will use reasonable efforts to refer to the Current Debtor's status as "debtor in bankruptcy under the control of a chapter 11 trustee" on all checks issued after the Current Debtor's Petition Date and on other physical Business Forms after the Current Debtor's existing stock has been exhausted.

30. Intercompany Transfers. The Debtors' books and records reflect numerous intercompany account balances among various MF Global affiliates prior to the Current Debtor's Petition Date. All prepetition intercompany account balances have been frozen by the Debtors, as of the Current Debtor's Petition Date, and the treatment of such claims will be determined as part of an overall liquidation plan for the Debtors. The majority of the Debtors' wind-down expenses going forward will be paid by and administered through accounts held by Holdings USA, in accordance with the Initial Debtors' Cash Collateral Order. To ensure that each individual Debtor will not, at the expense of its creditors, fund another Debtor entity, the Trustee has asked that all intercompany claims against a Debtor by another Debtor arising postpetition be accorded superpriority status. I believe that this relief is necessary because certain Debtors and non-Debtor affiliates may require intercompany advances in order to maintain their liquidity and going-concern value.

Employee Wage Motion

31. There have been significant reductions in workforce at both the Company and the Debtors in the period between the Initial Debtors' Petition Date and the date hereof as the Debtors wind down their affairs. As of the Current Debtor's Petition Date, the Debtors employ approximately 21 employees, of whom approximately 18 are employees of the Current Debtor.¹

¹ In addition, as of the Current Debtor's Petition Date, the Debtors use the services of approximately four independent contractors.

32. The Trustee has sought authority to pay, continue, or otherwise honor various prepetition employee obligations to or for the benefit of the Debtors' employees (the "Employees") for compensation under various employee benefits programs. The Current Debtor's benefits programs include, without limitation, plans, programs, policies and agreements providing for (a) wages, salaries, contractual compensation, and other accrued or incurred compensation; (b) workers' compensation obligations; and (c) employee health benefits. The Trustee has sought authority to continue such programs in the ordinary course of business.²

33. The Current Debtor has incurred certain prepetition obligations in connection with the employee benefits programs that remain unpaid as of the Current Debtor's Petition Date. To minimize the personal hardship the Employees will suffer if these obligations are not paid, and to maintain the Employees' continued cooperation and morale during this time, I believe that it is critical to satisfy such obligations, as set forth in greater detail below. Moreover, I believe that such relief on an interim basis will ease the Current Debtor's transition into chapter 11 and an orderly wind-down of the Current Debtor's businesses pending a final hearing.

34. Prepetition Employee Obligations. The Trustee has sought authority to pay any unpaid wage compensation owed to the Debtors' Employees, provided that no individual Employee shall receive total compensation payments in excess of \$11,725 for such prepetition amounts owed. The Trustee has also sought authority to pay any unpaid fees and costs owing to the Current Debtor's payroll administrators, whether owed prepetition or postpetition. Further, the Trustee has sought authority to continue to maintain the Debtors' workers' compensation programs in the ordinary course of business and to pay all related prepetition amounts owed, if

² The Trustee is also preparing a motion to assume various employment contracts of the Current Debtor that were entered into prior to the Current Debtor's Petition Date in an effort to address employee attrition during the winding-down of the Company's operations.

any, including any payments for workers' compensation claims, deductibles, premiums and fees owed for administrative costs and other amounts required in connection with the workers' compensation program, as such amounts become due in the ordinary course of business. I believe that the payment of Employee wage compensation, the payment of outstanding amounts to the payroll administrator, and the continuation of the Debtors' workers' compensation program are necessary to the administration of the Debtors' bankruptcy estates in order to secure the Employees' continued service to the estates and to ensure an orderly wind-down of the Debtors' operations.

35. Employment and Withholding Taxes. The Debtors accrue, in the ordinary course of business, state, local, and federal employment and withholding taxes as wages are earned by the Debtors' Employees. The Debtors fund federal, state, and local employment and withholding taxes to relevant taxing authorities through their payroll administrator at the time they fund their employee payroll obligation, on a per-pay-period basis. The Trustee has sought the authority to continue to timely pay such employment and withholding taxes, and for the avoidance of doubt, to continue to timely pay such employment and withholding taxes on a post-petition basis in the ordinary course of business. I believe that the payment of these obligations is necessary to the administration of the Debtors' bankruptcy estates in order to secure the Employees' continued service to the estates and to ensure an orderly wind-down of the Debtors' operations.

36. Employee Health Benefits Plan. The Debtors' previous self-funded employee health benefits plan terminated on December 31, 2011, and was replaced on January 1, 2012, by a separate "guaranteed cost" health benefits plan underwritten by BlueCross BlueShield. The Trustee has sought authority to continue to maintain the Debtors' new employee health benefits plan in the ordinary course of business and to pay in his sole discretion any and all related

prepetition amounts owing to the health benefits plan administrator, including payments for deductibles, premiums and fees owed for administrative costs and related amounts as such amounts become due in the ordinary course of business, together with any fees owing to the Company's health insurance broker. I believe that the continuation of the employee health benefits plan is necessary to the administration of the Debtors' bankruptcy estates in order for the Trustee to satisfy the Debtors' obligations to the remaining Employees, to secure the Employees' continued service to the estates, and to ensure an orderly wind-down of the Debtors' operations.

37. Additionally, due to the normal time lag associated with processing and adjudicating claims, certain residual amounts continue to be paid following termination of the self-funded plan and likely will continue to arise after the Current Debtor's Petition Date as insured claims are asserted in accordance with the terms of the plan. I believe that the payment of such claims is necessary to the administration of the Debtors' bankruptcy estates in order for the Trustee to satisfy the Debtors' obligations to the remaining Employees, to secure the Employees' continued service to the estates, and to ensure an orderly wind-down of the Debtors' operations.

38. Employee Retirement and Stock Compensation Plans. The Trustee has sought confirmation that he may take the necessary administrative actions to cause the Current Debtor's 401(k) plan administrator to terminate the 401(k) plan. Matching funds that were contributed to the Current Debtor's 401(k) plan, together with funds withheld from pre-tax compensation of employees (which included participating US employees of the Company) for investment in the plan, are held in a trust account for the beneficiaries of the plan and thus such funds are not property of the Debtors' estates. I believe that properly terminating the 401(k) plan and making

distributions to such employees in accordance with applicable law is necessary to the orderly wind-down of the Debtors' operations.

39. Additionally, prior to the Current Debtor's Petition Date, MF Ltd. maintained an employee stock purchase plan ("ESPP") in which post-tax funds were withheld from the paychecks of employees (which included participating employees of the Company) for the purpose of investing in equity in the Company. As a result of imminent plan termination in connection with the wind-down of operations and in accordance with the terms governing the ESPP, the withheld funds are to be returned to the participating employees. Although I understand that such withheld funds are not property of the Debtors' estates, the Trustee has sought confirmation that he is permitted to refund to the participating employees all such withheld amounts.

40. Also, prior to the Current Debtor's Petition Date, the Company maintained a long-term incentive plan (the "LTIP") administered by MF Ltd. pursuant to which a portion of an employee's annual bonus was paid in restricted stock units. The third-party administrator of the LTIP resigned immediately after the Initial Debtors' Petition Date. It is my understanding that under the terms of the LTIP, employees are entitled to distribution of stock upon termination of the plan, subject to certain preconditions. After a cost/benefit analysis, the Trustee has determined not to distribute the stock to the current and former employees. I believe that the alternative, the distribution of stock to over 1,000 current and former employees, would be unreasonably burdensome to the Debtors' estates, causing the Debtors to incur administrative costs for transfer agent fees, attorneys' fees, administrative fees and additional labor costs. The stock is virtually worthless and provides no benefit to the employees and the administrative expense of issuing the shares would be high. Given the uncertainty at this stage regarding the

ultimate unsecured creditor recoveries against the likely over \$2.2 billion in unsecured claims, I believe that avoiding these administrative costs is in the best interests of the Debtors' estates.

41. Miscellaneous Employee Benefits Programs. I believe that the following Employee benefits programs are necessary to the administration of the Debtors' bankruptcy estates in order for the Trustee to satisfy the Debtors' legal obligations concerning the remaining Employees, to secure the Employees' continued service to the estates, and to ensure an orderly wind-down of the estates. Although I believe that the programs could be continued in the ordinary course of business, out of an abundance of caution the Trustee has sought this Court's approval for the Debtors to continue to maintain these programs for the benefit of the remaining Employees, whether managed by Holdings Ltd., Holdings USA, or another Debtor: (a) New York state disability plan; and (b) Family Medical Leave Act benefits administration.

III. INFORMATION REQUIRED BY LOCAL RULE 1007-2

42. Pursuant to Bankruptcy Rule 1007(d) and Local Rule 1007-2, this declaration provides the following information not already provided for herein:

43. As required under Local Rule 1007-2(a)(4), Exhibit B, to the best of my knowledge and belief, lists the following information with respect to each of the holders of the Current Debtor's twenty (20) largest unsecured claims, excluding claims of insiders: the creditor's name, address (including the number, street, apartment or suite number, and ZIP code, if not included in the post office address), telephone number, the name(s) of person(s) familiar with the Debtors' accounts, the amount of the claim, and an indication of whether the claim is contingent, unliquidated, disputed or partially secured. In each case, the claim amounts listed on Exhibit B are estimated and subject to verification. In addition, upon information and belief, the Trustee will reserve his rights to assert remedies, defenses, counterclaims, and offsets with respect to any claim.

44. As required under Local Rule 1007-2(a)(6), I submit that the Current Debtor had aggregate assets and liabilities, as of the quarterly period ended September 30, 2011, of approximately \$501 million and \$68 million, respectively.

45. As required under Local Rule 1007-2(a)(7), to the best of my knowledge and belief, the Current Debtor does not have any shares of stock, debentures, or other securities that are publicly held.

46. As required under Local Rule 1007-2(a)(8), Exhibit C, to the best of my knowledge and belief, hereto provides a list of property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, or secured creditor, or agent for any such entity.

47. As required under Local Rule 1007-2(a)(9), Exhibit D, to the best of my knowledge and belief, hereto provides a list of significant premises owned, leased or held under other arrangement from which the Current Debtor operates their businesses.

48. As required under Local Rule 1007-2(a)(10), Exhibit E, to the best of my knowledge and belief, hereto provides the location of the Current Debtor's substantial assets; the location of its books and records; and the nature, location, and value of any assets held outside the territorial limits of the United States.

49. As required under Local Rule 1007-2(a)(11), Exhibit F, to the best of my knowledge and belief, hereto provides a general description of the nature and present status of each action or proceeding, pending or threatened, against the Current Debtor or its property, where a judgment against the Current Debtor or a seizure of its property may be imminent. Although it is my belief that the actions or proceedings listed on Exhibit F do not pose an imminent risk of seizure of the Current Debtor's property or that a judgment is imminent in those

actions or proceedings, out of an abundance of caution, I have set forth in Exhibit F the pending litigation against the Current Debtor.

50. As required under Local Rule 1007-2(a)(12), Exhibit G, to the best of my knowledge and belief, provides the names of the individuals who comprise the Current Debtor's existing senior management, their tenure with the Current Debtor, and a brief summary of their relevant responsibilities and experience.

51. As required under Local Rule 1007-2(b)(1)-(2), to the best of my knowledge and belief, the estimated amount, on a consolidated basis, to be paid to the Current Debtor's employees (not including officers, directors, and stockholders) for the thirty-day period following the filing of the Current Debtor's chapter 11 petition is approximately \$312,000 and the estimated amount to be paid to the Current Debtor's officers, stockholders, and directors for that same period is \$89,000.³

52. Pursuant to Local Rule 1007-2(b)(3), Exhibit H, to the best of my knowledge and belief, is a schedule of the Debtors' estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professionals fees through the close of business on March 23, 2012.

53. Notwithstanding anything to the contrary contained in this declaration or any exhibit attached to this declaration, nothing in this declaration or any exhibit is intended to be, or should be construed as, an admission with respect to (a) the liability for, the amount of, the enforceability of or the validity of any claim, or (b) the existence, validity, enforceability or perfection of any lien, mortgage, charge, pledge or other grant of security for any claim, or (c) the proper characterization of any transaction or financing as a sale or financing. The

³ This represents amounts to be paid to Bradley Abelow, Henri Steenkamp and Laurie Ferber, who are all employed by MF Ltd.

Trustee, as fiduciary of the Prior Debtors, specifically reserves the right to challenge any claim or any transaction or any alleged security for any claim on any and all bases.

IV. CONCLUSION

54. The Debtors' ultimate goal is to conduct an orderly wind-down of their operations under the terms of a confirmed chapter 11 plan. I believe that if the Court grants the relief requested in each of the First-Day Motions, the prospect for achieving these objectives and completing a successful, rapid liquidating reorganization of the Current Debtor's business will be substantially enhanced.

I declare under penalty of perjury that the foregoing is true and correct.

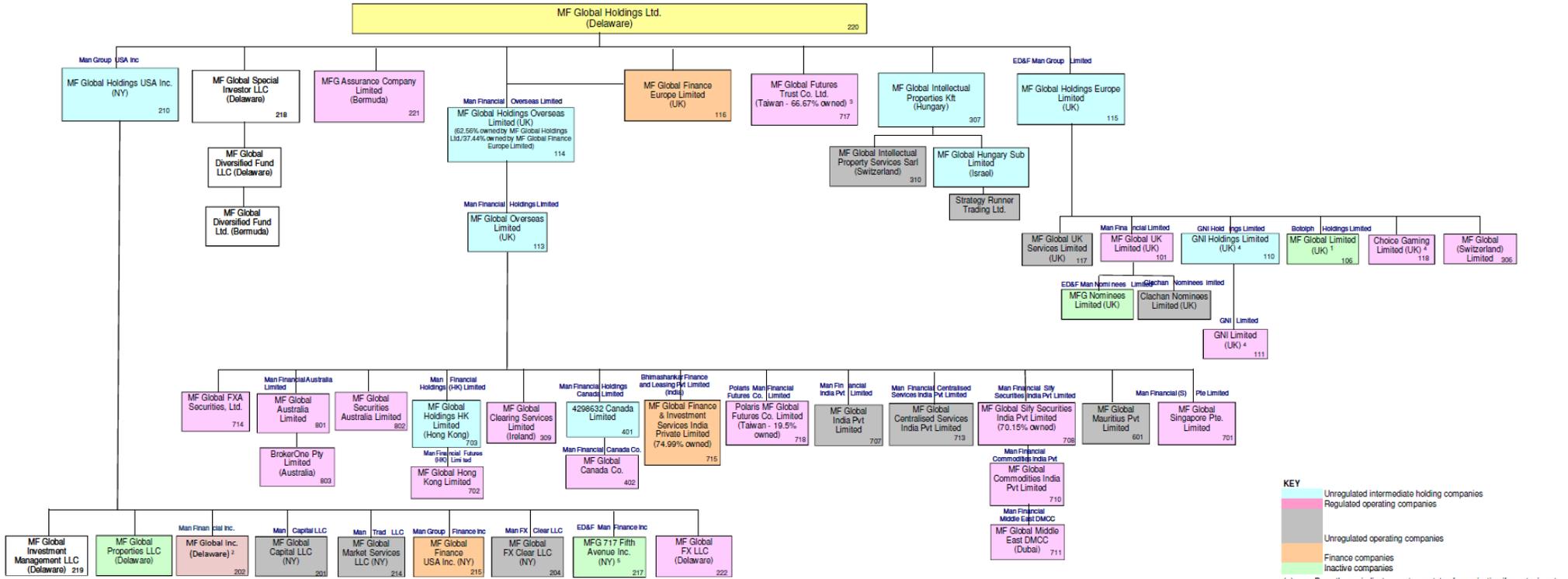
Executed this 2nd day of March, 2012

/s/ Laurie R. Ferber
Laurie R. Ferber

Exhibit A

Organizational Chart

MF GLOBAL LEGAL STRUCTURE



- KEY**
- Unregulated intermediate holding companies
 - Regulated operating companies
 - Unregulated operating companies
 - Finance companies
 - Inactive companies
- () Parentheses indicate country or state of organization if country is not in the legal name of the company

¹ Name changed to preserve brand in the U.K.; dormant company
² Effective January 1, 2008, MF Global Inc. is the name of the company which holds the broker-dealer and FCM licenses
³ 33.33% owned by Polaris MF Global Futures Co. Limited
⁴ In liquidation
⁵ In process to dissolve

Dated: October 31, 2011

Exhibit B

**List of Unsecured Creditors
Holding the Twenty Largest Unsecured Claims**

MF Global Holdings USA Inc
 Top 20 Unsecured Creditors Data - Matrix
 In USD

No.	Creditor	Creditor Contact	Entity	Description	Contingent	Unliquidated	Disputed	Amount
1	Jonathan Bass 16 Madden Pl Harrison, NY 10528	Phone: Fax: Email:	MF Global Holdings USA, Inc.	Contractual Performance Obligation	C	U		1,125,000.00 (Estimated)
2	Oracle America P.O. Box 71028 Chicago, IL 60694	Phone: 412-299-8855 Fax: Email: thomas.kjanika@oracle.com	MF Global Holdings USA, Inc.	Trade Payable	C	U		795,790.54 (Estimated)
3	Equity Office P.O. Box 827652 Dept 16780 Philadelphia, PA 19182-7652	Phone: Fax: Email: adam.goldenberg@blackstone.com	MF Global Holdings USA, Inc.	Real Estate Lease Obligation	C	U		750,374.33 (Estimated)
4	7 City Learning, Inc. 55 Broad Street 3rd Floor New York, NY 10004	Phone: (646) 943-6200 Fax: (212) 480-2974 Email: USAccounts@7city.com	MF Global Holdings USA, Inc.	Trade Payable	C	U		578,888.61 (Estimated)
5	WTD Consulting, Inc. 39 S Lasalle Street Suite 1520 Chicago, IL 60603	Phone: (312) 332-9831 Fax: (708) 499-6439 Email:	MF Global Holdings USA, Inc.	Trade Payable	C	U		391,388.00 (Estimated)
6	Ernst & Young P.O. Box 96550 Chicago, IL 60693-6550	Phone: Fax: Email:	MF Global Holdings USA, Inc.	Trade Payable	C	U		354,255.52 (Estimated)
7	JV Kelly Group, Inc. 145 East Main Street Huntington, NY 11743	Phone: Fax: Email:	MF Global Holdings USA, Inc.	Trade Payable	C	U		329,000.00 (Estimated)
8	James Fredrick Kemp 265 Brushy Ridge Road New Canaan, CT 06840	Phone: Fax: Email:	MF Global Holdings USA, Inc.	Contractual Performance Obligation	C	U		327,272.70 (Estimated)
9	CDW Direct LLC P.O. Box 75723 Chicago, IL 60675-5723	Phone: (847) 371-5553 Fax: Email: kevicoh@cdw.com	MF Global Holdings USA, Inc.	Trade Payable	C	U		290,162.61 (Estimated)
10	The Yield Book, Inc. P.O. Box 13755 Newark, NJ 07188-0755	Phone: (212) 816-7300 Fax: Email: billing@yieldbook.com	MF Global Holdings USA, Inc.	Trade Payable	C	U		208,600.42 (Estimated)
11	Business Technology Partners, Inc. 111 Broadway 18th Floor New York, NY 10006	Phone: (646) 442-4700 Fax: (646) 485-1801 Email:	MF Global Holdings USA, Inc.	Trade Payable	C	U		205,906.36 (Estimated)
12	Archstone/ Hackett P.O. Box 33751 Hartford, CT 06150-3751	Phone: (305) 375-8005 Fax: Email: accountsreceivables@thehackettgroup.com	MF Global Holdings USA, Inc.	Trade Payable	C	U		159,979.00 (Estimated)
13	IBM 1551 S. Washington Ave Piscataway, NJ 08854	Phone: (817) 658-1786 Fax: Email: gonzalgd@us.ibm.com	MF Global Holdings USA, Inc.	Trade Payable	C	U		150,300.00 (Estimated)
14	Kevin F Fitzgerald 959 Cleveland Corners Hyde Park, VT 05655	Phone: Fax: Email:	MF Global Holdings USA, Inc.	Contractual Performance Obligation	C	U		150,000.01 (Estimated)
15	Crowe Horwath LLP P.O. Box 145415 Cincinnati, OH 45250-9791	Phone: (630) 574-7878 Fax: Email:	MF Global Holdings USA, Inc.	Trade Payable	C	U		146,377.28 (Estimated)
16	Metlife P.O. Box 8500-3895 Philadelphia, PA 19178-3895	Phone: (630) 820-7861 Fax: (908) 552-2264 Email: brapp@metlife.com	MF Global Holdings USA, Inc.	Insurance Payable	C	U		123,630.67 (Estimated)

MF Global Holdings USA Inc
 Top 20 Unsecured Creditors Data - Matrix
 In USD

No.	Creditor	Creditor Contact	Entity	Description	Contingent			Unliquidated	Disputed	
					C	U				
17	Nsc Global LLC 104 West 40th Street Suite 1801 New York, NY 10018	Phone: (646) 432-0230 Fax: Email:	MF Global Holdings USA, Inc.	Trade Payable	C	U				117,190.00 (Estimated)
18	American Express P. O. Box 2855 New York, NY 10116-2855	Phone: (800) 528-2122 Fax: Email:	MF Global Holdings USA, Inc.	Trade Payable	C	U				113,188.00 (Estimated)
19	Seyfarth Shaw LLP 3807 Collection Center Drive Chicago, IL 60693	Phone: (212) 218-5516 Fax: (917) 344-1301 Email: rschwartz@seyfarth.com	MF Global Holdings USA, Inc.	Legal Fees Payable	C	U				92,708.71 (Estimated)
20	Occam Regulatory Solutions, LLC Isaac B. Lustgarten D/B/A Occam Regulatory Solutions LLC One Sherman Square New York, NY 10023	Phone: (917) 209-8709 Fax: Email: ilustgarten@occamreg.com	MF Global Holdings USA, Inc.	Trade Payable	C	U				88,500.00 (Estimated)

1 Amounts per accounts payable in general, as of February 23, 2012

Exhibit C

List of Property in Possession or Custody

To the best of the Debtor's knowledge, the Debtor does not have any property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor, or agent for any such entity.

Exhibit D

List of Significant Premises Owned, Leased or Held Under Other Arrangement

The Debtor currently rents premises located at 1350 Avenue of the Americas, New York, New York 10019.

The Debtor previously held leases for 717 Fifth Avenue, New York, New York 10022 and 1201 Morningside Drive, Manhattan Beach, California 90266, which leases were terminated prior to the bankruptcy filing.

Exhibit E

Location of Substantial Assets

1350 Avenue of the Americas
New York, New York 10019

One Financial Place
440 South LaSalle Street
Chicago, Illinois 60604

JPMorgan Chase
One Chase Manhattan Plaza, 7th Floor
New York, NY 10005

Signature Bank
1C Quaker Ridge Road
New Rochelle, NY 10804

Exhibit F

Nature and Status of Each Action or Proceeding

The following three actions have been filed against MF Global Holdings USA Inc. (“Holdings USA”) among other entities:

Case #1

Michael A. Riffice v. Mangroup USA Inc. and its successor MF Global Holdings USA, Inc., Case No. 11 CV 0671 (TPG) (S.D.N.Y. Jan. 31, 2011).

On January 31, 2011, Michael Riffice filed a complaint against Holdings USA in the United States District Court for the Southern District of New York, seeking over \$3.8 million in damages for a variety of allegations pertaining to the terms of his former employment at Holdings USA and additional punitive damages of \$7 million.

Case #2

Todd Thielmann, et al., v. MF Global Holdings Lt., MF Global Holdings USA, Inc., MF Global Finance USA, Inc., MF Global Inc. et al, Case Nos. 11-15059; 11-15058; 11-2790 (Jointly Administered) Case No. 11-02880 (MG) (Bankr. S.D.N.Y. Nov. 14, 2011).

On November 14, 2011, Todd Thielmann, on behalf of a putative class of all MF Global employees who were terminated as part of the bankruptcy on November 11, 2011, filed a case in the United States Bankruptcy Court for the Southern District of New York. Other similar cases filed later were consolidated with it. The complaint alleges violation of the federal and New York WARN Act and violation of New York and Illinois wage payment laws. Plaintiffs seek priority status for payment of unpaid wages, salaries, commissions, bonuses, accrued holiday pay, pension, 401(k), and related employee benefits and seek wage priority treatment under the Bankruptcy Code.

Case #3

James McHugh v. MF Global Holdings USA, Inc., Case No. 12-CV-0284 (AJN) (S.D.N.Y. Jan. 13, 2012).

On January 13, 2012, former employee James McHugh filed a complaint against Holdings USA in the United States District Court for the Southern District of New York. The complaint asserts breach of contract and violation of New York labor law for failure to pay commissions. Plaintiff seeks over \$255,000 in damages.

Exhibit G

Senior Management Biographies

LAURIE R. FERBER

Ms. Ferber is general counsel of MF Global Holdings Ltd (“Holdings”). She also serves as executive vice president of MF Global Holdings USA Inc. (“Holdings USA”), MF Global Capital LLC (“Capital”), MF Global FX Clear LLC (“FX Clear”), MF Global Finance USA Inc. (“Finance USA”), and MF Global Market Services LLC (“Market Services”). She is responsible for identifying and realizing value from the Debtors’ assets, both domestically and abroad, as well as responding to regulatory, congressional, and other inquiries.

Prior to joining MF Global in 2009, Ms. Ferber was general counsel and chief regulatory officer for International Derivatives Clearing Group (“IDCG”). From 1987 to 2008, Ms. Ferber held a number of business and legal positions at Goldman Sachs, including general counsel of J. Aron & Company and co-general counsel of Goldman Sachs’ Fixed Income, Currency, and Commodities Division. Ms. Ferber became a managing director of Goldman Sachs in 1997.

Ms. Ferber began her legal career in 1980 as an associate at Skadden, Arps, Slate, Meagher & Flom, and then at Schulte, Roth & Zabel. She was general counsel of Drexel Burnham Lambert Trading Corp. and also traded energy products. She earned her J.D. from New York University School of Law.

BRADLEY I. ABELOW

Mr. Abelow is president and chief operating officer of Holdings. He also serves as president of Holdings USA, Capital, FX Clear, Finance USA, and Market Services.

Mr. Abelow provides oversight to the Debtors’ employees and management team and is responsible for identifying and realizing value from the Debtors’ assets, both domestically and abroad.

Prior to joining MF Global in 2010, Mr. Abelow was a founding partner of NewWorld Capital Group, a private equity firm investing in businesses active in environmental opportunities, such as alternative energy, energy efficiency, waste and water treatment, and environmental services. Before that, Mr. Abelow served as treasurer of the state of New Jersey and as a partner and managing director of Goldman Sachs, where he managed the firm’s operations division, responsible for the global processing and corporate services functions of the firm.

HENRI J. STEENKAMP

Mr. Steenkamp is Holdings’ chief financial officer and executive vice president of Holdings USA, Capital, FX Clear, Finance USA, and Market Services.

Mr. Steenkamp oversees the Debtors' financial operations, focusing primarily on identifying and realizing value from the Debtors' assets, both domestically and abroad.

Prior to assuming the role of chief financial officer of Holdings in April 2011, Mr. Steenkamp held the position of chief accounting officer and global controller. He joined the company, then Man Financial, in 2006 as vice president of external reporting.

Before joining MF Global, Mr. Steenkamp spent eight years with PricewaterhouseCoopers ("PwC") including four years in Transaction Services in the company's New York office, managing a variety of capital-raising transactions on a global basis. He focused primarily on the SEC registration and filing process as well as technical accounting. Mr. Steenkamp spent four years with PwC in South Africa, where he served as an auditor primarily for SEC registrants and assisted South African companies as they went public in the U.S. Mr. Steenkamp is a chartered accountant and holds an honors degree in finance.

Exhibit H

Schedule for 30-day period following the filing date of estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid other than professionals¹

¹ The information below is the current Cash Collateral budget, which covers the Debtors through the close of business on March 23, 2012.

MF Global Holdings Ltd. - Consolidated¹
Use of Cash Collateral Forecasted Budget
 February 25, 2012 - March 23, 2012

(In Millions)

<u>Week Ended:</u>	<u>Forecast</u> <u>3/2/2012</u>	<u>Forecast</u> <u>3/9/2012</u>	<u>Forecast</u> <u>3/16/2012</u>	<u>Forecast</u> <u>3/23/2012</u>
Total SSA and Other Reimbursements	\$ 0.89	\$ 0.05	\$ 0.04	\$ -
Other Inflows	-	-	-	-
Total Cash Flows	\$ 0.89	\$ 0.05	\$ 0.04	\$ -
Total SSA Disbursements	\$ (0.02)	\$ -	\$ (0.02)	\$ -
Total Employee Costs	(0.43)	(0.06)	(0.29)	(0.04)
Total Real Estate Costs	(0.05)	(0.05)	(0.12)	(0.04)
Technology and Other Costs	(0.94)	(0.04)	(0.04)	(0.04)
Total Cash Outflows	\$ (1.43)	\$ (0.15)	\$ (0.48)	\$ (0.11)
Net Operating Cash Flows:	\$ (0.54)	\$ (0.10)	\$ (0.44)	\$ (0.11)
<i>Total Restructuring and Professional Fees</i>	-	-	-	-
Net Cash Flows:	\$ (0.54)	\$ (0.10)	\$ (0.44)	\$ (0.11)
Available Cash Roll Forward:				
Beginning Available Cash Balance	\$ 18.17	\$ 17.62	\$ 17.52	\$ 17.08
Additional Cash Collateral Availability	-	-	-	-
Repayment of Cash Collateral Principal	-	-	-	-
Net Cash Flows	(0.54)	(0.10)	(0.44)	(0.11)
Ending Available Cash Balance^{2,3}	\$ 17.62	\$ 17.52	\$ 17.08	\$ 16.97
Less: Prefunding and Reimbursements Not Applied	(0.40)	(0.40)	(0.20)	(0.18)
Cash Available for Use:	\$ 17.22	\$ 17.12	\$ 16.88	\$ 16.80
Summary of Available Cash:				
Ending Unencumbered Cash Balance:	\$ -	\$ -	\$ -	\$ -
Ending Available Funds From Cash Collateral:	17.22	17.12	16.88	16.80
Ending Available Cash Balance	\$ 17.22	\$ 17.12	\$ 16.88	\$ 16.80
Ending Cash Collateral Balance⁴	\$ 21.33	\$ 21.33	\$ 21.33	\$ 22.33

¹ Includes MF Global Holdings Ltd., MF Global Finance USA Inc., MF Global Holdings USA Inc., MF Global Capital LLC, MF Global FX Clear LLC, and MF Global Market Services LLC.

² Includes funds at Signature Bank for MF Global Finance USA Inc., MF Global Holdings Ltd., MF Global Holdings USA Inc., and the available funds in the JP Morgan MF Global Holdings USA Inc. payroll account.

³ Represents the amount of cash budgeted under the Cash Collateral Order net of any repayments.

⁴ No cash collateral has been used to fund the obligations of MF Global Capital LLC, MF Global FX Clear LLC, and MF Global Market Services LLC.