

Financial Overview Fiscal Third Quarter 2009



March 16, 2009



Key Financial Metrics

(in millions, except per share data) Adjusted basis	Dec 31, 2008	Sept 30, 2008	June 30, 2008
Net Revenues	\$ 367.4	\$ 372.9	\$ 374.7
Compensation Expense ⁽¹⁾	\$ 205.6	\$ 203.6	\$ 205.1
Comp Expense % of Net Revenue ⁽¹⁾	56.0%	54.6%	54.8%
YTD FY 09/08 Comp Exp as a % of Net Revenue	55.1%/55.5%		
Non-Compensation Expense ⁽²⁾	\$ 102.6	\$ 98.4	\$ 97.1
Interest Expense on Borrowings	18.4	21.7	14.2
Total	\$ 121.0	\$ 120.1	\$ 111.3
Pretax Income ⁽³⁾	\$ 40.8	\$ 46.7	\$ 52.7
Pretax Margin ⁽³⁾	11.1%	12.5%	14.1%
Tax Rate	31.8%	30.8%	30.8%
Net Income	\$ 18.8	\$ 19.4	\$ 37.0
Shares	172.9	167.7	128.5
EPS ⁽³⁾	0.19	0.21	0.32
EBITDA	\$ 61.6	\$ 65.7	\$ 81.1
EBITDA Margin	16.8%	17.6%	21.6%

⁽¹⁾ Excluding severance costs

⁽²⁾ Excluding Lehman bad debt for quarter ended September 30, 2008

⁽³⁾ Excluding severance costs for all periods presented, and excluding Lehman bad debt for the quarter ended September 30, 2008

Third Fiscal Quarter 2009 Net Revenue Breakdown

(\$ millions) For three months ended December 31, 2008	Income Statement Total	Commissions			Matched Principal		Net Interest	
	A	B Execution Only	C Clearing	D Other ⁽¹⁾	E Fixed Income and Stock Lending	F Principal Transactions	G Client Funds	H MF Capital
1. Interest Income	\$ 154.5							
2. Interest Expense	(56.5)							
3. Net Interest	98.0				\$ 51.4		\$ 41.8	\$ 4.7
4. Principal Transactions Commissions	109.9				21.0	\$ 57.8	\$ 31.1	
5. Execution Only	80.0	\$ 65.6		\$ 14.4				
6. Clearing	278.6		263.4	15.2				
7. Execution and Clearing Fees	(162.0)	(2.2)	(142.4)	(17.4)				
8.	196.6	63.4	121.0	12.2				
9. Sales Commission	(56.4)							
10. Other Income	19.3							
11.	\$ 367.4	\$ 63.4	\$ 121.0	\$ 12.2	\$ 72.4	\$ 57.8	\$ 72.9	\$ 4.7
12.		\$196.6			\$130.2		\$77.6	
13. Volumes	402.5	120.5	270.5	11.5 ⁽²⁾				
14. Average Assets (\$bn)							\$ 12.5	\$ 2.2
15. Yield		\$ 0.53	\$ 0.45		⁽³⁾ N/A		2.33%	0.85%

⁽¹⁾ Other includes portions of commodities, foreign exchange, equities and retail businesses.

⁽²⁾ For a breakout of "Other" volumes see table below :

	Execution Only	Clearing
Exchange Traded	120.5	270.5
Other	4.6	6.9
Total	125.1	277.4

⁽³⁾ See Fixed Income and Stock Borrow/Loan Yield Improvement Slide

Second Fiscal Quarter 2009 Net Revenue Breakdown

(\$ millions) For three months ended September 30, 2008	Income Statement Total	Commissions			Matched Principal		Net Interest	
	A	B Execution Only	C Clearing	D Other ⁽¹⁾	E Fixed Income and Stock Lending	F Principal Transactions	G Client Funds	H MF Capital
1. Interest Income	\$ 272.2							
2. Interest Expense	(171.7)							
3. Net Interest	100.5				\$ 24.9		\$ 60.2	\$ 15.4
4. Principal Transactions Commissions	69.2				10.0	\$ 59.2		
5. Execution Only	107.0	\$ 77.8		\$ 29.2				
6. Clearing	370.7		346.8	23.9				
7. Execution and Clearing Fees	(221.0)	(1.9)	(198.7)	(20.4)				
8.	256.7	75.9	148.1	32.7				
9. Sales Commission	(67.9)							
10. Other Income	14.4							
11.	\$ 372.9	\$ 75.9	\$ 148.1	\$ 32.7	\$ 34.9	\$ 59.2	\$ 60.2	\$ 15.4
12.		\$256.7			\$94.1		\$75.6	
13. Volumes	501.4	130.1	345.7	25.6 ⁽²⁾				
14. Average Assets (\$bn)							\$ 15.5	\$ 2.4
15. Yield		\$ 0.58	\$ 0.43		⁽³⁾	N/A	1.56%	2.52%

⁽¹⁾ Other includes portions of commodities, foreign exchange, equities and retail businesses.

⁽²⁾ For a breakout of "Other" volumes see table below :

	Execution Only	Clearing
Exchange Traded	130.1	345.7
Other	12.7	12.9
Total	142.8	358.6

⁽³⁾ See Fixed Income and Stock Borrow /Loan Yield Improvement Slide

Fixed Income and Stock Borrow/Loan Yield Improvement

	<u>Q309</u>	<u>Q209</u>	<u>Q109</u>	<u>Q408</u>	<u>Q308</u>
Average Balances					
Securities Borrowed	\$ 6,819	\$ 6,614	\$ 5,132	\$ 4,214	\$ 3,473
Securities Loaned	(4,388)	(4,455)	(3,374)	(5,712)	(7,833)
Securities Owned	3,535	4,353	6,353	9,995	12,386
Securities Sold	(1,991)	(2,227)	(1,675)	(5,133)	(7,526)
Reverse Repo	12,903	9,621	11,431	18,787	24,795
Repo	(15,998)	(14,366)	(16,472)	(20,550)	(23,575)
Average Net Balances	<u>879</u>	<u>(459)</u>	<u>1,394</u>	<u>1,601</u>	<u>1,720</u>
Average of Absolute Balances ⁽¹⁾	\$ 22,817	\$ 20,817	\$ 22,218	\$ 32,195	\$ 39,794
Principal Transactions Revenue					
<i>Fixed Income</i>	\$ 22.1	\$ 9.0	\$ (9.5)	\$ (27.9)	\$ (4.0)
<i>Securities Lending</i>	<u>(1.1)</u>	<u>1.0</u>	<u>14.3</u>	<u>18.4</u>	<u>(12.7)</u>
Total	21.0	10.0	4.8	(9.5)	(16.8)
Net Interest Revenue					
<i>Fixed Income</i>	43.8	15.2	32.0	32.4	29.7
<i>Securities Lending</i>	<u>7.6</u>	<u>9.7</u>	<u>4.5</u>	<u>2.7</u>	<u>21.4</u>
Total	51.4	24.9	36.5	35.1	51.1
Total Revenue					
<i>Fixed Income</i>	65.9	24.2	22.6	4.5	25.7
<i>Securities Lending</i>	<u>6.5</u>	<u>10.8</u>	<u>18.8</u>	<u>21.1</u>	<u>8.7</u>
Total	\$ 72.4	\$ 35.0	\$ 41.3	\$ 25.5	\$ 34.4
Yield	<u>1.27%</u>	<u>0.67%</u>	<u>0.74%</u>	<u>0.32%</u>	<u>0.35%</u>

⁽¹⁾ Average Absolute Balances is calculated as adjusted absolute balances/2

Capturing Opportunities in Macro Trends

Macro Trend

Wider Spreads

Demand for Skilled Risk Management

Demand for Product Expertise

Access to Products

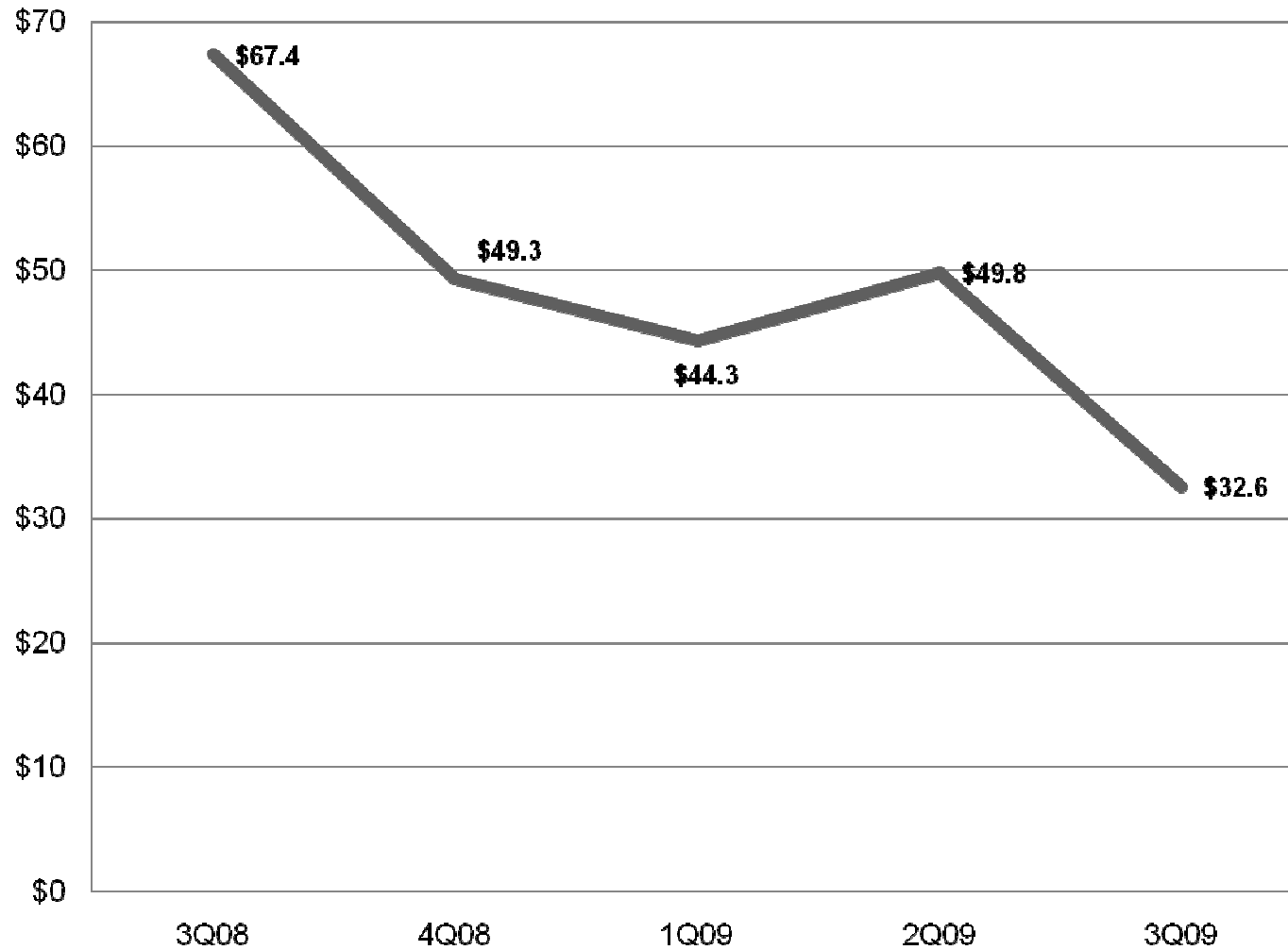
MF Global Opportunity

- Maintain revenue by discovering opportunity
 - Extend duration
 - Broadened asset class participation
- Demonstrated success in volatile times
- Upgraded talent
- Reorganization completed
- Fixed Income
 - Demand for unconflicted players
 - Extended institutional client base
- Foreign Exchange
- Metals
 - Continued volatility in base metals
 - Geographic opportunities
 - Asia
 - Latin America
- Geographic footprint
- Global business heads
- Multiple asset class offering
- Client service focus

Delevering the Balance Sheet

Decline in Total Assets

(\$ in billions)



Rationalizing Allocation of Capital

	December 31, 2008	September 30, 2008	Change
Assets			
Cash and cash equivalents	\$1,220	\$1,287	(\$67)
Restricted cash and segregated securities	8,963	10,534	(1,571)
Securities purchased under agreements to resell	8,799	9,402	(603)
Securities borrowed	6,114	7,613	(1,499)
Securities received as collateral	4	436	(432)
Securities owned, at fair value	2,798	3,380	(582)
Receivables:			
Brokers, dealers and clearing organizations	3,635	15,128	(11,493)
Customers (net of allowances)	498	1,336	(838)
TOTAL ASSETS RELATED TO KEY BUSINESSES	\$32,031	\$49,116	(\$17,085)
NON-INTEREST EARNING ASSETS ⁽¹⁾	533	658	-125
TOTAL ASSETS	\$32,564	\$49,774	(\$17,210)
Liabilities			
Securities sold under agreements to repurchase	\$11,625	\$14,427	(\$2,802)
Securities loaned	4,077	5,349	(1,272)
Obligation to return securities borrowed	4	436	(432)
Securities sold, not yet purchased, at fair value	1,617	2,972	(1,355)
Payables:			
Brokers, dealers and clearing organizations	1,243	9,456	(8,213)
Customers	11,055	13,973	(2,918)
Accrued expenses and other liabilities	245	314	(69)
TOTAL LIABILITIES RELATED TO KEY BUSINESSES	\$29,866	\$46,927	(\$17,061)
BORROWINGS	1,116	1,292	(176)
Minority Interest	10	10	0
TOTAL LIABILITIES & MINORITY INTEREST	\$30,992	\$48,229	(\$17,237)
PREFERRED SHARES	224	233	(9)
SHAREHOLDERS' EQUITY	1,348	1,312	36
SHAREHOLDERS' EQUITY AND PREFERRED SHARES	\$ 1,572	\$ 1,545	\$ 27

From Dec. 2007 to Dec 2008, balance sheet was reduced by 52%

⁽¹⁾ Includes furniture, equipment and leasehold improvements, intangible assets, and other assets

Growing Liquid Equity

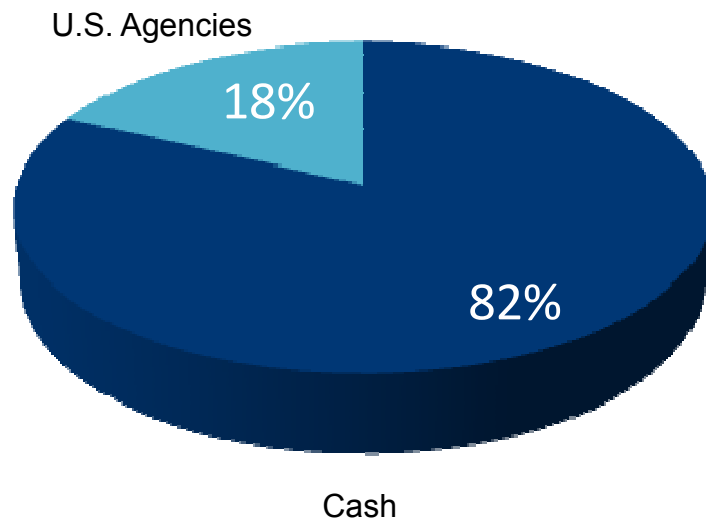
(in millions, except per share data)	December 31, 2008	September 30, 2008	June 30, 2008
Liquid Assets	\$ 32,031	\$ 49,116	\$ 43,629
Liquid Liabilities	(29,866)	(46,927)	(40,992)
Proceeds ⁽¹⁾	-	-	(300)
Net Liquid Assets	2,165	2,189	2,336
Less: Debt	(1,116)	(1,292)	(1,544)
Liquid Equity	1,049	897	792
Liquid Equity per share (using 120m shares)	\$ 8.74	\$ 7.47	\$ 6.61
Non-interest Earning Assets			
Tangible	286	402	232
Non-Tangible	247	256	405
Less: Minority Interest & Preferred Shares	(234) ⁽¹⁾	(243)	(140)
Shareholders' Equity	\$ 1,348	\$ 1,312	\$ 1,289
Debt ⁽²⁾	1,116	1,292	1,544
Shareholders' Equity & Preferred Shares	1,572	1,545	1,418
Capital Base	\$ 2,688	\$ 2,837	\$ 2,962

⁽¹⁾ Net of issuance costs of \$66m

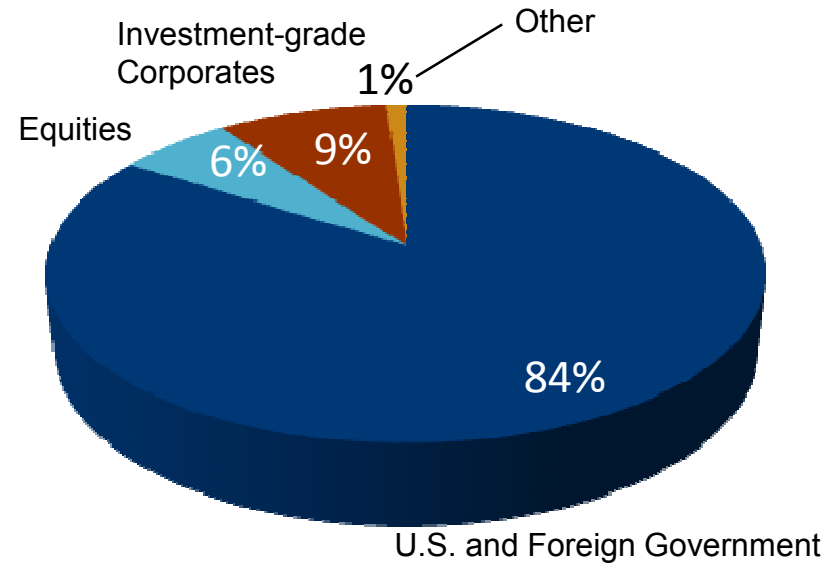
⁽²⁾ Excludes \$300 million of the bridge loan not yet repaid at June 30, 2009

Highly Liquid, Low-risk Assets on the Balance Sheet

Client Assets Invested in Cash and Liquid Securities*



Securities Owned: Minimal Mark to Market Risk*



* As of December 31, 2008

Primarily a Self-Funding Matched Business

	Dec 31, 2008	Sept 30, 2008	Source/(use) of cash
Drivers of Liquidity - Client Activity			
Receivables - Customers, net of allowances	\$ 0.5	\$ 1.3	\$ 0.8
Payables - Customers	(11.0)	(14.0)	(3.0)
Receivables - B/D's and Clearing Orgs	3.6	15.1	11.5
Payables - B/D's and Clearing Orgs	(1.2)	(9.5)	(8.3)
Net sources/(uses)			1.0
Yield Enhancement Activities			
Cash and cash equivalents	1.2	1.3	0.1
Restricted cash and segregated securities	8.9	10.5	1.6
Securities purchased under agreements to resell	8.8	9.4	0.6
Securities sold under agreements to repurchase	(11.6)	(14.4)	(2.8)
Net			(0.5)
Securities borrowed	6.1	7.6	1.5
Securities loaned	(4.1)	(5.3)	(1.2)
			0.3
Securities owned, at fair value	2.8	3.4	0.6
Securities sold, not yet purchased, at fair value	(1.6)	(3.0)	(1.4)
Net			(0.8)
Net funding sources/(uses)			(1.0)
Net cash inflow/outflow			<u>\$ -</u>

Highly Liquid Balance Sheet

(in millions)

	Level 1	Level 2	Level 3	Impact of Netting and Collateral ⁽¹⁾	Total as of December 31, 2008
Assets					
Securities owned					
U.S. government securities and federal agency obligations	422	4,012	-	-	4,433
Corporate debt securities	-	252	-	-	252
Foreign government bonds	8	-	-	-	8
Equities	175	-	-	-	175
Shares held due to demutualization of exchanges	-	-	17.29	-	17
Other	2	0	-	-	2
Total securities owned (2)	607	4,263	17.29	-	4,887
Derivative Assets					
Futures transactions	5,924	-	-	(4,499)	1,425
Foreign currency and other OTC derivative transactions	63	3,154	-	(3,074)	144
Total derivative assets (3)	5,987	3,154	-	(7,573)	1,569
Total assets at fair value	6,594	7,418	17.29	(7,573)	6,456

- (1) Represents cash collateral and the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.
- (2) Includes \$2,089 of Securities owned which are held in segregation. These securities have been classified within Restricted Cash and Segregated Securities in the Consolidated Balance Sheet.
- (3) Reflects derivative assets within Receivables from Customers and Receivables from Brokers, Dealers, and Clearing Organizations. Excludes \$2,565 within Receivables from Customers and Receivables from Brokers, Dealers, and Clearing Organizations which are accounted for at other than fair value.

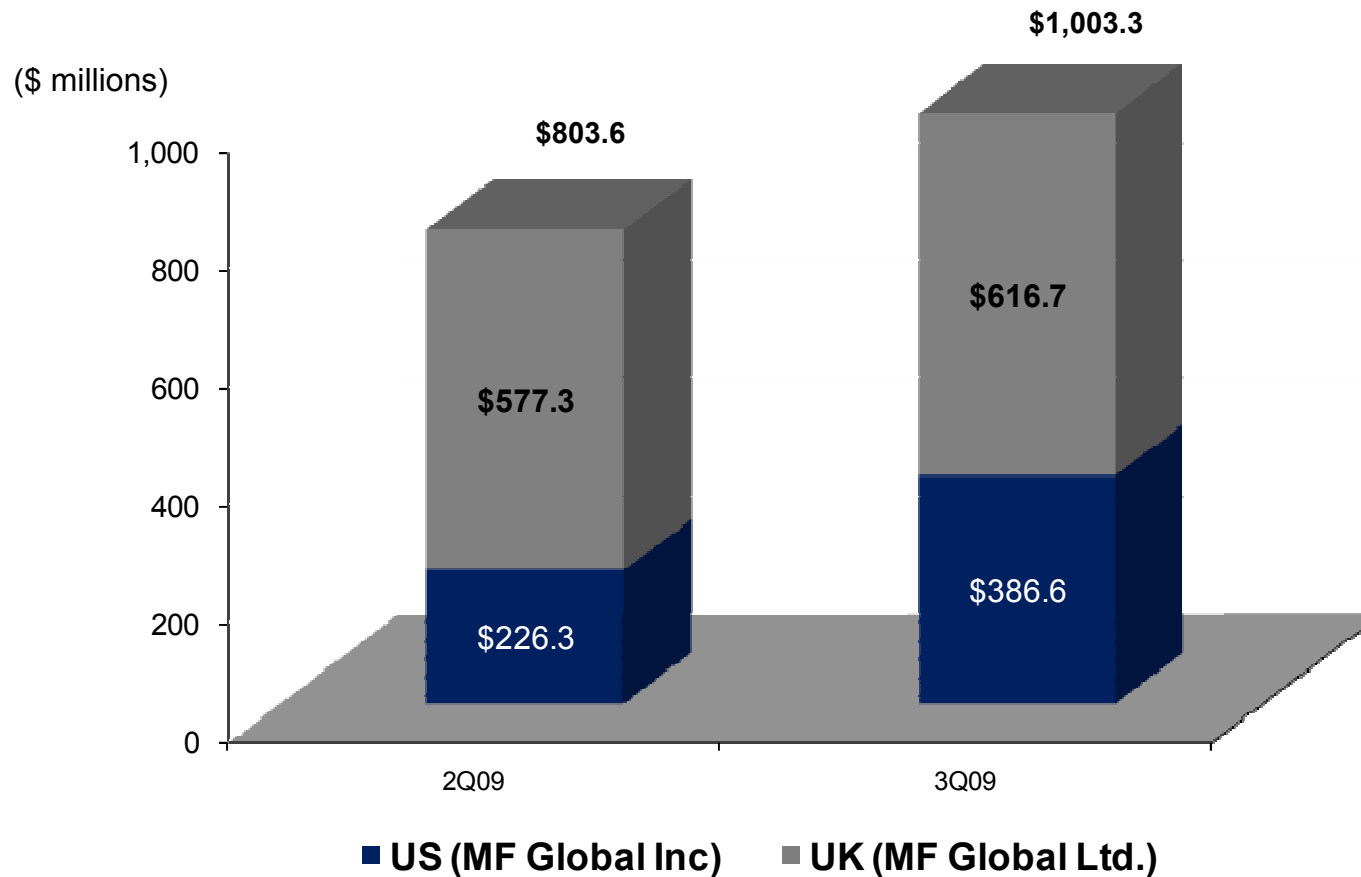
Capital Structure and Credit Ratings

	Dec 31, 2008	Sept 30, 2008	Rate	3Q Expense	Maturity	Comments
Bridge Debt		\$ 100.0	L + 499	\$ 1.1	Terminated	Payed off Nov 24, 2008
Term Debt	\$ 240.0	\$ 240.0	L + 400	3.7	July 2010	Increases to L + 500 in July 2010
Revolver					June 2012	
Initial	500.0	500.0	L + 150	4.4		
Additional Draw	142.5	142.5	L + 40	0.8		
Senior Convertible	210.0	210.0	9.00%	4.7	June 2013	
Total Debt	1,092.5	1,192.5				
Interest expense				14.7		
Debt issuance costs and fees				3.7		
Interest on borrowings				\$ 18.4		
Preferred Shares						
Series A	\$ 96.2	\$ 103.8	10.7%	\$ 7.2	Perpetual	
Series B	128.0	128.8	9.75%	3.7	Perpetual	
Shareholders equity	1,348.0	1,312.3				
Total Shareholders' equity and Preferred Shares	1,572.2	1,544.9				
Dividend expense				\$ 10.9		
Total Capital	\$ 2,664.7	2,737.4				

Investment Grade Credit Ratings

Agency	Rating
Moody's	Baa2
S&P	BBB
Fitch	BBB+

Excess Capital Creates Potential Opportunities*



*Per local statutory requirements

Multiple Layers of Liquidity

(\$ in millions)

	December 31, 2008	March 31, 2008
Client Assets		
Non-Segregated Client Payable	\$928	\$1,223
Non-Segregated Collateral	82	357
	<u>1,010</u>	<u>1,580</u>
Undrawn Liquidity Sources		
Bi-Lats Undrawn Portion	-	179
Revolver - Undrawn Portion	858 ⁽¹⁾	1,350
	<u>858</u>	<u>1,529</u>
Long-Term Capital		
Shareholders Equity	1,348	1,249
Preferred Shares (Notional Value)	300	0
Revolver - Long Term	500	150
Term Loan	240	0
Convertible Notes	210	0
Bridge Facility	0	1,400
Less: Non-Earning Assets	(532)	(598)
Less: Required Capital	(600)	(790)
Less: Bridge RCF	-	(1,400)
	<u>1,466</u>	<u>11</u>
Total Available Liquidity	3,334	3,120
Plus: Non-Earning Assets	532	598
Plus: Required Capital	600	790
Plus: Client Liquidity Needs	142	96
Total Liquidity	\$ 4,608	\$ 4,604

⁽¹⁾ In October 2008, Lehman Commercial Paper Inc., one of the participating banks with a total commitment amounting to \$75.0 million under our \$1.5 billion five-year unsecured revolving liquidity facility filed for bankruptcy, and accordingly, we believe Lehman Brothers will not fund the balance of its loan commitment, which is \$50 million.