

MF Global's U.S. Fixed Income Business



May 20, 2008

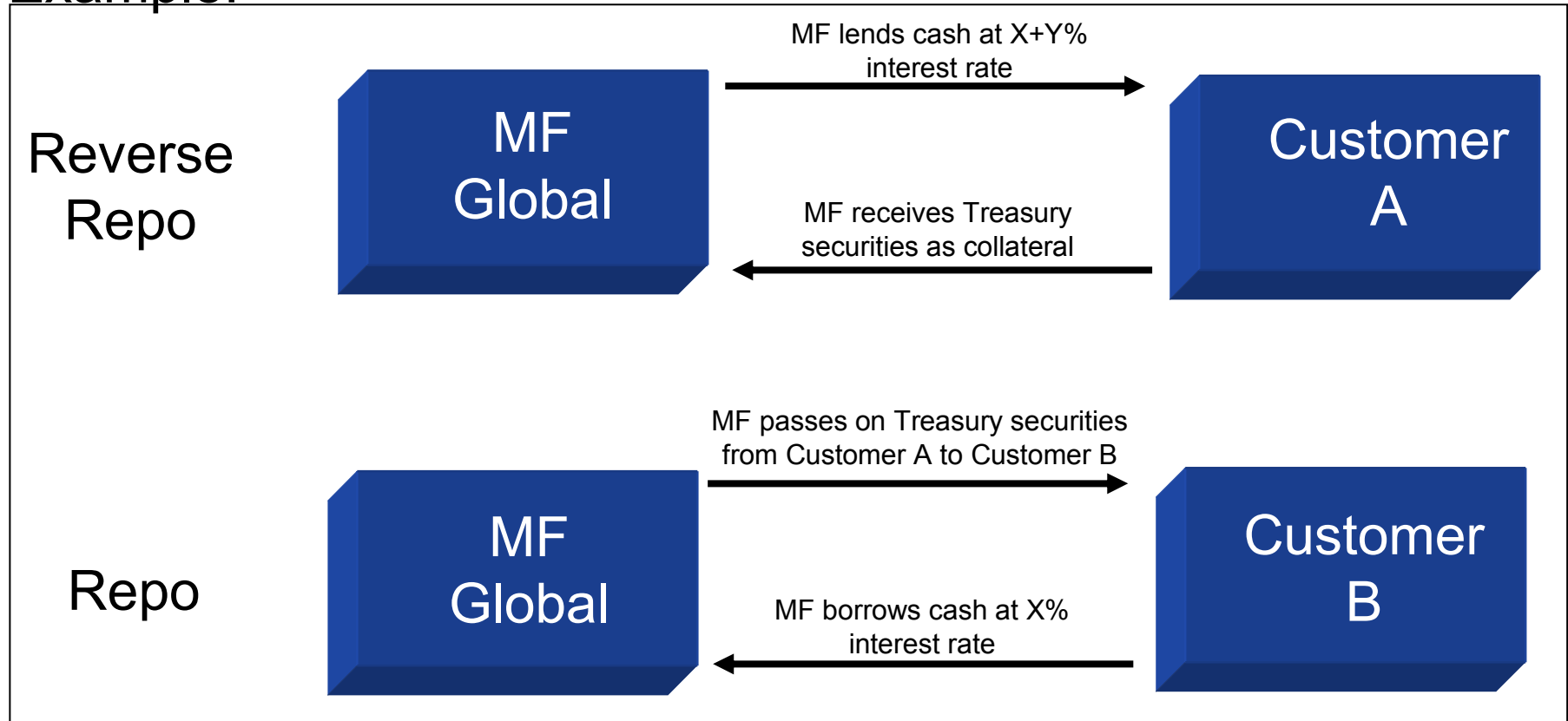


Overview of MF Global's Repo Business

- In response to investor questions and confusion, the company reiterates that it does not use repurchase and reverse repurchase transactions, (collectively “repos”) to finance its corporate business
- Repos are used to facilitate broker dealer activity
- The vast majority of repos are only entered into when they can be matched between customers and where the borrower provides collateral in excess of the amount borrowed
- This collateral consists primarily of treasuries and other highly rated securities that are valued on a daily basis and require additional margin to the extent the collateral decreases in value

The Basics of Our Repo Transactions – A Matched Business

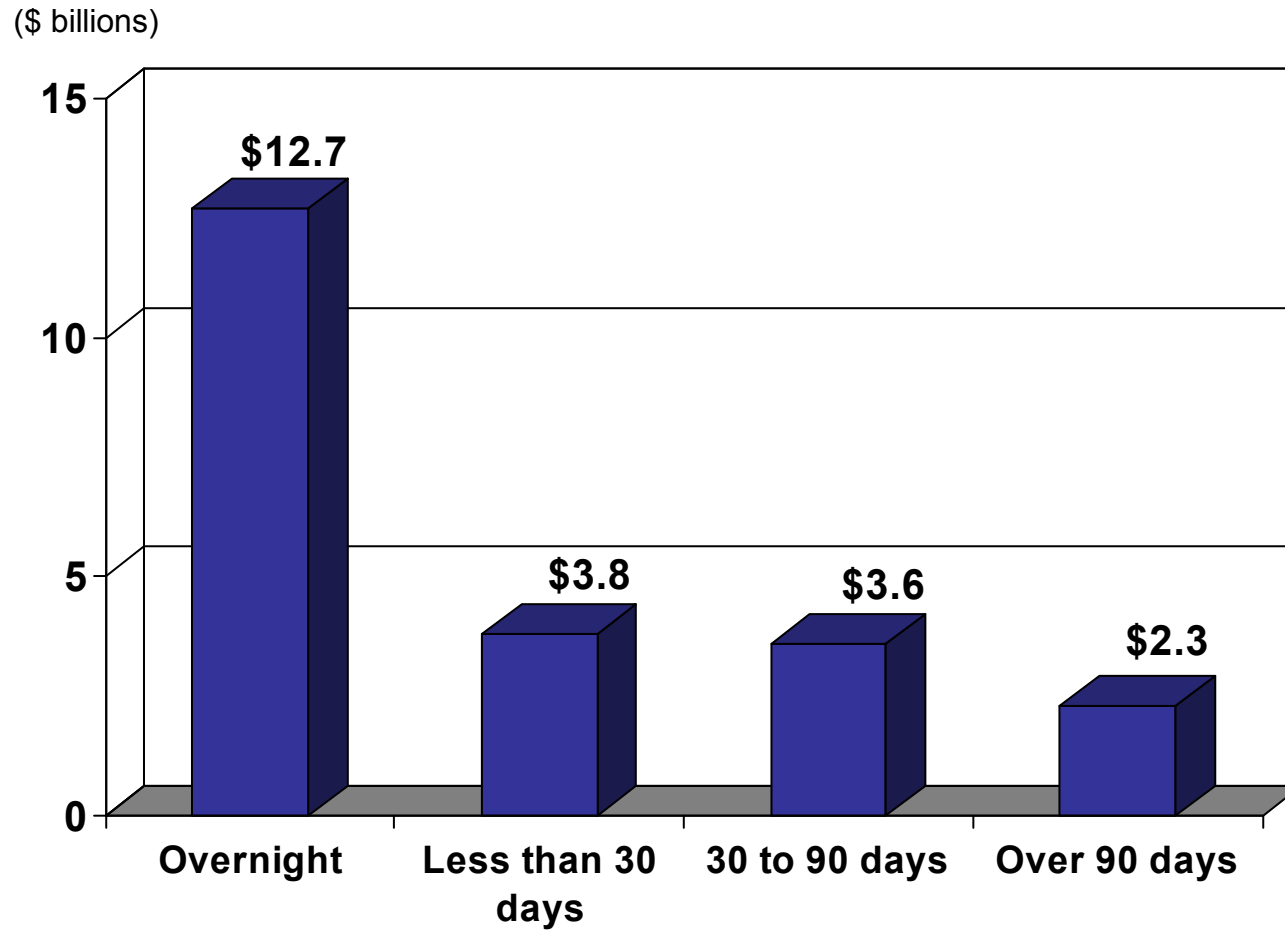
Example:



Key Takeaways:

- 1) MF Global earns a spread of Y% on the combined transactions above
- 2) MF Global limits exposure by matching the maturity dates of the two transactions
- 3) The vast majority of these transactions flow through the FICC, as such the trades are net settled, our counterparty is the FICC and not another institution

Duration Breakdown of the Global Repo Business



As of 12/31/07

MF Global Repo Business in Summary

- It is a matched business driven by client financing needs – MF Global does not use repos to fund its corporate activities; repos are solely a source of revenue
- MF Global repo transactions are entered into highly liquid products
- MF Global repo transactions are primarily US Treasuries and highly liquid, overnight agencies – there are no subprime mortgage securities
- The collateral in MF Global's repo transactions are fully secured and therefore there is little to no risk of defaults
- The vast majority of our transactions flow through the Fixed Income Clearing Corp (FICC) which acts as the counterparty and settlement agent
- Net revenue from MF Global's repo business flows through principal transactions and net interest income in the Income Statement

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