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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the QUARTERLY PERIOD ended June 30, 2010

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission File Number 001-33590

MF GLOBAL HOLDINGS LTD.

(Exact name of registrant as specified in its charter)

Delaware	**98-0551260**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**
717 Fifth Avenue	
New York, NY	**10022**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (212) 589-6200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of accelerated filer and large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of common stock outstanding of the registrant as of June 30, 2010, was 147,982,941.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements and Supplementary Data

MF GLOBAL HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands, except per share and share amounts)

	Three months ended June 30, 2010	Three months ended June 30, 2009
Revenues		
Commissions	$ 376,646	$ 338,813
Principal transactions	66,342	49,655
Interest income	114,232	101,186
Other	11,872	13,638
Total revenues	569,092	503,292
Interest and transaction-based expenses:		
Interest expense	45,431	29,067
Execution and clearing fees	175,196	142,135
Sales commissions	59,030	60,572
Total interest and transaction-based expenses	279,657	231,774
Revenues, net of interest and transaction-based expenses	289,435	271,518
Expenses		
Employee compensation and benefits (excluding non-recurring IPO awards)	155,374	171,613
Employee compensation related to non-recurring IPO awards	8,595	8,845
Communications and technology	31,427	27,158
Occupancy and equipment costs	11,103	9,701
Depreciation and amortization	10,534	13,618
Professional fees	18,057	20,890
General and other	19,468	38,499
IPO-related costs		871
Restructuring charges	9,874	
Impairment of goodwill	848	542
Total other expenses	265,280	291,737
Gains on exchange seats and shares	1,958	638
Loss on extinguishment of debt		9,682
Interest on borrowings	9,535	10,525
Income/(loss) before provision for income taxes	16,578	(39,788)
Provision/(benefit) for income taxes	8,141	(14,426)
Equity in income of unconsolidated companies (net of tax)	627	620

Net income/(loss)	9,064	(24,742)
Net income attributable to noncontrolling interest (net of tax)	243	410
Net income/(loss) applicable to MF Global Holdings Ltd.	$ 8,821	$ (25,152)
Dividends declared on preferred stock	7,678	7,678
Cumulative and participating dividends	360	
Net income/(loss) applicable to common share holders	$ 783	$ (32,830)
Earnings/(loss) per share (see Note 11):		
Basic	$ 0.01	$ (0.27)
Diluted	$ 0.01	$ (0.27)
Weighted average number of shares of common stock outstanding:		
Basic	130,196,655	122,918,795
Diluted	133,999,818	122,918,795

The accompanying notes are an integral part of these consolidated financial statements.

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MF GLOBAL HOLDINGS LTD.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands, except per share and share amounts)

	June 30, 2010	March 31, 2010
Assets		
Cash and cash equivalents	$ 617,627	$ 826,227
Restricted cash and segregated securities	9,475,349	9,693,927
Securities purchased under agreements to resell (including $13,417,361 and $14,825,760 at fair value, respectively)	15,501,765	22,125,430
Securities borrowed (including $102,627 and $1,004,017 at fair value, respectively)	3,814,901	3,918,553
Securities received as collateral	54,807	52,185
Securities owned ($13,297,984 and $8,357,551 pledged, respectively)	15,498,184	10,320,139
Receivables:		
Brokers, dealers and clearing organizations	2,085,144	3,317,789
Customers (net of allowances of $30,333 and $31,371 respectively)	342,849	292,110
Other	75,727	44,418
Memberships in exchanges, at cost (fair value of $17,065 and $19,285, respectively)	5,829	6,262
Furniture, equipment and leasehold improvements, net	78,210	72,961
Intangible assets, net	68,282	73,359
Other assets	232,052	222,720
TOTAL ASSETS	$ 47,850,726	$ 50,966,080
Liabilities and Equity		
Short-term borrowings, including current portion of long-term borrowings	$ 446,853	$ 142,867
Securities sold under agreements to repurchase (including $5,574,363 and $9,281,426 at fair value, respectively)	27,046,893	29,079,743
Securities loaned	1,169,905	989,191
Obligation to return securities borrowed	54,807	52,185
Securities sold, not yet purchased, at fair value	4,296,949	4,401,449
Payables:		
Brokers, dealers and clearing organizations	1,589,774	2,240,731
Customers	11,310,048	11,997,852
Accrued expenses and other liabilities	179,829	197,074
Long-term borrowings	199,756	499,389
TOTAL LIABILITIES	46,294,814	49,600,481
Commitments and contingencies (Note 13)		
Preferred stock, $1.00 par value per share; 200,000,000 shares authorized;		
1,500,000 Series A Convertible, issued and outstanding, cumulative	96,167	96,167
1,500,000 Series B Convertible, issued and outstanding, non-cumulative	128,035	128,035
EQUITY		
Common stock, $1.00 par value per share; 1,000,000,000 shares authorized, 148,131,340 and 121,698,729 shares issued and outstanding, respectively	148,131	121,699

Treasury stock	(353)	(219)
Receivable from shareholder	(29,779)	(29,779)
Additional paid-in capital	1,526,126	1,367,948
Accumulated other comprehensive loss (net of tax)	(8,482)	(5,752)
Accumulated deficit	(319,645)	(328,466)
Noncontrolling interest	15,712	15,966
TOTAL EQUITY	1,331,710	1,141,397
TOTAL LIABILITIES AND EQUITY	$ 47,850,726	$ 50,966,080

The accompanying notes are an integral part of these consolidated financial statements.

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MF GLOBAL HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	Three months ended June 30, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	$ 9,064	$ (24,742)
Less: Net income attributable to noncontrolling interest, net of tax	243	410
Net income/(loss) attributable to MF Global Holdings Ltd.	8,821	(25,152)
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Gains on sale of exchanges seats and shares	(30)	(45)
Depreciation and amortization	10,534	13,618
Stock-based compensation expense	18,122	18,096
Bad debt expense	87	(33)
Deferred income taxes	(7,096)	(18,369)
Equity in income of unconsolidated affiliates	(627)	(620)
Income attributable to noncontrolling interest, net of tax	243	410
Loss on extinguishment of debt		9,682
Amortization of debt issuance costs	1,719	1,933
Impairment of goodwill	848	542
Decrease/(increase) in operating assets:		
Restricted cash and segregated securities	198,526	514,799
Securities purchased under agreements to resell	6,623,665	(5,418,245)
Securities borrowed	103,517	(1,641,138)
Securities owned	(5,178,271)	(6,311,897)
Receivables:		
Brokers, dealers and clearing organizations	1,220,875	(1,564,700)
Customers	(51,537)	51,164
Other	(31,468)	(18,224)
Other assets	3,185	(1,519)
(Decrease)/increase in operating liabilities:		
Securities sold under agreements to repurchase	(2,032,850)	14,236,270
Securities loaned	180,714	(1,597,539)
Securities sold, not yet purchased, at fair value	(104,500)	(451,169)
Payables:		
Brokers, dealers and clearing organizations	(650,859)	3,168,253
Customers	(653,667)	(458,608)
Accrued expenses and other liabilities	(19,518)	(91,339)
Net cash (used in)/provided by operating activities	(359,567)	416,170

The accompanying notes are an integral part of these consolidated financial statements.

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MF GLOBAL HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

(Unaudited)

(Dollars in thousands)

	Three months ended June 30, 2010	2009
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(848)	(545)
Proceeds from sale of memberships in exchanges		45
Purchase of furniture, equipment and leasehold improvements	(10,354)	(5,364)
Net cash used in investing activities	(11,202)	(5,864)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from other short-term borrowings	3,987	17,399
Issuance of common stock	184,000	
Repayment of two-year term facility		(240,000)
Payment of debt issuance costs	(6,818)	
Payment of common stock issuance costs	(9,200)	
Payment of dividends on preferred stock	(7,678)	(7,678)
Net cash provided by/(used in) financing activities	164,291	(230,279)
Effect of exchange rates on cash and cash equivalents	(2,122)	2,988
(Decrease)/increase in cash and cash equivalents	(208,600)	183,015
Cash and cash equivalents at beginning of year	826,227	639,183
Cash and cash equivalents at end of period	$ 617,627	$ 822,198
SUPPLEMENTAL NON-CASH FLOW INFORMATION		
Securities received as collateral	(2,622)	(17,613)
Obligation to return securities borrowed	2,622	17,613

The accompanying notes are an integral part of these consolidated financial statements.

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MF GLOBAL HOLDINGS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

(Dollars in thousands)

	Common Stock	Treasury Stock	Receivable from Shareholder	Additional paid-in capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss)/ Income	Noncontrolling interest in subsidiaries	Total Equity
Equity at March 31, 2010	$ 121,699	$ (219)	$ (29,779)	$ 1,367,948	$ (328,466)	$ (5,752)	$ 15,966	$ 1,141,397
Stock-based compensation				18,374				18,374
Net income attributable to MF Global Holdings Ltd.					8,821			8,821
Net income attributable to noncontrolling interest							243	243
Foreign currency translation						(2,730)	(497)	(3,227)
Stock issued in connection with employee stock award plans	517	(134)		(1,403)				(1,020)
Public stock issuance	25,915			148,885				174,800
Dividend distributions				(7,678)				(7,678)
Equity at June 30, 2010	$ 148,131	$ (353)	$ (29,779)	$ 1,526,126	$ (319,645)	$ (8,482)	$ 15,712	$ 1,331,710

The accompanying notes are an integral part of these consolidated financial statements.

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MF GLOBAL HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(Dollars in thousands)

	Three months ended June 30, 2010	Three months ended June 30, 2009
Net income/(loss)	$ 9,064	$ (24,742)
Foreign currency translation adjustment	(3,227)	8,457
Comprehensive income/(loss)	$ 5,837	$ (16,285)
Comprehensive (loss)/income attributable to noncontrolling interest	(254)	1,152
Comprehensive income/(loss) attributable to MF Global Holdings Ltd.	$ 6,091	$ (17,437)

The accompanying notes are an integral part of these consolidated financial statements.

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MF GLOBAL HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Dollars in thousands, except share and per share amounts)

Note 1: Organization and Basis of Presentation

MF Global Holdings Ltd. (together with its subsidiaries, the Company) is a leading brokerage firm offering customized solutions in the global cash and derivatives markets. The Company provides execution and clearing services for products in the exchange-traded and over-the-counter derivative markets as well as for certain products in the cash market. The Company operates globally, with a presence in the United States (U.S.), the United Kingdom (U.K.), France, Singapore, Australia, Hong Kong, Canada, India and Japan, among others. The Company provides its clients with global market access to more than 70 securities and futures exchanges and also facilitates trades in the over-the-counter markets. The Company is operated and managed on an integrated basis as a single operating segment.

The Company s principal subsidiaries operate as registered futures commission merchants and as broker-dealers or the local equivalent and maintain futures, options, and securities accounts for customers. The Company s subsidiaries are members of various commodities, futures, and securities exchanges in North America, Europe, and the Asia Pacific region and accordingly are subject to local regulatory requirements including those of the U.S. Commodity Futures Trading Commission (CFTC), the U.S. Securities and Exchange Commission (SEC), and the U.K. Financial Services Authority (FSA), among others.

The unaudited consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) and include the consolidated accounts of MF Global Holdings Ltd. and its subsidiaries. Management believes that these unaudited consolidated financial statements include all normally recurring adjustments and accruals necessary for a fair statement of the unaudited consolidated statements of operations, balance sheets, cash flows, changes in equity and comprehensive income for the periods presented. Certain prior year amounts have been reclassified to conform to current period presentation.

In the first quarter of fiscal 2011, the Company reclassified certain amounts in the statements of operations to better present its business transactions and explain its financial results. Specifically, expenses incurred related to temporary staff and contractors have been reclassified out of Employee compensation and benefits (excluding non-recurring IPO awards) and into Professional fees. Tuition and training costs have also been reclassified out of Employee compensation and benefits (excluding non-recurring IPO awards) and into General and other. In addition, all dividends earned or paid in equity trading strategies previously classified within Interest income and Interest expense have been reclassified into Principal transactions. For the three months ended June 30, 2009 the reclassification made for dividends was $3,944. These consolidated changes have been voluntary reclassified by the Company and do not reflect an error or misstatement. The Company does not believe that these adjustments are quantitatively or qualitatively material.

All material intercompany balances and transactions between the Company s entities have been eliminated in consolidation. Transactions prior to September 30, 2009 between the Company and Man Group plc and its affiliates are herein referred to as related party transactions. The Company refers to Man Group plc and its subsidiaries as Man Group .

The Company s policy is to consolidate all entities of which it owns more than 50% unless it does not have control. Investments in entities in which the Company generally owns greater than 20% but less than 50%, or exercises significant influence, but not control, are accounted for using the equity method of accounting. As of June 30 and March 31, 2010, the Company had a 19.5% equity investment in Polaris MF Global Futures Co., Ltd.

Note 2: Summary of Significant Accounting Policies

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. The nature of the Company s business is such that the results of any interim period may not be indicative of the results to be expected for a full year.

Restricted cash and securities segregated under federal and other regulations

Certain subsidiaries are obligated by rules mandated by their primary regulators, including the SEC and CFTC in the U.S. and the FSA in the U.K., to segregate or set aside cash or qualified securities to satisfy regulations, promulgated to protect customer assets. Also included within Restricted cash and segregated securities are fixed cash deposits of $57,012 and $61,148 as of June 30 and March 31, 2010, respectively, which are held as margin for the issuance of bank guarantees to satisfy local exchange requirements for

MF GLOBAL HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Dollars in thousands, except share and per share amounts)

day-to-day clearing. In addition, many of the subsidiaries are members of clearing organizations at which cash or securities are deposited as required to conduct day-to-day clearance activities. At June 30 and March 31, 2010, the Company was in compliance with its segregation requirements.

Collateral

The Company enters into collateralized financing transactions and matched book positions principally through the use of repurchase agreements and securities lending agreements. In these transactions, the Company receives cash or securities in exchange for other securities, including U.S. government and federal agency obligations, corporate debt and other debt obligations, and equities. The Company records assets it has pledged as collateral in collateralized borrowings and other arrangements on the unaudited consolidated balance sheets when the Company is the debtor as defined in accordance with the accounting standard for transfers and servicing of financial assets.

The Company obtains securities as collateral principally through the use of resale agreements, securities borrowing agreements, customer margin loans and other collateralized financing activities to facilitate its matched book arrangements, inventory positions, customer needs and settlement requirements. In many cases, the Company is permitted to sell or repledge securities held as collateral. These securities may be used to collateralize repurchase agreements, to enter into securities lending agreements or to cover short positions. As of June 30 and March 31, 2010, the fair value of securities received as collateral by the Company, excluding collateral received under resale agreements, that it was permitted to sell or repledge was $9,416,702 and $9,523,608, respectively. The Company sold or repledged securities aggregating $6,152,554 and $5,860,051, respectively. Counterparties have the right to sell or repledge these securities. See Note 5 for a description of the collateral received and pledged in connection with agreements to resell or repurchase securities.

Equity

The Company has 1,000,000,000 shares authorized at $1.00 par value per share (Common Stock). On June 8, 2010, the Company completed its public offering and sale of 25,915,492 shares of Common Stock, pursuant to an underwriting agreement, dated June 2, 2010. The agreement provided for the sale of 22,535,211 shares of Common Stock to the underwriters at a price of $6.745 per share. In addition, the Company granted the underwriters a 30 day option to purchase up to an additional 3,380,281 shares of Common Stock at a price of $6.745 per share, which was exercised in full on June 3, 2010. The price to the public was $7.10 per share of Common Stock. Net of underwriting discount and other costs, the Company received $174,445 as proceeds. At June 30 and March 31, 2010, the Company has 148,131,340 and 121,698,729 shares of Common Stock issued and outstanding, respectively.

The Company consolidates the results and financial position of entities it controls, but does not wholly own. As of June 30 and March 31, 2010, the Company owned 70.2% of MF Global Sify Securities India Private Limited, 75.0% of MF Global Financial Services India Private Limited and 73.2% of MF Global Futures Trust Co. Ltd. At June 30 and March 31, 2010, noncontrolling interests recorded in the consolidated balance sheets were $15,712 and $15,966, respectively.

Restructuring

In May 2010, the Company commenced a strategic assessment of its cost base, including reviews of its compensation structure and non-compensation expenses. As a result of this evaluation, the Company planned to reduce its workforce by 10% to 15%. The Company recorded restructuring charges of $9,874 during the three months ended June 30, 2010 as a result of these plans. These charges include $9,180 for severance and other employee compensation costs and $694 for occupancy and equipment costs related to office closures. The employee terminations occurred mainly in North America and Europe. As of June 30, 2010, the Company had paid $7,073 and has a remaining accrual of $2,801, substantially all of which will be paid out within one year.

Principal transactions

Principal transactions include revenues from both matched principal brokerage activities and proprietary securities transactions. Revenues from matched principal brokerage activities are recorded on the trade date. For these activities, commission is not separately billed to customers; instead a commission equivalent is included in the transaction revenues following execution of the transaction on behalf of customers. Principal transactions also includes unrealized gains or losses on equity swaps and contracts for differences (CFDs) together with the unrealized gains and losses on the related matching equity hedges that are entered into on a matched-principal basis. Additionally, the Company records the total return of equity swaps entered into as part of a matched equity hedge in Principal transactions. Principal transactions also include dividends earned and paid in equity trading strategies. On a gross basis, dividends earned and paid included in principal transactions for the three months ended June 30, 2010 were $344,623 and $132,156, respectively, and $11,003 and $7,059, respectively, for the three months ended June 30, 2009.

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MF GLOBAL HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Dollars in thousands, except share and per share amounts)

Proprietary securities transactions are recorded on the trade date. Profits and losses arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis, including to a lesser extent from derivatives transactions executed for the Company s own account to hedge foreign currency exposure as well as the ineffectiveness and termination of hedged transactions with respect to the Company s interest rate exposure. The Company does not separately amortize purchase premiums and discounts associated with proprietary securities transactions, as these are a component of the recorded fair value. Changes in the fair value of such securities are recorded as unrealized gains and losses within Principal transactions in the consolidated and combined statements of operations. Contractual interest expense earned and incurred on these transactions is included in Interest income and Interest expense in the consolidated and combined statements of operations.

Interest

Interest is recognized on an accrual basis and includes amounts receivable on customer funds, company funds, debt instruments such as agency securities and collateralized financing arrangements. Interest income related to repurchase agreements, securities borrowed and collateralized financing arrangements are recognized over the life of the transaction. Interest income and expense for resale and repurchase agreement transactions are presented net in the consolidated and combined statements of operations pursuant to accounting guidelines.

Recently issued accounting pronouncements

In July 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-20, *Receivables Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (ASU No. 2010-20). ASU No. 2010-20 will require a company to provide more information about the credit quality of its financing receivables in the disclosures to the financial statements, including aging information and credit quality indicators. Both new and existing disclosures must be disaggregated by portfolio segment or class. The disaggregation of information is based on both how a company develops its allowance for credit losses and it manages its credit exposure. ASU No. 2010-20 is effective for interim and annual reporting periods after December 15, 2010. The Company will adopt ASU No. 2010-20 in the third quarter of fiscal 2011 and is currently evaluating the impact it will have on its consolidated financial statements upon adoption.

In February 2010, FASB issued ASU No. 2010-10, *Consolidation - Amendments for Certain Investment Funds* (ASU No. 2010-10). ASU No. 2010-10 indefinitely defers the effective date of the updated VIE accounting guidance for certain investment funds. To qualify for the deferral, the investment fund needs to meet certain attributes of an investment company, does not have explicit or implicit obligations to fund losses of the entity and is not a securitization entity, an asset-backed financing entity, or an entity formerly considered a qualifying special-purpose entity. The Company adopted ASU No. 2010-10 in the first quarter of fiscal 2011 with no impact to its unaudited consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures* (ASU No. 2010-06). The guidance in ASU No. 2010-06 provides amendments to ASC 820 that requires a reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. In addition, with regards to Level 3 assets, ASU No. 2010-06 now requires that a reporting entity should present separately information about purchases, sales, issuances and settlements on a gross basis in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). The Company adopted the new disclosures and clarifications of existing disclosures in the fourth quarter of fiscal 2010. The Company will adopt the disclosures about purchases, sales, issuances, and settlements in the roll-forward of activity in Level 3 fair value measurements in the first quarter of fiscal 2012.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* which was codified and superseded by ASU 2009-17 (ASU No. 2009-17) in December 2009. ASU No. 2009-17 requires an enterprise to determine the primary beneficiary (or consolidator) of a variable-interest entity (VIE) based on whether the entity (1) has the power to direct matters that most significantly impact the activities of the VIE, and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

ASU No. 2009-17 changes the consideration of kick-out rights in determining if an entity is a VIE which may cause certain additional entities to now be considered VIEs. On January 27, 2010, the FASB agreed to finalize ASU No. 2010-10 to indefinitely defer consolidation requirements for a reporting enterprise s interest in certain entities and for certain money market mutual funds under ASU No. 2009-17. The ASU will also amend guidance that addresses whether fee arrangements represent a variable interest for all decision-makers and service-providers. The Company adopted ASU No. 2009-17 in the first quarter of fiscal 2011 with no material impact to its unaudited consolidated financial statements.

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MF GLOBAL HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Dollars in thousands, except share and per share amounts)

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets - an amendment of FASB Statement No. 140* which was codified and superseded by ASU No. 2009-16 (ASU No. 2009-16) in December 2009. ASU No. 2009-16 aims to improve the visibility of off-balance sheet vehicles currently exempt from consolidation and addresses practical issues involving the accounting for transfers of financial assets as sales or secured borrowings. ASU No. 2009-16 also introduces the concept of a participating interest , which will limit the circumstances where the transfer of a portion of a financial asset will qualify as a sale, assuming all other derecognition criteria are met. Furthermore, ASU No. 2009-16 clarifies and amends the derecognition criteria for determining whether a transfer qualifies for sale accounting. ASU No. 2009-16 is effective as of the beginning of an entity s first annual reporting period beginning after November 15, 2009. The Company adopted ASU No. 2009-16 in the first quarter of fiscal year 2011 with no material impact to its unaudited consolidated financial statements.

Note 3: Goodwill and Intangible Assets

There were no acquisitions during the three months ended June 30, 2010 or 2009.

During the three months ended June 30, 2010, an earn-out payment of $848 was made relating to a prior acquisition, which was accounted for as additional purchase consideration. As of June 30, 2010, the Company had one remaining arrangement that could result in contingent, or earn-out , payments. These payments are based on earnings in future years, subject to maximum and minimum amounts. If the minimum earn-out is not reached at the end of 5 years (to fiscal 2012), the Company s obligation to pay the earn-out can extend for up to 10 years (to fiscal 2017), subject to a remaining maximum of approximately $69,000.

Goodwill represents the excess of the purchase price of a business combination over the fair value of the net assets acquired. Goodwill is not amortized and the Company s single reporting unit is tested at least annually for impairment or when there is an interim triggering event. An assessment of goodwill for potential impairment is performed in two steps. Step 1 of the analysis is used to identify the impairment and involves determining and comparing the fair value of the Company with its carrying value, or equity. If the fair value of the Company exceeds its carrying value, goodwill is not impaired. Step 2 of the analysis compares the fair value of the Company to the aggregated fair values of its individual assets, liabilities and identified intangibles, to calculate the amount of impairment, if any.

In performing Step 1 of the analysis, the Company compared its net book value to its estimated fair value. In determining the estimated fair value, the Company performed a discounted cash flow analysis using management s current business plans, which factored in current market conditions including contract and product volumes and pricing as the basis for expected future cash flows for the first five years and a 1% growth rate for the cash flows thereafter. Management used a weighted average cost of capital (WACC) of 10.7% as its discount rate in this analysis. The WACC was derived from market participant data and estimates of the fair value and yield of the Company s debt, preferred stock, and equity as of the testing date. The WACC represents the yield of the Company s financial instruments as currently stated. A discounted cash flow model involves the subjective selection and interpretation of data inputs and, given market conditions at June 30, 2010, there was a very limited amount of observable market data inputs available when determining the model.

Based on the results of Step 1 of the analysis, the Company determined its goodwill was impaired, as the fair value derived from the discounted cash flow model was less than the Company s book value at June 30, 2010. Based on the results of Step 2 of the analysis, the Company determined that its market capitalization and the computed fair value from Step 1 of the analysis was less than the estimated fair value of the Company s balance sheet and therefore recorded a charge of $848 in the three months ended June 30, 2010 to write-off the entire amount of the Company s goodwill. As discussed, the Company has an earn-out arrangement that could result in additional goodwill being recorded in future periods. The Company will continue to assess its goodwill annually or whenever events or changes in circumstances indicate that an interim assessment is necessary.

The summary of the Company s goodwill is as follows:

Balance as of March 31, 2010	$
Additions	848
Impairment	(848)
Balance as of June 30, 2010	$

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Intangible assets, subject to amortization as of June 30 and March 31, 2010 are as follows:

	June 30, 2010	March 31, 2010
Customer relationships		
Gross carrying amount	$ 259,943	$ 259,943
Accumulated amortization	(197,168)	(193,157)
Net carrying amount	62,775	66,786
Technology assets		
Gross carrying amount	32,114	32,114
Accumulated amortization	(28,103)	(27,101)
Net carrying amount	4,011	5,013
Trade names		
Gross carrying amount	2,934	2,934
Accumulated amortization	(1,438)	(1,374)
Net carrying amount	1,496	1,560
Total	$ 68,282	$ 73,359

The amortization included in Depreciation and amortization for the three months ended June 30, 2010 and 2009 was $5,419 and $7,872, respectively. The amortization expense to be recorded for the remainder of fiscal 2011 is approximately $12,917. The amortization expense for the remaining intangible assets for the next five fiscal years, starting fiscal 2012, is approximately $12,995, $12,431, $10,471, $7,448 and $4,993, respectively.

Note 4: Receivables from and Payables to Customers

Receivables from and payables to customers, net of allowances, are as follows:

	June 30, 2010		March 31, 2010	
	Receivables from customers	Payables to customers	Receivables from customers	Payables to customers
Futures transactions	$ 162,855	9,994,387	$ 202,652	10,905,593
Foreign currency and other OTC derivative transactions	35,603	616,824	31,808	638,254
Securities transactions	125,545	693,793	43,329	445,303

Other	18,846	5,044	14,321	8,702
Total	$ 342,849	$ 11,310,048	$ 292,110	$ 11,997,852

Note 5: Collateralized Financing Transactions

The Company s policy is to take possession of securities purchased under resale agreements, which consist largely of securities issued by the U.S. government and federal agencies. The Company retains the right to repledge collateral received in collateralized financing transactions. As of June 30, 2010, the market value of collateral received under resale agreements was $83,870,992, of which $198,138 was deposited as margin with clearing organizations. As of March 31, 2010, the market value of collateral received under resale agreements was $68,958,618, of which $199,599 was deposited as margin with clearing organizations. The collateral is valued daily and the Company may require counterparties to deposit additional collateral or return collateral pledged, as appropriate. As of June 30 and March 31, 2010, the market value of collateral pledged under repurchase agreements was $93,626,808 and $75,606,222, respectively. As of June 30 and March 31, 2010, there were no amounts at risk under repurchase agreements or resale agreements with a counterparty greater than 10% of Equity.

Resale and repurchase transactions are presented on a net-by-counterparty basis when certain requirements related to the offsetting of amounts related to certain repurchase and resale agreements are satisfied. In addition, the Company entered into certain of these agreements that are accounted for as sales and purchases and de-recognized related assets and liabilities from the unaudited

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consolidated balance sheets. At June 30, 2010, securities purchased under agreements to resell and securities sold under agreements to repurchase of $0 and $4,152,524, respectively, at contract value, were derecognized. At March 31, 2010, this consisted of securities purchased under agreements to resell and securities sold under agreements to repurchase of $1,199,842 and $5,702,980, respectively, at contract value.

At June 30, 2010, certain of the Company s resale and repurchase agreements are carried at fair value as a result of the Company s fair value election. The Company elected the fair value option for those resale and repurchase agreements that were entered into on or after April 1, 2009, and that do not settle overnight or do not have an open settlement date or that are not accounted for as purchase and sale agreements (such as repo-to-maturity transactions). The Company has elected the fair value option for these instruments to more accurately reflect market and economic events in its earnings and to mitigate a potential imbalance in earnings caused by using different measurement attributes (i.e. fair value versus carrying value) for certain assets and liabilities. At June 30, 2010, the fair value of these resale and repurchase agreements was $13,417,361 and $5,574,363, respectively. At March 31, 2010, the fair value of these resale and repurchase agreements was $14,825,760 and $9,281,426, respectively. Changes in the fair value of these transactions are recorded in Principal transactions in the unaudited consolidated statement of operations. During the three months ended June 30, 2010, the amount of gains and losses related to resale and repurchase agreements was $4,854 and $1,902, respectively. During the three months ended June 30, 2009, the amount of gains and losses related to resale and repurchase agreements was $5,006 gain and $2,926 loss, respectively.

The Company has not specifically elected the fair value option for certain resale and repurchase agreements that are settled on an overnight or demand basis as these are carried at contract value, which approximates fair value.

The carrying values of the securities sold under repurchase transactions, including accrued interest, by maturity date are:

	June 30, 2010					
	Demand	Overnight	Less than 30 days	30 to 90 days	After 90 days	Total
Security type						
U.S. government	$ 878,370	$ 19,069,995	$ 656,461	$ 271,327	$ 2,049,512	$ 22,925,665
U.S. corporations	244,856		88,276			333,132
Foreign governments	33,102	1,432,935	1,962,555	162,101	192,978	3,783,671
Foreign corporations	4,425					4,425
Total	$ 1,160,753	$ 20,502,930	$ 2,707,292	$ 433,428	$ 2,242,490	$ 27,046,893

	March 31, 2010					
	Demand	Overnight	Less than 30 days	30 to 90 days	After 90 days	Total
Security type						
U.S. government	$ 1,334,376	$ 15,649,717	$ 815,274	$ 637,552	$ 1,239,413	$ 19,676,332
U.S. corporations	93,216	43,086				136,302
Foreign covernments	103,141	3,242,366	4,878,894	105,521	897,943	9,227,865
Foreign corporations	39,244					39,244
Total	$ 1,569,977	$ 18,935,169	$ 5,694,168	$ 743,073	$ 2,137,356	$ 29,079,743

Securities borrowed and securities loaned transactions are accounted for as collateralized financing transactions. These transactions facilitate the settlement process and may require the Company to deposit cash or other collateral with the lender.

The Company elected to record at fair value securities borrowed and securities loaned transactions that are entered into on or after July 1, 2009 that have a specific termination date beyond the business day following the trade date. At June 30 and March 31, 2010, the fair value of these securities borrowed agreements was $102,627 and $1,004,017, respectively. Changes in the fair value of these transactions are recorded in Principal transactions in the unaudited consolidated statement of operations. During the three months ended June 30, 2010, the net amount of losses related to securities borrowed agreements was $2. At June 30 and March 31, 2010, no securities loaned transactions were carried at fair value. For transactions not elected for fair value measurement, the amount of cash collateral advanced or received is recorded on the unaudited consolidated balance sheets.

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Note 6: Receivables from and Payables to Brokers, Dealers and Clearing Organizations

Receivables from and payables to brokers, dealers and clearing organizations consist of the following:

	June 30, 2010		March 31, 2010	
	Receivables	Payables	Receivables	Payables
Securities failed to deliver/receive	$ 243,637	$ 182,272	$ 418,994	$ 403,959
Due from/to clearing brokers	735,676	3,225	1,056,664	2,699
Due from/to clearing organizations	795,634	108,148	1,100,520	58,364
Fees and commissions	944	62,553	934	55,289
Unsettled trades and other	309,253	1,233,576	740,677	1,720,420
Total	$ 2,085,144	$ 1,589,774	$ 3,317,789	$ 2,240,731

Note 7: Securities Owned and Securities Sold, Not Yet Purchased and Segregated Securities

Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased include securities carried at fair value as well as certain marketable securities classified as held-to-maturity securities. Securities owned and securities sold, not yet purchased, which are held at fair value, consist of the following:

	June 30, 2010		March 31, 2010	
	Securities Owned	Securities Sold, Not Yet Purchased	Securities Owned	Securities Sold, Not Yet Purchased
U.S. government securities and federal agency obligations	$ 6,420,120	$ 2,756,175	$ 3,903,235	$ 3,493,000
Corporate debt securities	278,983	227,431	207,165	162,586
Foreign government bonds	1,063,606	453,317	1,117,693	543,359
Equities	374,749	826,913	418,586	201,558
Shares held due to demutualization of exchanges	15,419		14,034	
Other	24,167	33,113	12,810	946
Total	$ 8,177,044	$ 4,296,949	$ 5,673,523	$ 4,401,449

As of June 30 and March 31, 2010, there were no U.S. government securities and federal agency obligations owned by the Company and deposited as margin with clearing organizations.

Segregated Securities

At June 30 and March 31, 2010, the Company had segregated securities of $7,497,377 and $7,587,632, respectively, within Restricted cash and segregated securities. These amounts include securities purchased under agreements to resell that are subject to the segregation requirements of the CFTC and totaled $5,204,959 and $4,280,140 at June 30 and March 31, 2010, respectively, of which $3,037,155 and $1,115,806 are at fair value as a result of the Company s fair value election, at June 30 and March 31, 2010, respectively.

Held-to-Maturity Securities

The Company has purchased certain securities for investment purposes and has the positive intent and ability to hold these securities to maturity. The Company has classified these securities as held-to-maturity securities and reported them on an amortized cost basis within Securities owned and Restricted cash and segregated securities on the unaudited consolidated balance sheet. At June 30, 2010 the Company recognized an other-than-temporary impairment of $621 related to a debt security issued by the U.S. government. The Company will not recover the amortized cost of that particular security prior to its known call date. No impairment charge was recorded for the year ended March 31, 2010.

The following table summarizes the carrying value, fair value and unrealized gains and losses of the held-to-maturity securities by type of security at June 30 and March 31, 2010:

	June 30, 2010 Securities Owned			
	Carrying Value	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss
Corporate debt securities	$ 8,164	$ 8,270	$ 106	$
Debt securities issued by the U.S. government and federal agencies	7,312,976	7,318,606	5,937	(307)
Total	$ 7,321,140	$ 7,326,876	$ 6,043	$ (307)

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	June 30, 2010 Segregated Securities			
	Carrying Value	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss
Corporate debt securities	$ 70,758	$ 71,303	$ 545	$
Debt securities issued by the U.S. government and federal agencies	1,931,718	1,935,154	3,444	(8)
Total	$ 2,002,476	$ 2,006,457	$ 3,989	$ (8)

	March 31, 2010 Securities Owned			
	Carrying Value	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss
Corporate debt securities	$ 10,100	$ 10,262	$ 162	$
Debt securities issued by the U.S. government and federal agencies	4,636,516	4,634,731	731	(2,516)
Total	$ 4,646,616	$ 4,644,993	$ 893	$ (2,516)

	March 31, 2010 Segregated Securities			
	Carrying Value	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss
Corporate debt securities	$ 71,139	$ 72,028	$ 889	$
Debt securities issued by the U.S. government and federal agencies	2,888,574	2,891,805	3,679	(448)
Total	$ 2,959,713	$ 2,963,833	$ 4,568	$ (448)

Note 8: Borrowings

Short term borrowings consist of the following:

	June 30, 2010	March 31, 2010
Other short-term borrowings	$ 442,500	$ 142,500
Bank overdrafts	4,353	367
Total	$ 446,853	$ 142,867

Long-term borrowings consist of:

	June 30, 2010	March 31, 2010
9.00% Convertible Notes due 2038	$ 199,756	$ 199,389
Other long-term borrowings		300,000
Total	$ 199,756	$ 499,389

Liquidity Facility

At March 31, 2010, certain of the Company s subsidiaries had a $1,500,000 unsecured committed revolving credit facility maturing June 12, 2012 (the liquidity facility) with a syndicate of banks.

On June 29, 2010, the liquidity facility was amended (the Amendment) (i) to permit the Company, in addition to certain of its subsidiaries, to borrow funds under the liquidity facility and (ii) to extend the lending commitments of certain of the lenders by two years, from June 15, 2012 (the Old Maturity Date) to June 15, 2014 (the Extended Maturity Date). Aggregate commitments under the amended liquidity facility are $1,200,875, of which $689,625 is available to the Company for borrowing until the Extended Maturity Date, and $511,250 is available for borrowing until the Old Maturity Date. On June 15, 2012, outstanding borrowings subject to the Old Maturity Date (currently equal to $188,386) will become due. Under the terms of the amended liquidity facility, the Company may borrow under the available loan commitment subject to the Extended Maturity Date to repay the outstanding balance on the Old Maturity Date.

With respect to commitments and loans maturing on the Old Maturity Date (and at the current rating level and utilization), the Company pays a facility fee of 10 basis points per annum and LIBOR plus 1.90% per annum on the outstanding borrowing. The liquidity facility is subject to a ratings-based pricing grid. In the event credit ratings are downgraded, the highest rate on the grid would bring the facility fee to 12.5 basis points per annum and the rate on the outstanding borrowing to LIBOR plus 2.375% per annum.

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With respect to commitments and loans maturing on the Extended Maturity Date (and at the current rating level and utilization), the Company pays a facility fee of 40 basis points per annum and LIBOR plus 2.35% per annum on the outstanding borrowing. In the event credit ratings are downgraded, the highest rate on the grid would bring the facility fee to 75 basis points per annum and the rate on the outstanding borrowing to LIBOR plus 2.75% per annum.

On borrowings in excess of $500,000 related to the total liquidity facility, the Company will only pay a facility fee of 10 basis points per annum and LIBOR plus 0.40% per annum with respect to commitments and loans maturing on the Old Maturity Date. With respect to commitments and loans maturing on the Extended Maturity Date, pricing is unchanged on amounts in excess of $500,000 of the total liquidity facility.

In all cases, borrowings are subject to the terms and conditions set forth in the liquidity facility which contains financial and other customary covenants. The amended liquidity facility includes a covenant requiring the Company to maintain of a minimum Consolidated Tangible Net Worth of not less than the sum of (i) 75% of the pro forma Consolidated Tangible Net Worth as of March 31, 2010 after giving effect to the offering by the Company of equity interests on June 2, 2010, including exercise of the underwriters option to purchase additional shares, and the consummation in whole or in part of the offer to exchange of the Company dated June 1, 2010 plus (ii) 50% of the net cash proceeds of any offering by the Company of equity interests consummated after the second amendment effective date plus (iii) 25% of cumulative net income for each completed fiscal year of the Company after the second amendment effective date for which consolidated net income is positive. The amended liquidity facility also requires the Company to limit its Consolidated Capitalization Ratio to be no greater than 40% prior to March 31, 2011; 37.5% on or after March 31, 2011 and before March 31, 2012; and 35% on or after March 31, 2012. Furthermore, commencing on March 31, 2012, the amended liquidity facility also require the Company to limit its Consolidated Leverage Ratio as at the last day of any period of four fiscal quarters to be no greater than 3.0 to 1.0. Under the amended liquidity facility, the Company has agreed that it will not use proceeds of any borrowing under the liquidity facility to redeem, repurchase or otherwise retire any Convertible Notes. Furthermore, beginning March 31, 2012, the Company will not permit at any time prior to July 1, 2013, cash and cash equivalents to be less than the entire outstanding amount of the Convertible Notes.

The amended liquidity facility continues to provide that if (i) the Company fails to pay any amount when due under the facility, (ii) or to comply with its other requirements mentioned above, (iii) fails to pay any amount when due on other material debt (defined as $50,000 or more in principal) (iv) or other material debt is accelerated in whole or in part by the lenders, (v) or upon certain events of liquidation or bankruptcy, an event of default will occur under the facility. Upon an event of default, all outstanding borrowings, together with all accrued interest, fees and other obligations, under the facility will become due and the Company will not be permitted to make any further borrowings under the facility. As of June 30 and March 31, 2010, $442,500 was outstanding under the liquidity facility with the remainder available to the Company. The Company has classified the $442,500 of outstanding loans at June 30, 2010 under the liquidity facility as short term debt and as part of its capital structure. In connection with the Amendment, the Company paid a one-time fee to participating lenders of $6,818 which was recorded in Other assets at June 30, 2010 and will be amortized over the life of the facility.

At June 30, 2010, the Company was in compliance with its covenants under the liquidity facility.

Convertible Senior Notes

The Company has outstanding $205,000 aggregate principal amount of 9.00% Convertible Senior Notes due 2038 (the Convertible Notes). The Convertible Notes bear interest at a rate of 9.00% per year, payable semi-annually in arrears on June 15 and December 15 of each year. The Convertible Notes mature on June 20, 2038. Holders may convert the Convertible Notes at their option at any time prior to the maturity date. Upon conversion, the Company will pay or deliver, as the case may be, cash, common stock or a combination thereof at the Company s election. The initial conversion rate for the Convertible Notes is 95.6938 shares of common stock per $1 principal amount of Convertible Notes, equivalent to an initial conversion price of approximately $10.45 per share of common stock. The conversion rate will be subject to adjustment in certain events. The Company may redeem the Convertible Notes, in whole or in part, for cash at any time on or after July 1, 2013 at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest. Holders may require the Company to repurchase all or a portion of their Convertible Notes for cash on July 1, 2013, July 1, 2018, July 1, 2023, July 1, 2028 and July 1, 2033 at a price equal to 100% of the principal amount of Convertible Notes to be repurchased plus accrued and unpaid interest.

On June 1, 2010, the Company initiated an offer to exchange any or all of its outstanding $205,000 Convertible Notes for cash and Common Stock. See Note 18 for further information.

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Note 9: Stock-Based Compensation Plans

The Company has established the 2007 Long-term Incentive Plan (LTIP) which provides for equity compensation awards in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, cash-based awards and other awards to eligible employees, consultants, directors, and other individuals who provide services to the Company, each as determined by the Compensation Committee of the Board of Directors. As of June 30, 2010, the LTIP provides for the issuance of up to 24,340,597 shares.

The Company issued restricted stock units, stock options, and restricted stock under the LTIP. Generally, stock options vest in equal installments over three years, and vested awards can be exercised, subject to continued employment, within seven years from the date of grant. Stock options have an exercise price, equal to the price per share of common stock at the grant date. Restricted stock units vest ratably or in full after three years, subject to continued employment or meeting certain retirement eligibility criteria. Certain restricted stock units and restricted stock issued at the Company s initial public offering (IPO) are defined as non-recurring IPO awards and are presented in Employee compensation related to non-recurring IPO awards within the unaudited consolidated statement of operations.

Compensation expense for the stock-based compensation plans has been measured in accordance with ASC 718. Net income for the three months ended June 30, 2010 and 2009 includes the following related to the Company s stock-based compensation arrangements:

	Three months ended June 30,	
	2010	2009
Compensation costs		
Employee compensation and benefits (excluding IPO awards)	$ 9,527	$ 9,231
Employee compensation related to non-recurring IPO awards	8,595	8,845
Total	$ 18,122	$ 18,076
Income tax benefits	$ 5,662	$ 5,840

The Company has no pool of windfall tax benefits. The Company has deferred tax assets recorded on its unaudited consolidated balance sheets related to stock compensation awards issued in connection with the IPO. Due to declines in the Company s stock price, the tax deduction for the vested shares issued in connection with the IPO will not equal the tax benefit ultimately realized at the date of delivery of these awards, as the deferred tax assets are based on the stock awards grant date fair value and any shortfall will result in a charge to the income statement The estimated charge to the consolidated statement of operations for the vested shares issued in connection with the IPO will be approximately $27,000 in the three months ended September 30, 2010.

The fair value of each stock option is estimated on the date of grant using a Black-Scholes option valuation model that uses the following assumptions:

Expected Volatility: Due to the lack of historical data for the Company s own stock, the Company based its expected volatility on a representative peer group that took into account the following criteria: industry, market capitalization, stage of life cycle and capital structure.

Expected Term: Expected term represents the period of time that options granted are expected to be outstanding. The Company elected to use the simplified calculation method, which is to be used for companies that lack extensive historical data. The mid-point between the vesting date and the contractual expiration date is used as the expected term under this method.

Expected Dividend Yield: The Company has not paid and does not expect to pay dividends on its Common Stock in the future. Accordingly, the assumed dividend yield is zero.

Risk Free Interest Rate: The risk-free rate is determined using the implied yield currently available on zero-coupon U.S. government bonds with a term consistent with the expected term on the date of grant.

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	Three months ended June 30, 2010	Three months ended June 30, 2009
Expected volatility	49.0%	55.0%
Risk free interest rate	2.9%	2.9%
Expected dividend yield	0%	0%
Expected term	5.5 years	4.5 years

The following tables summarize activity for the Company s plans for the three months ended June 30, 2010:

	Options	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Stock options outstanding at April 1, 2010	7,119,502	$ 19.72	5.0	$ 4,697
Granted	2,514,797	9.24	9.8	
Exercised	(63,334)	3.02	5.4	
Forfeited and cancelled	(610,466)	10.86	5.3	
Stock options outstanding as of June 30, 2010	8,960,499	17.50	6.1	325
Stock options expected to vest as of June 30, 2010	8,667,915	17.74	5.2	477
Stock options exercisable at June 30, 2010	3,925,767	$ 23.12	4.5	$ 144

During the three months ended June 30, 2009, 1,144,843 options were granted and 217,377 options were forfeited or cancelled. The weighted-average grant-date fair value of options granted during the three months ended June 30, 2010 and 2009 was $4.44 and $2.76, respectively. The total cash received from options exercised during the three months ended June 30, 2010 was $191 and the tax benefits realized from these exercises was $69. The total intrinsic value of options exercised during the three months ended June 30, 2010 was $294. No options were exercised during the three months ended June 30, 2009.

	Restricted Stock Units Awards	Restricted Stock Units Weighted-Average Grant Date Fair Value (per award)
Nonvested as of April 1, 2010	8,394,256	$ 17.42
Granted	4,555,118	7.92