

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

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

For the fiscal year ended December 31, 2013

or

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

Commission File Number: 000-54922

WMI LIQUIDATING TRUST

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

45-6794330
(I.R.S. Employer
Identification No.)

1201 Third Avenue, Suite 3000, Seattle, Washington
(Address of principal executive offices)

98101
(Zip Code)

Registrant's telephone number, including area code: 206-432-8887

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 No



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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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-Accelerated filer

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 29, 2013:

Not applicable. Interests in the WMI Liquidating Trust are not transferable or assignable except by will, intestate succession or operation of law.

DOCUMENTS INCORPORATED BY REFERENCE

NONE

**WMI LIQUIDATING TRUST
2013 FORM 10-K**

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INTRODUCTORY NOTE

As used in this Annual Report on Form 10-K, unless the context otherwise requires, the terms “we,” “us,” “our,” and “the Trust” refer to WMI Liquidating Trust, the use of “WMI” refers to Washington Mutual, Inc., and the use of “Reorganized WMI” refers to WMI Holdings Corp. (formerly known as Washington Mutual, Inc.).

The Trust is following the modified reporting methodology under the Securities Exchange Act of 1934, as amended (“Exchange Act”), that is described in the REMEC Liquidating Trust no-action letter, issued by the Division of Corporation Finance of the Securities and Exchange Commission (“SEC”) on March 28, 2011 (the “REMEC No-Action Letter”). In accordance with the approach outlined in the REMEC No-Action Letter and the accompanying request, during the life of the Trust (which as described below is three (3) years, which term may be extended for up to three (3) more years or a maximum of six (6) years, subject to certain limited exceptions, with the approval of the United States Bankruptcy Court for the District of Delaware (the “Court”), the Trust will not file Quarterly Reports on Form 10-Q with the SEC, but will timely file (i) Annual Reports on Form 10-K containing unaudited financial statements, and (ii) Current Reports on Form 8-K to report material events as they occur. The Trust has a calendar fiscal year, but was not created until March 6, 2012, when WMI and WMI’s wholly-owned subsidiary, WMI Investment Corp. (“Investment” and collectively with WMI, the “Debtors”), entered into a liquidating trust agreement (as amended, the “Trust Agreement”) with William C. Kosturos, as the liquidating trustee (the “Liquidating Trustee”), and CSC Trust Company of Delaware, as the Delaware resident trustee (the “Resident Trustee”). The Trust did not own or otherwise hold title to any assets or otherwise engage in any activity until March 19, 2012, the effective date of the Debtors’ chapter 11 plan (the “Effective Date”) as described below in Item 1 of Part 1 of this Form 10-K. Accordingly, the Trust’s reporting period for fiscal year 2012 commenced March 19, 2012 and ended December 31, 2012 and, on that basis, references in this report to financial information for 2012 refer to this abbreviated period. The Trust’s reporting period for fiscal year 2013 commenced on January 1, 2013 and ended December 31, 2013.

Forward-Looking Statements

This Annual Report on Form 10-K may contain certain estimates, statements of belief and assumptions that may be deemed to be “forward-looking statements” within the meaning of Section 21E of the Exchange Act, and/or may be covered by the “Bespeaks Caution” doctrine applied by the courts under the antifraud provisions of the federal securities laws. Such forward-looking statements represent our current expectations, assumptions, estimates and projections about the Trust and include, but are not limited to, the following:

- any statements regarding the execution and timing of any future actions by the Trust (including the amount and timing of any proposed distributions to the Trust’s beneficiaries);
- any statements regarding future expenses associated with the Trust;
- any statements regarding the disposition of our remaining assets; and
- any statements regarding the resolution of any outstanding claims and liabilities.

Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates” or variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future payments to holders of beneficial interests in the Trust and are subject to risks and uncertainties that are difficult to predict. Our actual results could differ materially from those anticipated in such forward looking statements as a result of certain factors, as more fully described elsewhere in this report. Readers are urged to carefully review and consider the various disclosures we make, which advise them of the factors that may affect the Trust, including without limitation, the disclosures made under Part I, Item 1A, “Risk Factors”, and Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included herein, and throughout this Annual Report on Form 10-K for 2013. The important factors listed in these disclosures, which could cause our actual results to differ materially from the forward-looking statements contained herein, include but are not limited to, the following:

- the Trust’s ability to obtain the approval of the Court with respect to motions in the chapter 11 case of the Debtors prosecuted by the Trust from time to time;
- the Trust’s ability to resolve disputed claims and liabilities;

- risks associated with any lawsuits and other claims that might be brought against the Debtors or by or against the Trust in the future during the anticipated initial three (3) year term of the Trust (which term may be extended for up to three (3) more years or a maximum of six (6) years, subject to certain limited exceptions, with the approval of the Court);
- there is substantial variability in the actual value to be realized from monetizing many of the Trust's assets, including the resolution of tax litigation and refunds;
- there is limited liquidity for the beneficial interests in the Trust (referred to herein as "Liquidating Trust Interests" or "LTIs"), which interests are non-certificated and non-transferable other than by will, intestate succession or operation of law; and
- LTI holders are taxed as if they directly receive their allocable portion of any Trust income, gain, deduction or loss associated with the Trust's activities regardless of whether a contemporaneous or commensurate cash distribution is made to such LTI holder; accordingly, there is a risk that an LTI holder will be subject to tax notwithstanding that such LTI holder did not receive cash from the Trust.

In light of these risks, uncertainties and assumptions, readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements represent beliefs and assumptions only as of the date of this report. We do not intend to update publicly any forward-looking statements, even if new information becomes available or other events occur in the future, except as otherwise required pursuant to our on-going reporting obligations under the Exchange Act.

PART I

Item 1. Business.

Our principal executive office is located at 1201 Third Avenue, Suite 3000, Seattle, Washington 98101, and our telephone number is (206) 432-8887. Our annual reports on Form 10-K, current reports on Form 8-K and any amendments to those reports and other SEC filings are electronically filed with, or furnished to, the SEC. All reports filed by the Trust with the SEC are available free of charge via EDGAR through the SEC website at www.sec.gov. In addition, the public may read and copy materials filed by the Trust with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549 or by calling the SEC at 1-202-551-8090. The Trust also provides access to its most recently filed reports through the Trust's website at www.wmitrust.com after filing such material with the SEC.

Overview of Chapter 11 Bankruptcy of the Debtors and Liquidating Trust Agreement

On September 26, 2008 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the Court (Case No.08-12229 (MFW)) after the Director of the Office of Thrift Supervision appointed the Federal Deposit Insurance Corporation (the "FDIC") as receiver for Washington Mutual Bank ("WMB"), a subsidiary of WMI, and advised WMI that the receiver was immediately taking possession of WMB's assets. Immediately after its appointment as receiver, the FDIC sold substantially all the assets of WMB, including the stock of WMB fsb, to JPMorgan Chase Bank, National Association ("JPMC") pursuant to that certain Purchase and Assumption Agreement, Whole Bank, dated as of September 25, 2008 (the "Purchase and Assumption Agreement").

On December 12, 2011, the Debtors filed with the Court the Seventh Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Filed Plan") and a related disclosure statement (the "Disclosure Statement"). The Filed Plan was subsequently modified by the Modification of Seventh Amended Plan dated January 9, 2012, the Second Modification of Seventh Amended Plan dated January 12, 2012, and the Third Modification of Seventh Amended Plan dated February 16, 2012 (the Filed Plan, along with all modifications, the "Plan"). The Plan provides for, among other things, the formation of the Trust.

On February 24, 2012, the Court entered an order confirming the Plan (the "Confirmation Order"). The Plan, the Disclosure Statement and the Confirmation Order have previously been filed with the SEC and are incorporated herein by reference.

On March 6, 2012, (a) the Trust was formed when, pursuant to the Plan, the Debtors entered into the Trust Agreement with the Liquidating Trustee and the Resident Trustee, and (b) the initial members of the Trust's trust advisory board (the "Trust Advisory Board" or "TAB") were appointed. The TAB is responsible for approving certain decisions of the Liquidating Trustee subject to and as further described in the Trust Agreement. The Trust Agreement has previously been filed with the SEC and is incorporated herein by reference.

On the Effective Date, the Plan became effective and a notice of the Effective Date of the Plan was filed with the Court. Reorganized WMI, as a successor of WMI, filed a Form 8-K with the SEC on March 23, 2012 disclosing, among other things, (a) the occurrence of the Effective Date and the emergence of Reorganized WMI from the Debtors' chapter 11 case, (b) the transfer of certain of the Debtors' assets to the Trust, as further described below (which assets are referred to herein as the "Liquidating Trust Assets"), (c) the cancellation of WMI's existing equity interests, (d) the amendment of Reorganized WMI's articles of incorporation and bylaws, and (e) the issuance by Reorganized WMI of 200,000,000 shares of new common stock to (A) holders of certain allowed claims against, or former equity interests in, the Debtors, and (B) a disputed equity escrow that is administered by the Liquidating Trustee as escrow agent (the "Disputed Equity Escrow").

The Trust is a successor-in-interest to the Debtors and, as such, is responsible for future reporting to the Court with respect to the Debtors' chapter 11 case. Such reporting obligations include the filing of quarterly summary reports ("QSRs") with the Court, which reports are prepared by the Trust for the purpose of complying with the quarterly operating guidelines as described in the Chapter 11 Trustee Handbook, United States Department of Justice, May 2004, in accordance with 28 U.S.C. §1746(2). The QSRs also are filed by the Trust with the SEC under cover of Form 8-K. In addition to the foregoing, from and after the Effective Date, the Trust has reported other material events on a timely basis as they occurred pursuant to Form 8-Ks filed with the SEC.

On or shortly after the Effective Date, the Liquidating Trust Assets were transferred to the Trust pursuant to the Plan for the benefit of certain holders of claims against, or equity interests in, the Debtors (the "Trust Beneficiaries"). Trust Beneficiaries who were projected to receive value on account of their Allowed Claims (as defined in the Plan) against the Debtors have been issued LTIs

evidencing their right to receive distributions from the Trust if and to the extent sufficient cash is available with respect thereto. If and when distributions from the Trust become available to Trust Beneficiaries who have not received LTIs to date, additional LTIs will be issued to such Trust Beneficiaries in accordance with the Plan and the distribution priorities that are summarized in Annex C of the Trust Agreement.

The Liquidating Trust Assets consist of all of the assets of the Debtors as of the Effective Date (for a description of the assets, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included herein), *other than*:

- assets distributed to JPMC pursuant to that certain Second Amended and Restated Settlement Agreement, dated as of February 7, 2011, by and among the Debtors, the FDIC, JPMC, and the other parties thereto (the “Global Settlement Agreement”);
- WMI’s equity interests in (i) Investment (all the assets of which were contributed to the Trust or were transferred to JPMC pursuant to the Global Settlement Agreement), (ii) WM Mortgage Reinsurance Company, Inc. (“WMMRC”), a wholly-owned subsidiary of Reorganized WMI, and (iii) WMB (substantially all of whose assets were sold to JPMC on September 25, 2008, pursuant to the Purchase and Assumption Agreement, and whose stock was abandoned by WMI shortly before the Effective Date);
- \$4.7 billion (as of the Effective Date) of net operating losses of the Debtors;
- cash to be distributed on the Effective Date pursuant to the Plan to holders of certain Allowed Claims against the Debtors;
- cash necessary to pay the fees and expenses owed to certain creditors’ professionals;
- cash necessary to reimburse the Debtors for fees and expenses incurred in connection with initial distributions made by the Debtors as disbursing agent under the Plan;
- the economic interest retained by the Debtors in certain litigation proceeds; and
- Creditor Cash (as defined in the Plan) on the Effective Date.

Unless stated otherwise, any financial information contained in this Form 10-K uses approximate dollar amounts due to rounding.

The sole purpose of the Trust is to hold, manage and administer the Liquidating Trust Assets and distribute the proceeds thereof, if any, to LTI holders. The Trust will not, at any time, engage in the conduct of any trade or business other than the liquidation and distribution of the Liquidating Trust Assets, and is intended to qualify as a “liquidating trust” for U.S. federal income tax purposes as further discussed below under “Tax Treatment.”

Unless dissolved earlier, the Trust has an initial term of three (3) years through March 19, 2015 (i.e., the third anniversary of the Effective Date), subject to extension for up to an additional three (3) years (subject to certain limited exceptions) with the approval of the Court.

LTIs are not transferable except by will, intestate succession or operation of law.

Period from Effective Date through December 31, 2013 and Recent Developments

Initial Distribution

The Plan and Global Settlement Agreement became effective on the Effective Date. On or about the Effective Date, the Debtors distributed \$6.5 billion of cash to allowed creditors (“Initial Distribution”). The assets transferred to the Trust on or about the Effective Date included \$725.8 million of cash and cash equivalents for the Disputed Claims Reserve (as defined below), which represents cash that would have been distributed to holders of claims as part of the Initial Distribution had such claims been allowed as of the Effective Date.

Distributions

The proceeds in excess of expenses and liabilities that are obtained during the life of the Trust will be distributed to LTI holders in accordance with the distribution procedures and priorities set forth in the Plan and Annex C of the Trust Agreement. These distribution procedures include a reserve mechanism (the “Disputed Claims Reserve” or “DCR”) to allow for the resolution of claims that are disputed, in whole or in part, as of the Effective Date (or as amended and reinstated after the Effective Date by order of the Court) and the issuance of LTIs and Runoff Notes (as defined herein) in respect thereof if and when such claims are allowed.

Subject to certain limited exceptions as set forth in the Trust Agreement, the Liquidating Trustee is required to distribute to LTI holders on account of their LTIs, on each Distribution Date (as defined below), all cash then on hand, except (i) an amount set aside out of the Liquidating Trust Assets to fund the Trust’s activities (the “Funding”), which amount was \$60.0 million as of the Effective Date, and out of which \$20.0 million as of the Effective Date (the “Litigation Funding”) was allocated to the Litigation Subcommittee, a subcommittee of the TAB, to be used for the prosecution of Recovery Claims (as defined below), (ii) such other amounts as are retained on account of any remaining disputed claims in the Disputed Claims Reserve, and (iii) after taking into account the Funding, such additional amounts (A) as are reasonably necessary to meet contingent liabilities and to maintain the value of the Liquidating Trust Assets pending their liquidation during the term of the Trust, (B) as are necessary to pay reasonably incurred or anticipated expenses (including, but not limited to, any taxes imposed on or payable by the Debtors or the Trust or in respect of the Liquidating Trust Assets), or (C) as are necessary to satisfy other liabilities incurred or anticipated by the Trust in accordance with the Plan, the Global Settlement Agreement, or the Trust Agreement. Provided the applicable conditions as set forth in the Trust Agreement with respect to the making of a distribution have been satisfied, “Distribution Date” is defined in the Trust Agreement to mean the first day of the second month in each fiscal quarter during the term of the Trust or such other dates that the Liquidating Trustee determines, in consultation with the TAB, are appropriate from time to time provided that there is at least one such date in each fiscal quarter during the term of the Trust. Subject to the exculpation and release provisions of the Plan, the term “Recovery Claims” is defined collectively in the Trust Agreement to mean (x) claims against present and former officers and directors of the Debtors for actions arising during the period prior to the Petition Date, (y) claims against professionals and representatives retained by the Debtors with respect to conduct that occurred prior to the Petition Date, and (z) claims based on conduct that occurred prior to the Petition Date against third-parties for any non-contractual breach of duty to WMI, including, but not limited to, antitrust claims and business tort claims.

The chart below summarizes the distributions made to LTI holders since the Effective Date (in millions):

| Distribution Date | Paid to LTI holders | Paid to Disputed Claims Reserve | Total | Notes | Date on which notice of distribution was filed with SEC under cover of Form 8-K |
|---------------------------|---------------------|---------------------------------|----------------|--|---|
| June 8, 2012 | \$414.9 | \$43.7 | \$458.6 | Paid to Tranche 2 | June 8, 2012 |
| August 1, 2012 | 69.8 | 3.9 | 73.7 | Paid to Tranche 2 | July 27, 2012 |
| November 1, 2012 | 85.7 | 2.2 | 87.9 | Paid to Tranches 2 and 3. Tranche 2 LTIs have been paid in full. | November 2, 2012 |
| Total – 2012 | \$570.4 | \$49.8 | \$620.2 | | |
| May 1, 2013 | \$21.8 | \$0.6 | \$22.4 | Paid to Tranche 3 | May 1, 2013 |
| August 1, 2013 | 5.9 | 0.1 | 6.0 | Paid to Tranche 3 | July 31, 2013 |
| November 1, 2013 | 16.7 | 0.4 | 17.1 | Paid to Tranche 3. Tranche 3 LTIs have been paid in full. | October 31, 2013 |
| December 31, 2013 | 0.1 | 0.0 | 0.1 | <i>De Minimis</i> LTIs (LTIs with balances less than \$500 have been paid in full) | January 31, 2014 |
| Total – 2013 | \$44.5 | \$1.1 | \$45.6 | | |
| Total – Cumulative | \$614.9 | \$50.9 | \$665.8 | | |

In addition to the distributions set forth above, the Trust made the following distributions with respect to Allowed Claims which became payable after the Effective Date:

| Date Allowed Claim deemed allowed | Distribution Date | Amount (in millions) |
|-----------------------------------|-------------------|-------------------------|
| March 31, 2012 | May 1, 2012 | \$3.2 |
| May 30, 2012 | June 8, 2012 | 0.3 |
| June 30, 2012 | August 1, 2012 | 17.3 |
| June 30, 2012 | August 15, 2012 | 1.9 |
| September 30, 2012 | November 1, 2012 | 9.6 |
| November 1, 2012* | November 1, 2012 | 0.4 |
| December 31, 2012** | February 1, 2013 | 2.5 |
| Total 2012 | | \$35.2 |
| March 31, 2013 | May 1, 2013 | 0.9 |
| June 30, 2013*** | August 1, 2013 | — |
| December 31, 2013** | February 1, 2014 | 3.2 |
| Total 2013 | | \$4.1 |
| Total – Cumulative | | \$39.3 |

* A redistribution of funds within the same class. Distribution does not represent a claim that was previously disputed.

** These allowed amounts were recognized as a reduction of net assets as of December 31 and paid on February 1 of the following year.

*** Distribution of less than \$5,000 paid to one allowed claimant.

U.S. Federal Income Tax Treatment

The Trust, as a liquidating trust, is intended to qualify as a “grantor trust” for U.S. federal income tax purposes other than as discussed below with respect to the DCR portion of the Trust. A grantor trust, as a pass-thru entity, is generally not treated as a separate taxpaying entity and, as such, it is not anticipated that the Trust will be subject to U.S. federal income taxation other than as discussed below with respect to the DCR portion of the Trust.

Instead, each LTI holder is treated for U.S. federal income tax purposes as a direct owner of an indivisible portion of the underlying assets of the Trust (other than those held on account of disputed claims in the DCR) reflective of its relative economic interest in the Trust. Accordingly, each LTI holder is taxed as if directly receiving any income, gain, deduction or loss with respect to its portion of the underlying assets of the Trust, regardless of whether a contemporaneous or commensurate cash distribution is made to the holder by the Trust.

The Trust will provide a beneficiary tax information letter to LTI holders with tax information for their 2013 tax returns on or about April 1, 2014. LTI holders are urged to consult their own tax advisors as to their own filing requirements and the appropriate tax reporting of this information on their returns.

Pursuant to the Plan and the Trust Agreement, the Liquidating Trustee (A) treats the DCR as a “disputed ownership fund” governed by Treasury Regulation section 1.468B-9, and (B) to the extent permitted by applicable law, reports consistently with the foregoing for state and local income tax purposes. Accordingly, the DCR is a separate taxable entity for U.S. federal income tax purposes, and all distributions from such reserve are taxable to such reserve as if sold at fair market value. Any distributions from the DCR will be treated for U.S. federal income tax purposes as if received directly by the recipient from the Debtors on the original claim or equity interest of such recipient.

Further information regarding certain U.S. federal income tax considerations associated with the Liquidating Trust and the implementation of the Plan is set forth in Part IX of the Disclosure Statement.

Segment Information

We do not report segment information because the Trust is a liquidating trust that has no ongoing operating business.

Employees

The Liquidating Trustee, William C. Kosturos, in his capacity as the trustee of the Trust, is responsible for administering the Trust. The Liquidating Trustee is paid a monthly fee for the provision of his services during the term of the Trust, as further described in this Form 10-K under Item 11.

The Trust Agreement also provides for the establishment of the TAB, which is responsible for approving certain decisions of the Liquidating Trustee and is currently comprised of seven (7) members. The members of the TAB are paid an annual fee and are entitled to receive additional incentive compensation based on the achievement of certain performance thresholds as further detailed in the Trust Agreement. For further information regarding the TAB, please refer to Items 10 and 11 of this Form 10-K.

The Trust Agreement also provides for a subcommittee of the TAB, the Litigation Subcommittee, which oversees the prosecution of Recovery Claims and the defense of proposed settlements, abandonments or dispositions of claims asserted against the Trust (other than *De Minimis* GUC Claims (as defined in the Plan) or claims previously asserted against the Debtors or the Debtors' estates within Class 17A (WMB Senior Notes Claims), Class 17B (WMB Subordinated Notes Claims) and Class 18 (Subordinated Claims)). The Litigation Subcommittee is currently comprised of four (4) members, each of whom is entitled to receive \$10,000 of additional annual base compensation for their services. For further information regarding the Litigation Subcommittee, please refer to Items 10 and 11 of this Form 10-K.

Pursuant to the Trust Agreement, the Trust may, but is not be required to, from time to time enter into contracts with, consult with and retain additional employees, officers and independent contractors, including attorneys, accountants, appraisers, disbursing agents or other parties deemed by the Liquidating Trustee to have qualifications necessary or desirable to assist in the proper administration of the Trust (collectively, the "Trust Professionals"), on such terms as the Liquidating Trustee deems appropriate.

In addition to the foregoing, the following individuals are currently executive officers or employees of the Trust as specified below:

| Name | Title |
|----------------------|--|
| John Maciel* | Chief Financial Officer |
| Charles Edward Smith | Executive Vice President, General Counsel & Secretary |
| Doreen Logan | Executive Vice President, Controller and Assistant Treasurer |

* Trust Professional.

Item 1A. Risk Factors.

The following risk factors should be carefully reviewed because such factors may have a significant impact on the timing and amount of future distributions, if any, to the Trust Beneficiaries. As a result of the risk factors set forth below and elsewhere in this Form 10-K, and the risks discussed in our other filings with the SEC, actual results could differ materially from those projected in any forward-looking statements.

We cannot assure you of the exact amount or timing of any future distribution to Trust Beneficiaries.

The administration of the Trust is subject to numerous uncertainties and may result in less than anticipated or no remaining capital available for future distribution to certain Trust Beneficiaries. The precise nature, amount and timing of any future distribution to the Trust Beneficiaries will depend on and could be delayed by, among other things, (i) the Trust's ability to obtain Court approval with respect to motions in the Debtors' chapter 11 case prosecuted by the Trust from time to time; (ii) the Trust's ability to resolve disputed claims; (iii) risks associated with any litigation and other claims that might be brought against the Debtors or by or against the Trust in the future during the anticipated initial three (3) year term of the Trust; and (iv) risks associated with the illiquid nature of the LTIs issued by the Trust, which are non-certificated and non-transferable other than by will, intestate succession or operation of law. The estimates we have provided are based on currently available information, and actual distributions, if any, could be less than or more than the range we have estimated.

Amount of claims could be more than projected.

The allowed amount of certain claims that are currently disputed could be more than projected in the Disclosure Statement, which in turn, could cause the value of distributions to certain Trust Beneficiaries to be reduced substantially or in whole. In addition, certain claims may continue to accrue post-Petition Date interest such that delays in distributions could reduce distributions available for other Trust Beneficiaries.

Subordinated claims will be paid prior to any distribution to former holders of equity interests in WMI.

Trust Beneficiaries who were projected to receive value on account of their Allowed Claims against the Debtors have been issued LTIs evidencing their right to receive distributions from the Trust if and to the extent sufficient cash is available with respect thereto. If and when distributions from the Trust become available to Trust Beneficiaries who have not received LTIs to date, additional LTIs will be issued to such Trust Beneficiaries in accordance with the Plan and the distribution priorities that are summarized in Annex C of the Trust Agreement.

Pursuant to the Plan, holders of claims in Class 18 (“Subordinated Claims”) will receive distributions before the holders of claims in Classes 19, 21 and 22 (the former holders of equity interests in WMI (“Equity Interests”)). As of December 31, 2013, outstanding allowed and disputed Subordinated Claims totaled \$42.4 million. Furthermore, and as discussed in more detail in Item 3 of this Form 10-K under “Mortgage Pass-Through Litigation”, the Court has indicated that it may allow certain Claimants to re-file their proof of claim as either a General Unsecured Claims (as defined in the Plan) or a Subordinated Claim when recoveries are available to holders of Subordinated Claims. Such re-filing and the ultimate resolution of Subordinated Claims will likely affect the amount, if any, of distributions that would otherwise be available to the former holders of Equity Interests.

Liquidation basis accounting requires certain assumptions that may result in actual results being materially different to those that have been estimated.

The Trust presents its financial statements in accordance with liquidation basis accounting, which requires the reporting entity to report its assets and liabilities based on net realizable values, or the cash the Trust expects to receive for its assets and the estimated settlement amounts for its liabilities. For purposes of the QSRs that the Trust has previously filed with the Court and the SEC under cover of Form 8-K on a quarterly basis since the Effective Date, management has used the fair market values assigned to the Trust’s assets for federal tax reporting purposes. Valuation of assets requires management to make difficult estimates and judgments. Management used the services of an independent valuation firm to make its estimates for select assets. Estimates necessarily require assumptions, and changes in such assumptions over time could materially affect the reported results. Due to the inherently uncertain nature of estimates and the underlying assumptions, the actual net cash to be received by the Trust from liquidation of assets and liabilities will likely be different than reported. Ongoing adjustments and reconciliations will be reflected in future QSRs filed with the Court and the SEC under cover of Form 8-K and future annual reports filed on Form 10-K.

The amount of cash realized from monetizing the Liquidating Trust Assets could be less than projected.

The amounts recorded on the Consolidated Statement of Net Assets in Liquidation as of December 31, 2013 that forms part of this Form 10-K reflect the estimated net realizable value of the Liquidating Trust Assets. In the event that the net realizable value is less than projected, the Trust will have less cash to distribute to Trust Beneficiaries.

We will continue to incur liabilities and expenses that will reduce the amount available for distribution to Trust Beneficiaries.

Liabilities and expenses associated with the administration of the Trust, such as insurance, legal, accounting and consulting fees and other expenses incurred in the liquidation process, will continue to be incurred as the Liquidating Trustee administers the Trust and provides for the distribution of the Liquidating Trust Assets to Trust Beneficiaries. These expenses and liabilities will reduce the amount of Liquidating Trust Assets available for future distribution to Trust Beneficiaries. The Trust has accrued a liability that reflects its estimate of the expenses that will be incurred during the liquidation of the Liquidating Trust Assets, excluding the costs of pursuing Recovery Claims. As mentioned elsewhere in this Form 10-K, due to the inherently uncertain nature of estimates and certain underlying assumptions, actual cash spent on such expenses is likely to be different than the liability for expenses recorded by the Trust for the period ended December 31, 2013. The Trust believes such estimates and assumptions are reasonable under the Trust’s currently existing facts and circumstances. Nevertheless, the Trust’s operational facts and circumstances are subject to change and amounts required to operate and administer the Trust could be significantly higher than estimates and assumptions made by the Trust as of December 31, 2013.

An increase in expenses beyond the current estimate could result in liquidity issues for the Trust.

If the Trust’s actual expenses exceed the Funding, the Trust could experience significant liquidity issues unless other assets are liquidated or otherwise available to be monetized. If liquidity issues arise, there is no assurance that the Trust will be able to liquidate or monetize any assets in a timely manner or that such liquidation or monetization will result in sufficient cash to fund the Trust’s activities.

Additional expenses and liabilities will be incurred if the term of the Trust is extended, thereby potentially reducing Liquidating Trust Assets distributable to the Trust Beneficiaries.

The initial term of the Trust is scheduled to expire on the third (3rd) anniversary of the Effective Date (i.e., March 19, 2015). There can be no assurances that the Trust will be able to complete the recovery and liquidation of the Liquidating Trust Assets prior to the expiry of the Trust's initial term. As a result, pursuant to the terms of the Trust Agreement, the initial term of the Trust can be extended for up to an additional three (3) years by order of the Court. If the Trust's initial term is extended, then the Trust will incur additional liabilities and expenses while it continues to operate during any such extension, which could significantly reduce the amount of Liquidating Trust Assets that may ultimately be distributed to Trust Beneficiaries. As of the date of this report, it is possible, if not probable, that the term of the Trust will be extended; however, we are unable to predict the length of any such extension.

Subject to certain limited exceptions, the Liquidating Trust Interests are not transferable or assignable.

LTIs are not transferable or assignable except by will, intestate succession or operation of law. Accordingly, there is no liquid trading market in the LTIs.

A new Liquidating Trustee may need to be appointed to complete the distribution of the Liquidating Trust Assets, which could delay the final distribution of Liquidating Trust Assets and dissolution of the Trust.

The Trust Agreement provides that in the event of the resignation, removal, incapacity or other reason for the Liquidating Trustee's inability to continue to serve as Liquidating Trustee, a successor Liquidating Trustee will be appointed by a majority of the TAB or, if a successor Liquidating Trustee is not appointed by the TAB within 30 days after the Liquidating Trustee ceases to serve in that role, then by the Court. In such event, there may be a delay in the administration of the Trust while the successor trustee is appointed and takes office, which may delay the final distribution of the Liquidating Trust Assets and the dissolution of the Trust.

The Trust has limited personnel resources which could adversely affect its operations.

We have very limited staffing and management resources and we are highly dependent on Trust Professionals and a limited number of employees to carry out our operations and manage our affairs. While Trust Professionals and our employees are engaged or employed, as the case may be, pursuant to currently effective engagement letters or employment agreements, such engagement letters or employment agreements can be terminated in accordance with their terms and one or more of such terminations, if effected prior to the expiration of the term of the Trust, could materially and adversely affect our operations, delay completion of the recovery and liquidation of Liquidating Trust Assets, and/or delay and/or reduce distributions of Liquidating Trust Assets to Trust Beneficiaries.

Non-recourse nature of the Runoff Notes; full satisfaction of principal and interest due on the Runoff Notes.

On the Effective Date, Reorganized WMI issued (i) \$110.0 million aggregate principal amount of 13% Senior First Lien Notes due 2030 (the "First Lien Notes") under an indenture, dated as of March 19, 2012, between Reorganized WMI and Wilmington Trust, National Association, as trustee (the "First Lien Indenture"), and (ii) \$20.0 million aggregate principal amount of 13% Senior Second Lien Notes due 2030 (the "Second Lien Notes") and, together with the First Lien Notes, the "Runoff Notes") under an indenture, dated as of March 19, 2012, between Reorganized WMI and Law Debenture Trust Company of New York, as trustee (together with the First Lien Indenture, the "Indentures"). Pursuant to the Plan, creditors were entitled to elect a distribution of Runoff Notes in lieu of cash received on the Effective Date. To the extent that eligible creditors did not elect all of the Runoff Notes, any remaining balance of the Runoff Notes was transferred to the Trust. The Plan provides the conditions under which the Trust shall distribute the Runoff Notes. As of December 31, 2013, the Trust owned \$105.9 million of Runoff Notes (including interest) for the benefit of all LTI holders. In addition, the Trust (through the DCR) held \$30,218 of Runoff Notes (including interest) on behalf of disputed claim holders who elected Runoff Notes in lieu of cash. The Runoff Notes are secured by, and have a specified priority in right of payment in, (a) a securities or deposit account into which Reorganized WMI will deposit distributions it receives of "Runoff Proceeds" (as defined in the Indentures, and referred to herein as the "Collateral Account"), and (b) the equity interests in, and the excess assets of, either WMMRC, or such other entity as holds (or may hold in the future) WMMRC's existing portfolio of assets, solely to the extent that a lien has been granted therein. Any such lien is subject to regulatory approval.

As of the date of this report, the Trust is aware that Reorganized WMI has disclosed that WMMRC filed an application with the Insurance Division of the State of Hawaii (the "Insurance Division") for WMMRC to form a "protected cell" and to grant certain additional liens and guarantees in favor of holders of Runoff Notes, as contemplated by the Indentures and as described above. The Insurance Division approved WMMRC's request to form such protected cell, but denied the request to grant such additional liens and guarantees. On the basis of the foregoing, Reorganized WMI recently disclosed that it will not proceed with the formation of such protected cell. As a result, there can be no assurances that holders of Runoff Notes will ever benefit from any additional liens on, or equity interests in, the excess assets of WMMRC or any other entity that may hold WMMRC's existing portfolio of assets.

Except in very limited circumstances, holders of Runoff Notes will have no other recourse against Reorganized WMI or its subsidiaries for payments due on the Runoff Notes. In addition, although the trustee for the Runoff Notes has the right to enforce certain rights and remedies against Reorganized WMI upon the occurrence of certain events of default, as and to the extent set forth in

the Indentures, there can be no assurance that the Runoff Proceeds (regardless of whether or not deposited into the Collateral Account) and other recourse assets described above will be sufficient in amount to cause any unpaid interest and the outstanding principal amount of the Runoff Notes to be paid in full. Indeed, in the Disclosure Statement, the Debtors projected that the Runoff Proceeds will be sufficient to satisfy only a portion of the principal and interest owed in connection with the Second Lien Notes.

Runoff Notes are effectively subordinate to the liabilities of WMMRC.

The Runoff Notes are not guaranteed by any current or future subsidiaries of Reorganized WMI, including WMMRC. Payments with respect to the Runoff Notes are dependent upon Reorganized WMI's receipt of Runoff Proceeds distributions and may be restricted pursuant to applicable state law. Hawaiian insurance regulations may further restrict the amount of Runoff Proceeds which are payable to Reorganized WMI. Furthermore, in the event of a bankruptcy, liquidation or reorganization of WMMRC or other holder of WMMRC, holders of the debts and trade creditors of WMMRC or such other holder may be required to be paid before WMMRC or such other holder will be able to distribute any of its assets to Reorganized WMI.

Any trading market that develops for the Runoff Notes may not be liquid, and there are restrictions on transfers of the Second Lien Runoff Notes.

A liquid market for the Runoff Notes does not currently exist and may not develop, and the Trust is unaware of any plans to list the Runoff Notes on a national securities exchange. If any of the Runoff Notes are traded after their initial issuance, they may trade at a discount from the initial offering price, depending upon prevailing interest rates, the market for similar securities, and other factors, including general economic conditions and Reorganized WMI's financial condition, performance and prospects.

In addition, the market for non-investment grade debt securities has historically been subject to disruptions that have caused price volatility independent of the operating and financial performance of the issuers of these securities. It is possible that any market for the Runoff Notes will be subject to these kinds of disruptions. Accordingly, declines in the liquidity and market price of the Runoff Notes may occur independent of operating and financial performance. The Second Lien Notes include certain restrictions on accumulation of 4.75% or more of the aggregate principal amount of such notes which restrictions may represent significant impediments to a holder of Second Lien Runoff Notes seeking to dispose of or otherwise transfer Second Lien Runoff Notes held by such holder.

An LTI holder is taxed as if directly receiving any income, gain, deduction or loss with respect to its underlying portion of the underlying assets of the Trust.

An LTI holder is taxed as if directly receiving any income, gain, deduction or loss with respect to its portion of the underlying assets of the Trust, regardless of whether a contemporaneous or commensurate cash distribution is made to such LTI holder by the Trust. Accordingly, there is a risk that an LTI holder will be taxed without receiving cash from the Trust.

Trust Beneficiaries have no direct or indirect authority with respect to the administration of the Trust.

Subject to the Plan, the Global Settlement Agreement and the provisions of the Trust Agreement, including the oversight and approval rights that are set forth in the Trust Agreement with respect to the TAB, the Litigation Subcommittee and the Court, the Liquidating Trustee has primary control over the day-to-day administration of the Trust, and the Trust Beneficiaries have no direct or indirect authority with respect to such administration.

Undeliverable distributions will result in the cancellation of a holder's entitlement to a distribution.

A distribution may be undeliverable to a holder of an Allowed Claim where (i) such holder does not negotiate a check received by such holder on account of an Allowed Claim and the check is cancelled, or (ii) such holder does not provide documentation required under the Plan, including releases and relevant tax forms. Such undeliverable distributions will result in the cancellation of such holder's entitlement to a distribution.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our office is located at 1201 Third Avenue, Suite 3000, Seattle, Washington 98101. We occupy approximately 7,300 square feet pursuant to a sublease that expires in December 2014.

Item 3. Legal Proceedings.

(a) *Material Pending Legal Proceedings*

The material pending legal proceedings to which the Trust is currently a party, or in relation to which any Liquidating Trust Assets are subject, are summarized below.

Recovery Claims

The Plan required that the Trust set aside \$20.0 million (the "Litigation Funding") to potentially pursue recoveries from pending and future investigations, litigations (other than tax-related litigation) and to defend certain claims. In connection with a distribution to LTI holders in November 2013, the Trust's Litigation Subcommittee authorized a release of \$12 million from the Litigation Funding to partially fund such distribution. In accordance with the terms of the Trust Agreement, as recently amended, the Litigation Subcommittee may require, subject to applicable conditions, that the Trust replenish the Litigation Funding by up to \$12 million, on an-as needed basis, from unrestricted funds currently held by the Trust, or as funds become available in the future.

The status of each of the current Recovery Claims, as of March 31, 2014, is described below:

D&O Claims and the Insurance Coverage Action

In April 2009, following a preliminary investigation, the Official Committee of Unsecured Creditors of Washington Mutual, Inc., et al. (the "Committee"), in its capacity as authorized representative of WMI's chapter 11 bankruptcy estate, sent a letter to WMI and certain of its former directors and officers (the "D&Os") providing them "Notice of Circumstances Resulting in Potential Claims" in connection with, among other things, a \$500.0 million transfer from WMI to WMB that took place on September 10, 2008 (the "September Downstream"). After further investigation, the Committee and WMI sent a demand letter dated October 13, 2011 to several of the D&Os, asserting a claim (the "Asserted Claim") and indicating their intent to pursue litigation against the D&Os in the absence of a negotiated resolution of the D&Os' liability in connection with the September Downstream. The Asserted Claim has not been resolved.

On October 8, 2012, the Trust filed a complaint in the Delaware Superior Court for New Castle County against 11 insurance carriers (the "Carriers") that issued director and officer insurance policies purchased by WMI before it filed for bankruptcy (the "D&O Policies"). The complaint initiated the lawsuit captioned *WMI Liquidating Trust v. XL Specialty Insurance Co., et al.*, C.A. No. N12C-10-087 MMJ CCLD (the "Insurance Coverage Action"). In the complaint, the Trust alleges, among other things, that the Carriers breached their obligations under the D&O Policies because they denied coverage and are refusing to pay defense costs for a claim (the "Asserted Claim") based on a \$500.0 million transfer from WMI to WMB that took place on September 10, 2008. In particular, the Trust seeks (i) damages for breach of the D&O Policies, (ii) damages for breach of the Carriers' duties of good faith and fair dealing, (iii) declaratory judgment as to the Carriers' obligations under the D&O Policies, and (iv) other relief specified in the complaint. The Carriers filed a motion to dismiss the Insurance Coverage Action, which was denied by the Superior Court. Thereafter, the Carriers sought and obtained leave for interlocutory appeal of the denial of their motion to dismiss. The Supreme Court of Delaware, sitting *en banc*, heard oral argument on such appeal on March 5, 2014. Otherwise, no trial date has been set in the Insurance Coverage Action.

Goldman Investigation

In December 2012, the Trust filed a motion before the Court seeking discovery of documents and a deposition from Goldman Sachs. The motion sought information from Goldman Sachs related to its trading and lending activity with respect to WMI securities in the period prior to WMI's bankruptcy. The motion indicated that such documents may be relevant to potential claims against Goldman Sachs for breach of contract and other causes of action. During the course of the Trust's investigation, Goldman Sachs and the Trust agreed to postpone judicial resolution of the Trust's motion, subject to Goldman Sachs agreeing to voluntarily produce material by Goldman Sachs that would eliminate the need for a ruling on the motion. Goldman Sachs produced certain materials voluntarily and such materials were reviewed by counsel to the Trust and by consultants retained by the Trust with expertise in the type of securities transactions involved. During the course of such review, the Trust's advisors identified potential claims against a separate third party and investigated those claims as well. At this time, having reviewed the records and materials produced in connection with the

foregoing (and mindful of the legal requirements applicable to the actual assertion of a claim (including Rule 11 of the Federal Rules of Civil Procedure)), the Litigation Subcommittee has determined to terminate its investigation of these claims because the evidence and information reviewed does not support pursuit of such claims. In connection with the foregoing, the above-referenced motion filed with the Court was withdrawn in late 2013.

Other Investigations

The Litigation Subcommittee, through its professionals, also investigated potential claims against both pre- and post-petition advisors, including investment banking advisors, law firms, WMI's former public accounting firm and claims against certain financial institutions. Claims investigated by the Litigation Subcommittee have encompassed breach of contract claims; breach of fiduciary duty claims; professional malpractice claims; and business tort claims, including potential antitrust claims. In connection with these investigations, the Litigation Subcommittee assessed not only the claims themselves, but also potential defenses that could be interposed by potential defendants; likelihood of success on the merits; and the cost and expenses of litigating such claims (particularly in light of the Trust's limited resources). Having taken all of these issues into account, at this time the Litigation Subcommittee has determined not to assert claims against various third parties, other than those which are currently pending and being litigated.

Disputed Claims

As of December 31, 2013, the Trust held \$174.6 million of net assets on behalf of disputed claim holders in the Disputed Claims Reserve, a decrease from \$183.0 million held at December 31, 2012. The Disputed Claims Reserve also has an LTI with an outstanding balance as of December 31, 2013 of \$7.3 million, a decrease from \$8.9 million at December 31, 2012. Any release of net assets or the cancellation of an LTI balance from the Disputed Claims Reserve would increase the net asset value per LTI that is available for the holders of Allowed Claims. The following discussion relates to the status of current legal proceedings related to material disputed claims.

Director and Officer Claims Estimation

On or before March 31, 2009, several of WMI's former directors and officers (the "D&O Claimants") filed proofs of claim in the Debtors' chapter 11 case asserting, among other claims, unliquidated claims for indemnification and advancement of defense and other litigation costs and damages (the "D&O Claims"). On November 17, 2010, WMI filed a motion seeking to estimate the D&O Claims at \$0 (the "Estimation Motion").

On September 17, 2012, the Court entered its Order Approving Stipulation Resolving, Among Other Things, Estimation Motion with Respect to Certain Disputed Director and Officer Non-Subordinated Indemnification Claims, which approves a stipulation (the "Reserve Stipulation") that resolves the Estimation Motion. Among other things, the Reserve Stipulation provides that the Trust must reserve an amount equal to the pro rata share of distributions that would be made to the D&O Claimants if the non-subordinated D&O Claims were Allowed Claims (in Class 12 of the Plan) in the aggregate amount of \$23,404,139 (the "Aggregate D&O Reserve Amount"), which amount is to be used for distributions on account of D&O Claims that are allowed and are not subordinated. The reserve for claims up to \$18,239,734 (the "Potential Defense Fees and Costs Amount") can be released if (i) \$19.0 million of insurance coverage is available under the D&O Policies for the Asserted Claim, (ii) the Carriers have been ordered to advance defense costs, (iii) no retention under the D&O Policies applies, and (iv) the Carriers have no right of subrogation with respect to the D&O Policies. In the Reserve Stipulation, the Trust covenants not to sue certain of its former directors and officers except on certain claims (the "Reserved Rights") set forth in the Reserve Stipulation (which include the Asserted Claim) and the parties to the stipulation agree that the statutes of limitation to bring an action asserting the Reserved Rights or object to the D&O Claims are tolled through and including October 31, 2013. The difference between the Aggregate D&O Plan Reserve amount and the Potential Defense Fees and Costs Amount will be reallocated in accordance with, and at the time specified in, the Reserve Stipulation.

The Trust has not filed a complaint against the D&O Claimants based on the Asserted Claim or any of the Reserved Rights, but continues to contemplate such an action.

Employee Claims Litigation

Certain former employees of WMI and WMB have filed proofs of claim in the Debtors' chapter 11 cases asserting claims (the "Employee Claims") for payments pursuant to various employment contracts and employee benefit plans, including, without

limitation, claims for “change in control” benefits and other severance benefits as a result of the termination of the employees’ employment following the seizure of WMB’s assets and the sale of substantially all of such assets to JPMC. Between June 2009 and September 2012, in connection with the Debtors’ reconciliation of asserted claims, the Debtors and the Trust filed omnibus objections that objected to these Employee Claims on the bases that, among other things: (i) no “change in control,” as defined in the respective contracts, occurred; and (ii) in some instances, WMI was not a party to the contracts or benefit plans giving rise to the claims, and, therefore, WMI has no liability with respect thereto. A significant number of employee-claimants filed responses to such omnibus objections, and the Trust continues to litigate with 86 claimants who have asserted Employee Claims (collectively, the “Remaining Claimants”). Over time, several of the Remaining Claimants have filed motions to amend their proofs of claim to either assert alternative theories of recovery or to seek additional amounts and the Court has granted or denied such motions from time to time. In February 2013, the Trust filed a motion to amend its omnibus objections to set forth additional grounds to disallow the employee claims pursuant to certain regulations promulgated under the Federal Deposit Insurance Act and Home Owners’ Act of 1933. Following a hearing in August, 2013, the Court denied the Trust’s motion, but the Court further ordered the Trust to file a “declaratory judgment action (naming the FDIC, FRB, and all claimants in the underlying Employee Claims litigation in the Court seeking a determination as to whether the Trust is precluded by certain federal regulations, including the “golden parachute” regulations, from paying any of the claimants if their claims are allowed” (the “Bankruptcy Court Order”)).

As of December 31, 2013, the Trust held \$125 million in reserve on account of the Employee Claims, with the aggregate “as-filed” amount of those claims totaling approximately \$135 million as of the same date. Since the Effective Date, the Court has allowed certain claimants to either amend their claims or refile expunged claims after the Effective Date. Per the confirmation order, the Trust is not required to reserve funds in the Disputed Claims Reserve for claims amended after the Confirmation Date. As of December 31, 2013, claimants have amended or reinstated claims which could require the Trust to gross-up reserves held on account of such claims in the amount of approximately \$16.9 million. The foregoing notwithstanding, approximately \$10.3 million of that amount is excluded from any such gross-up as a result of the settlement with the Providian Claimants described below. Since December 31, 2013, the Court has entered orders requiring the Trust to reserve for approximately \$5.3 million of these amended and reinstated claims.

As previously disclosed, the Trust entered into settlements in principle with 56 of the Remaining Claimants representing over \$90 million of disputed claims. Since then, the FDIC Reserve System (“FRB”) directed the Trust to submit a letter request seeking a determination as to the applicability of the so-called “golden parachute” regulations with respect to certain benefits for which these claimants are seeking payment. As a result of the FDIC’s and FRB’s directive, only 32 claimants (representing approximately \$19 million in claims) entered into stipulations with the Trust and agreed to participate in the interagency approval process. In response to the Trust’s letter request on behalf of the 32 claimants, by letter, dated July 16, 2013, the FDIC notified the Trust that payments on account of such settlements (other than one *de minimis* settlement) are subject to such “golden parachute” regulations and can be paid to claimants only if and when the FDIC and FRB approve payment following a duly submitted application. The Trust filed such application on August 14, 2013. On the same day, the Trust also filed a second letter request with the FDIC requesting a determination as to whether such “golden parachute” regulations are applicable with respect to payments that would be payable to non-settling claimants (or claimants with settlements in principle who declined to finalize and execute stipulations with the Trust) if such claimants prevail on their claims before the Court. Both of the Trust’s interagency application and the August 14, 2013 letter request remain pending. As of December 31, 2013, of the 32 claimants who entered into stipulations with the Trust and agreed to participate in the interagency approval process, upon notification by the FDIC, one has been paid due to the *de minimis* amount of such settlement; one has withdrawn; and one claimant recently requested that the Trust amend such application to include payment on account of his settlement. As a result, as of the date of this report, there are now 31 Remaining Claimants with settlements that are pending review by the FDIC and FRB.

In accordance with the Bankruptcy Court Order, on September 20, 2013, the Trust filed a complaint in the United States District Court for the Western District of Washington (the “Washington District Court”) seeking such declaratory relief. On November 5, 2013, the Trust filed an Amended Complaint (the “Amended Complaint”). Pursuant to an order of the Washington District Court, responses to the Amended Complaint were due on or before January 21, 2014 and several defendants filed motions to dismiss and/or to transfer venue of the proceeding. The Trust filed its responses to such motions on March 6, 2014. While no hearing has been scheduled to consider such motions, the Trust anticipates that such motion practice and resolving the merits of the litigation could be protracted. The Trust is currently unable to predict how long resolution of the litigation in the Washington District Court and any appeals will take.

Based on the foregoing, the Trust believes that the status of some or all of the settlements described above may change. As a result, there can be no assurances that one or more of these settlements will actually be consummated and value distributed on account thereof.

On a related note, during the hearing on August 22, 2013, the Court also ordered the parties to continue to work on a scheduling order covering the litigation of the Employee Claims held by non-settling parties. As part of the scheduling order, the Court also ordered a resumption of discovery related to the Employee Claims, notwithstanding the Trust's argument that such discovery should continue to be stayed until such time as the aforementioned declaratory judgment and interagency application process are resolved. To date, the Trust has responded to 23 sets of requests for production of documents and 14 sets of interrogatories and has produced more than 65,000 documents. The Court has set a trial date on change-in-control issues for early September 2014.

In a motion filed with the Court in August 2013, (the "502(b)(7)") the Trust sought to cap the maximum allowable amount payable on account of certain of the "change in control" claims in accordance with limitations imposed by Section 502(b)(7) of the Bankruptcy Code (the "502(b)(7) Cap") and to release reserves held in excess of such amounts, which the Trust estimates to be in the range of between \$40 million and \$67 million. At the hearing held to consider the Motion to Estimate, the Court did not explicitly rule on the 502(b)(7) Motion, instead stating on the record the Court's belief that a motion seeking partial summary judgment, presumably based on grounds substantially similar to those set forth in the 502(b)(7) Motion, was a more appropriate method by which to address issues associated with the 502(b)(7) Cap. In accordance with such directive, the Trust filed motions for partial summary judgment on October 31, 2013 [D.I. 11424 and D.I. 11429]. Thereafter, the Court permitted limited discovery to be taken in connection with the motions for partial summary judgment. On January 31, 2014, claimants filed oppositions and evidentiary objections to the Trust's motion for summary judgment, and the Trust filed responses to these oppositions and evidentiary objections on February 21, 2014. A hearing to consider the motion and the relief requested therein is scheduled to be held on April 23, 2014.

On March 10, 2014, the Trust entered into a settlement agreement (the "Providian Settlement Agreement") with 15 employee claimants (the "Providian Claimants"), who, pursuant to their proofs of claim and related documentation and agreements, maintain historical claims relating to the period prior to the seizure of WMB's assets (the "Pre-Seizure Component"), as well as claims arising from or relating to the seizure of WMB's assets (the "Post-Seizure Component"). Pursuant to the Providian Settlement Agreement, among other things, the Trust has agreed to resolve the Pre-Seizure Component and the Providian Claimants have agreed to waive any and all recoveries relating to the Post-Seizure Component. The Providian Claimants filed claims totaling \$27.7 million plus unliquidated damages for legal fees. The DCR holds approximately \$18.2 million for these claimants and the settlement agreement provides that the Trust will pay the Providian Claimants \$12.5 million. On March 27, 2014, the Court entered an order approving the Providian Settlement Agreement and the matters covered thereby.

Avoidance Actions

Additionally, the Trust is the plaintiff in 15 filed adversary proceedings against a total of 23 former employees (after giving effect to the Providian Settlement Agreement). These actions seek to avoid payments made and/or obligations incurred to those defendants, on the grounds that the payments and/or the obligations may be avoided and/or reduced in amount as fraudulent conveyances and/or preferences under the Bankruptcy Code and applicable state laws. Most of the defendants are also Remaining Claimants against the Trust in the Employee Claims Litigation described above. Additionally, the Trust has entered into tolling agreements with numerous other potential defendants regarding payments made and/or obligations incurred. The filed avoidance actions are subject to a scheduling order, dated November 12, 2012, as amended by the agreed amended order, dated January 7, 2013, which provides for discovery on a track parallel to that of the Employee Claims Litigation described above, and a joint order, dated September 25, 2013, further amending the prior scheduling orders (the "September 25, 2013 Order"), which set a trial date on the change-in-control issues raised in the Trust's omnibus objections for early September 2014 but left undetermined the date of a trial on the avoidance actions. In connection with the September 25, 2013 Order, the Court ordered the resumption of discovery related to the Employee Claims, including the avoidance actions, notwithstanding the Trust's argument that such discovery should continue to be stayed until the resolution of the declaratory judgment and interagency application process related to the application of the "golden parachute" regulations.

Mortgage Pass-Through Litigation

On August 4, 2008, New Orleans Employees' Retirement System and MARTA/ATU Local 732 Employees Retirement Plan (together, the "Mortgage Pass-Through Claimants"), on their own behalf and on behalf of a class of persons and entities (the purported "Pass-Through Class") who purchased certain mortgage-backed certificates issued by twenty-six Washington Mutual Mortgage Pass-Through Trusts (the "Pass-Through Trusts") pursuant to a registration statement filed by WaMu Asset Acceptance Corp. ("WMAAC"), a wholly-owned subsidiary of WMB, with the SEC on December 20, 2005, as supplemented on January 3, 2006, commenced that certain action styled as New Orleans Employees' Retirement System, et al. v. Federal Deposit Insurance Corporation, et al., No. C09-134RSM (W.D. Wash.) in Washington state court against WMI, WMAAC, the Pass-Through Trusts, and certain individual defendants alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act, 15 U.S.C. § 77a, et seq. (the "Mortgage Pass-Through Litigation").

On January 12, 2009, Boilermakers National Annuity Trust Fund (“Boilermakers”) filed a complaint in the W.D. Washington District Court captioned *Boilermakers National Annuity Trust Fund v. WaMu Mortgage Pass-Through Certificates, et al.*, Case No. 09-0037 (the “Boilermakers Complaint”). Like the original complaint filed by the Mortgage Pass-Through Claimants, the Boilermakers’ Complaint asserted claims under the Securities Act in connection with certain certificates. On February 19, 2009, the defendants moved to consolidate their lawsuit with the Mortgage Pass-Through Litigation, and on August 14, 2009, the W.D. Washington District Court ordered consolidation of three (3) related cases – the Boilermakers’ action, the original Mortgage Pass-Through Claimants’ action, and a third related action (as consolidated, the “Boilermakers Consolidated Action”).

On March 30, 2009, the Mortgage Pass-Through Claimants filed a proof of claim against WMI in WMI’s chapter 11 case in the amount of \$39.8 billion. The court appointed The Policemen’s Annuity and Benefit Fund for the City of Chicago (the “Chicago PABF”) as Lead Plaintiff for the Boilermakers Consolidated Action on October 23, 2009, and on January 18, 2010, the Chicago PABF filed an amended proof of claim against WMI, reflecting the then-current claims based upon the causes of action alleged in the Boilermakers Consolidated Complaint. The amended proof of claim superseded the March 30, 2009 proof of claim. The Debtors objected to the amended proof of claim on various grounds including that the state law claims were preempted, that the claimants failed to establish loss causation, that WMI was not a controlling person to any entities that committed securities violations, that there were no underlying securities law violations, that the federal claims were barred by the statute of limitations, and that because WMI was removed as a defendant in the Mortgage Pass-Through Litigation, which litigation gives rise to the proof of claim, the Debtors should not have any liability with respect to the allegations contained in the lawsuit.

Pursuant to that certain Stipulation Resolving Debtors’ Amended Thirty-Second Omnibus (Substantive) Objection With Respect to Claim Nos. 3812 and 2689 [D.I. 6068], dated November 23, 2010, by and among the Debtors, MARTA/ATU Local 732 Employees Retirement Plan, individually, and Chicago PABF and Doral Bank, as lead plaintiffs on behalf of the putative class in the Boilermakers Consolidated Action (the “Stipulation”), the parties thereto agreed that certain claims filed by and on behalf of the plaintiffs would be withdrawn, without prejudice to the re-filing of such claims in the event that a plan was filed that would provide recovery to holders of Allowed Subordinated Claims (as defined in the Plan). Certain of the plaintiffs argued that they were permitted to re-file their claims because the Plan provides for a conditional distribution to holders of Allowed Subordinated Claims. In the plaintiffs’ objection to the Disclosure Statement, filed January 4, 2012, the plaintiffs asserted that they are entitled to re-file their claims as General Unsecured Claims rather than as Subordinated Claims. On January 10, 2012 Chicago PABF, Doral Bank, and Boilermakers asserted a new proof of claim, asserted in the amount of “at least \$273 million,” on behalf of the class in the Boilermakers Consolidated Action. The Trust disputed the new proof of claim and was required to reserve \$435.0 million with respect to the estimated claim until resolved. On May 16, 2012, the Court, citing the Stipulation, found that the plaintiffs’ new proofs of claim had been filed prematurely, and stated that the claimants would be allowed to re-file their proof of claim only if and when recoveries are available to Subordinated Claim holders (Class 18). Additionally, the Court denied the plaintiffs’ motion to classify such claim as a general unsecured claim, and allowed the Trust to release \$406.0 million of the \$435.0 million which was reserved in connection therewith.

AT&T Claim Litigation

On May 13, 2009, the Court entered an order approving WMI’s rejection of that certain Master Services Agreement (including each of its sixty-four amendments) (the “Master Services Agreement”), dated August 23, 2002, between WMI and AT&T Corp. (“AT&T”). Based on such rejection, on or about June 12, 2009, AT&T filed a proof of claim, claim number 3725, on behalf of itself and its affiliates claiming rejection damages in the amount of approximately \$9.0 million. WMI objected to the proof of claim on May 10, 2010, arguing, among other things, that the damages sustained by AT&T were mitigated because AT&T entered into an agreement with JPMC which effectively transferred the services previously provided to WMI under the Master Services Agreement to JPMC. On August 11, 2010, AT&T filed a response to WMI’s objection, arguing, among other things, that the rejection damages claim asserted in the proof of claim is the product of a liquidated damages clause in the Master Services Agreement. AT&T argued that given the existence of the liquidated damages clause, mitigation is inapplicable to its claim. The parties are engaged in discovery with respect to the issues raised by the objection and the response, and the dispute on this matter is ongoing.

(b) *Material Legal Proceedings Terminated during 2013*

The material legal proceedings that were terminated during 2013 and in relation to which the Trust was a party, or to which any Liquidating Trust Assets were subject, are summarized below.

Resolved Claims

A total of \$9.7 million was released from the DCR during 2013 with respect to certain disputed claims against the Debtors that were allowed or disallowed, which amount was offset by \$1.1 million that was retained by the DCR as a further reduction of the LTI balance held on behalf of holders of disputed claims. Releases from the DCR during this period were attributable primarily to the resolution of certain employee claims.

A total of \$592.0 million was released from the DCR during 2012 with respect to certain disputed claims against the Debtors that were allowed or disallowed, which amount was offset by \$48.9 million that was retained by the DCR as a further reduction of the LTI balance held on behalf of holders of disputed claims. Specifically, \$9.9 million was released from the DCR during 2012 with respect to the allowance of certain disputed claims against the Debtors, \$557.1 million was released from the DCR during 2012 with respect to the disallowance of certain disputed claims against the Debtors, and \$25.0 million was released from the DCR during 2012 to the holders of certain Allowed Claims following the receipt from such Allowed Claim holders of the tax forms that were required to be delivered by such holders pursuant to the Plan before a distribution could be made. Of the \$557.1 million that was released from the DCR with respect to the disallowance of certain disputed claims, \$406.0 million was released based on a favorable decision by the Court allowing the release of funds held with respect to the Mortgage Pass-Through Litigation, \$129.9 million was released for the disallowance of certain employee claims, and \$21.6 million was released for claims settled via the Global Settlement Agreement and the reduction of indemnification claims. The amounts released are offset by the amounts retained by the DCR for the benefit of disputed claimants.

Underwriters' Claim

On March 28, 2013, the Trust entered into a stipulation (the "Underwriter Stipulation") with certain underwriters (including Morgan Stanley, Credit Suisse, and Goldman Sachs, and collectively referred to herein as the "Underwriters") who had filed indemnification claims totaling \$96.0 million against the Debtors for legal fees and settlement costs incurred in defending securities fraud action claims brought against the Underwriters in connection with their role underwriting various security issuances by the Debtors. During the course of the Debtors' chapter 11 cases, the Debtors objected to the indemnification claims and the claims were subordinated to Class 18 and Class 19 (as defined in the Plan). Pursuant to the terms of the Underwriter Stipulation, the parties have agreed that (a) the Underwriters' \$24.0 million Class 18 claim will be disallowed in full, and (b) the Underwriters' \$72.0 million Class 19 will be allowed in full. Accordingly, pursuant to the Plan, the Underwriters, as the holders of Allowed Claims in Class 19, received a distribution of approximately 1.4 million shares of common stock of Reorganized WMI from the Disputed Equity Escrow on May 1, 2013, such amount having been calculated in accordance with the Plan. The Underwriters have also reserved any rights they may have to defend against claims brought against them by the Trust and have released the Trust from any possible affirmative claims.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities.

Market Information

There is no public market for the Liquidating Trust Interests and the Liquidating Trust Interests are non-certificated and non-transferable other than by will, intestate succession or operation of law. The LTIs are not listed by the Trust on any exchange or quoted on any quotation system, and neither the Trust nor the Liquidating Trustee will take any action to encourage or otherwise facilitate any trading in the LTIs or any instrument or interest tied to the value of the LTIs.

Trust Beneficiaries

The number of LTIs outstanding by class is as follows:

| Class | 12/31/2013 | 12/31/2012 |
|---|------------|------------|
| CCB Guarantee Claims (Classes 14 and 15) | 0 | 14 |
| General Unsecured Claims (Class 12) | 350 | 1,483 |
| PIERS Claims (Class 16) | 1,085 | 1,158 |
| Senior Notes – Remaining Post-Petition Interest Claim (Class 2) | 305 | 308 |
| Total | 1,740 | 2,963 |

If and when distributions from the Trust become available to Trust Beneficiaries who have not received LTIs to date, additional LTIs will be issued to effectuate future distributions. A Trust Beneficiary who is never issued a LTI will not receive a distribution from the Trust.

Dividends

Distributions

The Trust does not pay dividends on LTIs and did not pay any dividends during 2013. The foregoing notwithstanding, the Trust did make cash distributions as described in Item 1 of this report.

Equity Compensation Plan Information

The Trust does not pay dividends on LTIs and has no equity compensation plans.

Item 6. Selected Financial Data.

The following selected financial data of the Trust is qualified by reference to, and should be read in conjunction with, the financial statements, related notes thereto, other financial data and Management's Discussion and Analysis of Financial Condition and Results of Operations, each of which are included elsewhere in this Form 10-K. The results for 2013 are not fully comparable to the reporting period for fiscal year 2012 because the Trust began operation as a liquidating trust as of the Effective Date and, accordingly, fiscal year 2012 was not a full 12-month period.

| (in millions) | December 31, 2013 | December 31, 2012 |
|---|-------------------|-------------------|
| Total Assets | \$419.7 | \$505.1 |
| Estimated costs to be incurred during liquidation (not including expenses to pursue litigation) | \$28.8 | \$30.1 |
| Net assets held in reserve for disputed claims | \$174.6 | \$183.0 |
| Net assets available to Liquidating Trust Interests | \$205.1 | \$242.6 |

| | For year ended 12/31/2013 | Effective Date to 12/31/2012 |
|---|------------------------------|---------------------------------|
| Income | \$30.0 | \$67.5 |
| Expenses | \$28.6 | \$24.0 |
| Distributions to holders of Allowed Claims and LTIs | \$48.6 | \$605.6 |

| LTI Information as of December 31, 2013 (including LTIs for disputed claims) | Outstanding LTI Balance (in millions) | Est. net asset value per outstanding LTI dollar |
|---|---|---|
| CCB Guarantees Claims (Classes 14 and 15) | \$0.00 | \$0.00 |
| General Unsecured Claims (Class 12) | \$10.6 | \$0.69 |
| PIERS Claims (Class 16) | \$239.0 | \$0.71 |
| Senior Notes – Remaining Post-Petition Interest Claim (Class 2) | \$46.9 | \$0.61 |
| TOTAL | \$296.5 | |

| LTI Information as of December 31, 2012 (including LTIs for disputed claims) | Outstanding LTI Balance (in millions) | Est. net asset value per outstanding LTI dollar |
|---|---|---|
| CCB Guarantees Claims (Classes 14 and 15) | \$42.9 | \$1.00 |
| General Unsecured Claims (Class 12) | \$12.0 | \$0.72 |
| PIERS Claims (Class 16) | \$237.5 | \$0.69 |
| Senior Notes – Remaining Post-Petition Interest Claim (Class 2) | \$46.0 | \$0.60 |
| TOTAL | \$338.4 | |

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our financial statements and notes appearing elsewhere in this Form 10-K. Such financial statements and information have been prepared to reflect our net assets on a liquidation basis.

Overview

The Trust was formed on March 6, 2012 when, pursuant to the Plan, the Debtors entered into the Trust Agreement with the Liquidating Trustee and the Resident Trustee. The Trust is responsible for liquidating, converting to cash and distributing the Liquidating Trust Assets to the Trust Beneficiaries in accordance with the Plan and the Trust Agreement as further described below. As discussed, the Trust had no assets and otherwise did not commence operation until the Effective Date.

On March 23, 2012, the Debtors made an initial distribution to the Debtors’ creditors pursuant to the Plan (the “Initial Distribution”).

On or shortly after the Effective Date, the Liquidating Trust Assets were transferred to the Trust pursuant to the Plan for the benefit of those stakeholders who were not paid in full pursuant to the Initial Distribution or whose claims remained disputed or otherwise unresolved. Such stakeholders are the Trust Beneficiaries.

Trust Beneficiaries who held unpaid claims as of the Effective Date and who were projected to receive recoveries under the Plan as of such date received LTIs with respect to their unpaid Allowed Claims entitling them to future distributions from or by the Trust in accordance with the Plan. If and when distributions from the Trust become available to Trust Beneficiaries who have not received LTIs to date, additional LTIs will be issued to effectuate future distributions.

In addition, the Liquidating Trustee administers the Disputed Claims Reserve. Holders of claims that have not been allowed did not receive cash or LTIs as part of the Initial Distribution, and such assets were transferred to the DCR pending resolution of claims. Since the Effective Date, the DCR balances have changed due to the disallowance and allowance of disputed claims as well as payment on behalf of LTIs held by the DCR.

Liquidation Basis of Accounting

The liquidation basis of accounting was adopted by the Trust for all periods subsequent to the Effective Date, and will continue as the basis of accounting for the Trust until its termination. Under the liquidation basis of accounting, assets are reported at the estimated net realizable values and liabilities, including the estimated costs to be incurred during liquidation, which costs are stated at their estimated settlement amounts. The Trust is reporting the fair market values used for tax purposes, which were based on estimates made by an independent valuation firm for select assets. Given the structure of the Trust and the time allowed for an orderly liquidation, the Trust believes the fair market value used for tax purposes fairly reflect the net realizable values.

The precise nature, amount and timing of any future distribution to the holders of LTIs will depend on, and could be delayed by, among other things, claim settlements with holders of disputed claims, final settlements regarding tax refunds and litigation, proceeds from pursuing Recovery Claims, and unexpected or greater than expected expenses incurred to administer the Trust. Claims, liabilities and future expenses for operations, although currently declining in the aggregate, will continue to be incurred until the dissolution of the Trust. These costs will reduce the amount of net assets available for ultimate distribution to the holders of Liquidating Trust Interests.

The financial data reflected in the financial statements and notes appearing elsewhere in this Form 10-K were not audited or reviewed by an independent registered public accounting firm and are subject to future adjustment and reconciliation.

Critical Accounting Policies

Although the financial data reflected in the financial statements and notes appearing elsewhere in this Form 10-K were not audited or reviewed by an independent registered public accounting firm, such financial statements and notes were prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and applicable sections of Regulation S-X. The preparation of the financial statements has required the Trust to use estimates and assumptions that affect reported amounts of assets and liabilities. Due to the inherently uncertain nature of estimates and the underlying assumptions, the actual cash to be received by the Trust from the liquidation of the Liquidating Trust Assets may vary from those estimates, perhaps in materially adverse ways, and those estimates could vary under different assumptions or conditions. Ongoing adjustments and reconciliations will be reflected in future Quarterly Summary Reports filed with the Court and with the SEC under cover of Form 8-K until its termination.

We believe the following to be among the most critical judgment areas in the application of our accounting policies:

Liquidation Basis of Accounting

As noted above, the liquidation basis of accounting was adopted by the Trust in executing the Plan for all periods subsequent to the Effective Date and will continue as the basis of accounting for the Trust.

Use of Estimates

The preparation of financial statements in accordance with GAAP and under the liquidation basis of accounting requires us to make estimates and judgments that affect the reported values of assets (including net assets in liquidation), liabilities and expenses. For purposes of this report, management has used the fair market values assigned to the assets for tax reporting purposes, which we believe represent their estimated net realizable values. Valuation of assets requires management to make difficult estimates and judgments. Management engaged an independent valuation firm to assist in its estimates for select assets. Due to the inherently uncertain nature of estimates and the underlying assumptions, the actual cash to be received by the Trust from the liquidation of the Liquidating Trust Assets may vary from those estimates, perhaps in materially adverse ways, and those estimates could be different under different assumptions or conditions. Any increases in the amount of expenses incurred or decreases in the estimated realizable value of the Liquidating Trust Assets will reduce the amount that is ultimately distributed to the holders of Liquidating Trust Interests.

Principles of Consolidation

The Trust currently has five (5) subsidiaries, all of which have ceased operations and are in the process of being liquidated pursuant to a plan of liquidation that was adopted on October 5, 2012 (the “Subsidiary Plan of Liquidation”). The aggregate value of the subsidiaries’ assets as of December 31, 2013 is \$187,000 and as of December 31, 2012 was \$209,000, which amounts are comprised of cash and cash equivalents in both periods. Pursuant to the Subsidiary Plan of Liquidation, the subsidiaries will distribute their remaining assets to the Trust when their liquidation is finalized.

The accompanying consolidated financial statements include the accounts of the Trust and all of its subsidiaries. All material intercompany transactions and account balances have been eliminated in consolidation.

Global Settlement Agreement Receivable

The \$96.0 million receivable that is reflected in the Trust’s Consolidated Statement of Net Assets in Liquidation as of December 31, 2013 and 2012, represents the Trust’s estimate of its portion of the net tax refunds to be received in accordance with the Global Settlement Agreement upon the resolution of certain claims, audits and litigation. The Trust estimates its portion of the net tax refunds ranges from \$40.0 to \$120.0 million. Management used the services of an independent valuation firm to assist in its estimate for the fair market value of \$96.0 million for the receivable as at December 31, 2013 and 2012. Using information known or available as of December 31, 2013, an independent valuation firm evaluated the probability of success in relation to pending disputes over tax refunds. Such evaluation included an assessment of the time frame during which the Trust, if it prevails in such disputes, could receive such tax refunds. Such evaluation speaks as of December 31, 2013 only and subsequent events may result in a different conclusion regarding the value of the receivable.

Runoff Notes

The Runoff Notes, issued by Reorganized WMI, are reported at their current face value, which includes capitalized interest and accrued interest. The Trust used the services of an independent valuation firm to assist in its estimate of the fair market value of the Runoff Notes. Based on an analysis by such independent valuation firm, the outstanding face amount of the Runoff Notes is reflected on the Consolidated Trust's Statement of Net Assets (including but not limited to the amount held in reserve pending resolution of disputed claims). The Trust believes that this amount constitutes a fair representation of their fair market values as of December 31, 2013 and 2012, respectively.

Estimated Costs to be Incurred during Liquidation / Cash Held in Reserve for Litigation Costs

When preparing its financial statements, the Trust assessed the estimated costs and expenses associated with the Trust's activities including, but not limited to:

- defending disputed claims, on account of which the Trust holds \$174.6 million of net assets in reserve at December 31, 2013;
- pursuing the tax refunds and litigation underlying the Trust's portion of the net tax refunds to be received in accordance with the Global Settlement Agreement, which receivable has an estimated value of \$96.0 million;
- distributing Runoff Notes, which had a face amount as of December 31, 2013, of \$105.9 million, including interest;
- making future distributions during the life of the Trust on a quarterly basis or more frequently as required;
- the oversight of the Trust's activities, including expenses associated with the Liquidating Trustee, the Resident Trustee, the U.S. Trustee, the TAB, and the Trust's employees and advisers;
- building and maintaining the infrastructure that is required by the Trust for future distributions and the preparation of tax information; and
- accounting, financial and regulatory reporting, including the preparation of the reports that the Trust files with the SEC and the Court, and internal reporting to the TAB.

Annually, the Trust prepares a budget for the remaining life of the Trust based on an assessment of the Trust's activities. The Trust recorded a liability of \$28.8 million as of December 31, 2013. The liability recorded as of December 31, 2012 was \$30.1 million. It is possible, if not probable, that the Trust may have to exercise its option to extend the life of the Trust. Management currently estimates that the cost of operations during the extended period could be as much as \$10.0 million.

At the Effective Date, the Trust established a reserve of \$20 million to pursue Recovery Claims. The Trust does not record a liability for future expenses related to such litigation, as this is not a cost incurred as a part of the liquidation. The Trust incurred approximately \$1.0 million and \$2.1 million in expenses to pursue Recovery Claims in 2013 and 2012, respectively. As of December 31, 2012, there was \$17.9 million available to pursue Recovery Claims. The Litigation Subcommittee of the Trust Advisory Board authorized a release of \$12 million from the Litigation Reserve in November 2013. The Trust Agreement was amended in January 2014 to allow the Litigation Subcommittee to require, subject to application requirements, that the Trust replenish the Litigation Reserve, by up to the \$12 million, on an as needed basis, from funds held by the Trust now, or as funds become available in the future. As of December 31, 2013, \$4.9 million remains set aside to pursue Recovery Claims.

Cash Held for Holders of Allowed Claims

As of December 31, 2013, the Trust reflected a liability of \$4.3 million of cash held for holders of certain Allowed Claims against the Debtors, of which \$3.2 million was paid on February 1, 2014. The remaining balance is cash held for certain non-adjudicated claims pending potential litigation.

As of December 31, 2012, the Trust reflected a liability of \$45.0 million of cash held for holders of certain Allowed Claims against the Debtors, of which \$6.0 million was paid on February 1, 2013. The Trust recorded the liability at the full amount of the cash that would have been paid to the claimants when certain requirements were met, primarily the receipt of releases as required by the Plan. The deadline for the holder of an Allowed Claim to provide a release was March 19, 2013. After such date, pursuant to the Plan, funds held for claim holders who did not provide releases became an unencumbered asset of the Trust. Releases for claims totaling \$21.8 million were received timely and those claims were paid on May 1, 2013. On March 19, 2013, \$14.2 million became an unencumbered asset of the Trust. The funds, to the extent available, were used as part of the distribution on May 1, 2013.

Disputed Claims

Since the Effective Date, the Trust has retained, for the benefit of each holder of a disputed claim, cash, LTIs, and, to the extent elected by the holder of a disputed claim, Runoff Notes, together with any gains or income attributable to any of the foregoing. The amounts retained are calculated as if each of the claims is an Allowed Claim in an amount equal to the lesser of (i) the liquidated amount set forth in the filed proof of claim relating to such disputed claim, (ii) the amount in which the disputed claim shall be estimated by the Court pursuant to section 502 of the Bankruptcy Code and constituting the maximum amount of such claim should it become an Allowed Claim, and (iii) such other amount as may be agreed upon by the holder of such disputed claim and the Liquidating Trustee. Additional amounts have also been retained to pay for potential payroll related taxes and other contingencies as deemed appropriate by the Liquidating Trustee.

The Trust has made no assessment as to the likelihood whether the disputed claims will be allowed or disallowed. The net assets held in reserve for disputed claims will be distributed to the holders of disputed claims should such claims become allowed at the amounts for which the Trust has estimated as of December 31, 2013. If the claims become disallowed or allowed for different amounts, net assets will be released and made available to the Trust and, as a result, increase the net assets available to the holders of Liquidating Trust Interests.

Net Assets in Liquidation and Changes in Net Assets in Liquidation

On the Effective Date, the estimated value of the net assets transferred by the Debtors to the Trust was \$977.8 million (including \$727.0 million held in reserve for disputed claims). As of December 31, 2012, the net value of the remaining Liquidating Trust Assets that were held by Trust totaled \$425.6 million (including \$183.0 million held in reserve for disputed claims), and on December 31, 2013, the net value of the remaining Liquidating Trust Assets that were held by the Trust totaled \$379.7 million (including \$174.6 million held in reserve for disputed claims), as further described below.

Assets

Cash & Equivalents

Cash and equivalents are either held in demand deposit accounts or invested in U.S. Treasury bills.

Unrestricted Cash

The Trust held \$33.0 million of unrestricted cash and cash equivalents as of December 31, 2013, and \$21.5 million of unrestricted cash and cash equivalents at December 31, 2012. These amounts are principally to be used to fund the ongoing expenses of the Trust during the liquidation of the remaining Liquidating Trust Assets, excluding expenses associated with pursuing Recovery Claims.

Restricted Cash

As of December 31, 2013 and 2012, the Trust held restricted cash and equivalents for the purposes described below:

| <i>Category (in millions)</i> | 2013 | 2012 |
|---|----------------|----------------|
| Cash held in reserve for litigation costs | \$4.9 | \$17.9 |
| Cash held in reserve for disputed claims | \$174.5 | \$183.0 |
| Other restricted cash | \$4.3 | \$45.6 |
| Total | \$183.7 | \$246.5 |

Cash held in reserve for litigation costs: \$4.9 million is what remains of the original \$20.0 million that was set aside pursuant to the Plan to potentially pursue Recovery Claims. As disclosed previously, \$12 million was released by the Litigation Subcommittee of the Trust Advisory Board in November 2013. The Trust Agreement was revised in January 2014 to allow the Litigation Subcommittee to request the replenishment of the Litigation Reserve by up to \$12 million, on an as needed basis, from funds held by the Trust now, or as funds become available in the future.

Cash held in reserve for disputed claims: Cash and equivalents held for the benefit of each holder of a disputed claim.

Other restricted cash: For 2013, cash and equivalents held primarily for the benefit of holders of Allowed Claims who were paid on February 1, 2014 and a small portion for non-adjudicated claims. For 2012, cash and cash equivalents held primarily for the benefit of holders of Allowed Claims who had not provided the releases required pursuant to the Plan and claimants who have had their claims allowed and paid on February 1, 2013.

Global Settlement Agreement Receivable

Pursuant to the Plan and the Global Settlement Agreement, the Trust and JPMC will share in all future WMI net tax refunds on a 20% / 80% basis, respectively. Total net refunds remaining are estimated to be between \$200.0 million and \$600.0 million, of which the Trust would receive between \$40.0 and \$120.0 million. An escrow account was established to accumulate net tax refunds in accordance with the terms of the Global Settlement Agreement. As of December 31, 2013 and December 31, 2012, management's estimate of the Trust's share of the net tax refunds, based on the work performed by an independent valuation firm, is \$96.0 million.

The receivable includes, but is not limited to, the following items:

WMI initiated a suit in the U.S. District Court of Western Washington at Seattle ("District Court") and two suits in the United States Court of Federal Claims ("Court of Claims") claiming federal tax refunds for deductions for the amortization and abandonment of certain intangible assets by a predecessor corporation in the 1990 through 1995 and the 1998 tax years. In addition to claiming deductions relating to certain intangible assets in the Court of Claims suit for 1995, WMI claimed a refund for taxes paid as a result of an Internal Revenue Service ("IRS") audit adjustment accelerating the recognition of certain income into the 1995 tax year. In the District Court action, the court initially ruled against WMI on summary judgment as to the legal issue of whether the taxpayer was entitled to a tax basis in the specified assets. The U.S. Court of Appeals for the Ninth Circuit reversed the decision of the District Court and remanded the case back to the District Court to make a determination of tax basis and the corresponding amount of tax refunds. A trial to determine the amount of tax basis was held in December of 2012. On February 10, 2014 the District Court issued its opinion dismissing WMI's claim for refund. In its ruling, the District Court held that WMI failed to carry its burden of proof as to the amount of the deduction being claimed. In addition, the District Court found that Home Savings (a predecessor bank to Washington Mutual Bank) did not permanently abandon its right to operate in Missouri in 1993. The Trust has until April 11, 2014 to file a Notice of Appeal of the decision. It is anticipated that the Court of Claims actions will be tried during the 2015 calendar year.

WMI also has various state income tax refund claims outstanding with certain states which primarily resulted from the filing of amended state income tax returns which reported IRS audit adjustments. Certain states have proposed offsets to the claimed amounts as a result of tax deficiencies asserted after that state's audit of WMI and its subsidiaries originally filed returns. The amount and timing of the receipt of the state income tax refunds is dependent on the resolution of these disputed issues. In addition, a portion of the tax refunds received by WMI prior to the Effective Date have been held in escrow pending the determination of the amount of taxes owed, if any, that a state has asserted it is entitled to as a result of its audit of the returns filed by WMI and its subsidiaries including predecessor companies, for the tax years 1995 through 2006.

The largest state income tax refund in dispute involves the State of California (the "California Tax Dispute"). The Franchise Tax Board (the "FTB") filed an amended proof of claim in the amount of \$280.5 million, asserting amounts for taxes, penalties, and interest owed for the taxable years from 1997 through 2008. The Trust objected to the FTB's claim on various grounds, including that the State of California was actually holding net overpayments of tax from WMI totaling approximately \$415 million. Recently, the Trust and the FTB (with the concurrence of JPMC) reached an agreement in principle (the "California Tax Settlement") to settle the California Tax Dispute. Upon approval by the Court, among other things, the California Tax Settlement will result in the FTB making a cash payment to JPMC in the amount of \$225 million, with the Trust receiving \$45 million thereof in accordance with the terms of the GSA. The parties have not yet executed a definitive settlement agreement memorializing the California Tax Settlement; however, the Trust has filed a motion with the Court seeking approval of the California Tax Settlement and the Trust expects such motion to be heard on April 4, 2014. While the parties believe the California Tax Settlement is in their best interests, there can be no assurances that the California Tax Settlement will be approved by the Court.

In addition, there is approximately \$34 million in potential refunds due to the “WMI Group” from California relating to tax years of HF Ahmanson and subsidiaries, a predecessor group of corporations. The final amount of refunds and the timing of payment is dependent on the outcome of the Trust’s current litigation with the IRS seeking refunds relating to the IRS acceleration of the recognition of income into 1995, discussed above. If the Trust prevails in the litigation with the IRS on this matter, the Trust will receive approximately \$6.8 million, in accordance with the tax refund allocations set forth in the GSA. If the IRS prevails in this litigation, the Trust should receive approximately \$2.0 to \$2.4 million.

Runoff Notes

On the Effective Date, Reorganized WMI issued \$110.0 million aggregate principal amount of First Lien Notes and \$20.0 million aggregate principal amount of Second Lien Notes. The Runoff Notes mature on the eighteenth (18th) anniversary of the Effective Date and bear interest at a rate of thirteen percent (13%) per annum (payable in cash to the extent of available Runoff Proceeds or in kind through the capitalization of accrued interest at the rate of thirteen percent (13%) per annum to the extent Runoff Proceeds are unavailable). The Trust received \$108.2 million aggregate principal amount of First Lien Notes and \$19.7 million aggregate principal amount of Second Lien Notes on or shortly after the Effective Date (not including \$1.0 million of First Lien Notes and \$0.2 million of Second Lien Notes held in the Disputed Claims Reserve on behalf of holders of disputed claims who elected to obtain Runoff Notes instead of cash). As further described in the Plan, the repayment of the Runoff Notes is limited to, and reliant solely upon, certain proceeds from WMMRC, a wholly-owned subsidiary of Reorganized WMI. Except under limited circumstances, holders of Runoff Notes have no recourse to Reorganized WMI or any other entity should the Runoff Notes remain unpaid on their maturity date.

Effective as of June 30, 2012, \$1.0 million of First Lien Notes and \$188,700 of Second Lien Notes were released from the Disputed Claims Reserve and became unreserved assets of the Trust, inasmuch as the disputed claims that were related thereto were disallowed.

During 2013, Reorganized WMI redeemed \$36.0 million of First Lien Notes held by the Trust and the Trust earned \$14.8 million of interest with respect to the Runoff Notes. During 2012, Reorganized WMI redeemed \$2.0 million of First Lien Notes held by the Trust and the Trust earned \$13.4 million of interest with respect to the Runoff Notes. Interest was comprised of (in millions):

| Category | 2013 | 2012 |
|---|---------|--------|
| Cash interest | \$9.6 | \$3.6 |
| Capitalized interest | \$5.5 | \$8.3 |
| Change in interest receivable as of December 31 | \$(0.3) | \$1.5 |
| Total interest income | \$14.8 | \$13.4 |

As of December 31, 2013, the Trust owned \$80.9 million of First Lien Notes, including capitalized and accrued interest, and \$25.0 million of Second Lien Notes, including capitalized and accrued interest. These amounts do not include \$23,037 of First Lien Notes and \$7,180 of Second Lien Notes held in the Disputed Claims Reserve.

As of December 31, 2012, the Trust owned \$114.8 million of First Lien Notes, including capitalized and accrued interest, and \$21.9 million of Second Lien Notes, including capitalized and accrued interest. These amounts do not include \$32,600 of First Lien Notes and \$6,300 of Second Lien Notes held in the Disputed Claims Reserve.

The Plan provides that upon the earlier to occur of (a) the determination of the TAB, with the consent of each LTI holder which would be a recipient of Runoff Notes, (b) all Allowed CCB-1 Guarantees Claims and Allowed CCB-2 Guarantees Claims (as defined in the Plan) being paid in full in accordance with Articles XIX and XX of the Plan, respectively, and (c) the Runoff Notes being the sole remaining Liquidating Trust Asset, the balance of the Runoff Notes in the Trust, as the balance thereof may have been reduced from time-to-time, shall be distributed to LTI holders with outstanding balances as of the date thereof. To the extent that a holder of an Allowed Claim receives Runoff Notes pursuant to such a distribution, the amount of such holder’s outstanding LTI amount shall be reduced on a dollar-for-dollar basis by the lesser of (i) the original principal amount of the Runoff Notes so received and (ii) the then outstanding principal amount (without regard to any interest paid-in-kind) of the Runoff Notes so received. Therefore, the net realizable value currently reported for the Runoff Notes may not reflect the amount of the LTI balance that will be reduced if distributed directly to LTI holders.

The CCB Guarantee claims were paid in full in November 2013. The Plan provides that once the CCB Guarantee claims have been paid in full, the Trust can distribute the Runoff Notes held by the Trust to holders of Liquidating Trust Interests. In accordance with the Plan, the Trust disclosed that it intended to distribute the Runoff Notes on February 1, 2014 to LTI holders in accordance with the

priority of payments described in Exhibit H to the Plan. Nevertheless, on December 23, 2013, the Trust filed a motion with the Court seeking authorization to sell the Runoff Notes held by the Trust in accordance with the procedures set forth in such motion. The Trust believed that the potential sale of the remaining Runoff Notes could contribute to maximizing the total value of the Trust's Liquidating Trust Assets. However, because the Trust was unable to obtain the consent required under the Second Lien Notes to waive the restrictions on the accumulation of 4.75% or more of the aggregate principal amount of the Second Lien Notes, the Trust withdrew its motion to sell the Runoff Notes and intends to distribute the Runoff Notes, less any amounts received by the Trust on account of principal redemptions, if any, received prior to distribution, to LTI holders as of the May 1, 2014 Distribution Date.

Other Assets

As of December 31, 2013, the Trust held \$1.1 million of other assets primarily comprised of retainers paid to professionals and other prepaid expenses.

As of December 31, 2012, the Trust held \$4.4 million of other assets comprised of (i) \$1.1 million of retainers paid to professionals and other prepaid expenses, (ii) \$1.5 million for loans made prior to the Petition Date to community development agencies, (iii) a receivable of \$1.2 million from the settlement of class action litigation, and (iv) other miscellaneous items.

Liabilities

Cash Held for Allowed Claim holders

As of December 31, 2013, the Trust reflected a liability of \$4.3 million of cash held for holders of certain Allowed Claims against the Debtors, of which \$3.2 million was paid on February 1, 2014. The remaining balance is cash held for certain non-adjudicated claims pending potential litigation.

The Plan requires that holders of Allowed Claims shall provide releases before receiving a distribution. Holders of Allowed Claims had one year after the Effective Date to provide the release (which period expired on March 19, 2013, as discussed above and below). The Trust recorded a liability for cash that would have been distributed to holders of Allowed Claims who had not provided a release as of December 31, 2012. This liability is reflected in the \$45.0 million liability for Cash Held for Holders of Allowed Claims as of December 31, 2012, of which \$42.4 million is related to claims for which the Trust had not received releases as of December 31, 2012. On February 1, 2013, \$3.5 million was released to claimants that had recently tendered a release prior to that date, thereby reducing the amount remaining to \$38.9 million. The remainder, totaling \$2.5 million, relates to distributions to be made to recently Allowed Claims as of December 31, 2012, or other Allowed Claims awaiting certain actions. The cash held for these claims is presented as Restricted Cash.

As discussed, the deadline for the holder of an Allowed Claim to provide a release was March 19, 2013. After such date, pursuant to the Plan, funds held for claim holders who did not provide releases became an unencumbered asset of the Trust. Releases for claims totaling \$21.8 million were received timely and those claims were paid on May 1, 2013. On March 19, 2013, \$14.2 million became an unencumbered asset of the Trust. The funds, to the extent available, were used as part of the distribution on May 1, 2013.

Estimated Costs to be Incurred during Liquidation

The liquidation basis of accounting requires the Trust to record a liability upfront for costs expected to be incurred during the liquidation of the Liquidating Trust Assets. On the Effective Date, the Trust estimated the costs to be \$40.0 million (which was also the amount of cash the Debtors transferred to the Trust for operating expenses (i.e., the amount of the Funding, less the Litigation Funding)). Annually, the Trust prepares a budget based on its assessment of the Trust's activities for the life of the Trust. As of December 31, 2012, the Trust estimated that the total operating costs for the Effective Date through the end of the Trust would be \$51.8 million. Given the extensive efforts still required, including the defense of the delayed employee claims, as of December 31, 2013, the Trust estimates that the total operating costs from the Effective Date through the end of the Trust will be \$77.8 million. Furthermore, if the Trust needs to exercise its option to extend the life of the Trust, the Trust currently estimates that operating costs during the extended period could amount to as much as \$10.0 million; however, such operating costs could be higher or lower depending on facts and circumstances underlying the need for an extension, including the duration thereof.

Based on these budgeted amounts, as of December 31, 2013, the Trust recorded a liability for its estimate of operating costs for the life of the Trust (assuming no extension of the initial three (3) year period set for the in the Trust Agreement) of \$28.8 million after

incurring expenses during 2013 of \$27.2 million (not including costs to pursue Recovery Claims). As of December 31, 2012, the Trust had recorded a liability for such costs of \$30.1 million. Given the inherently uncertain nature of estimates, actual costs related to the liquidation are likely to differ from current estimates.

Accrued Liabilities

As of December 31, 2013, the Trust had accounts payable and other accrued liabilities of \$6.9 million, which is primarily comprised of payables for unpaid professional fees. As of December 31, 2012, the Trust had a balance of approximately \$4.4 million.

Net Assets in Liquidation

As of December 31, 2013, the Trust's net assets in liquidating totaled \$379.7 million. Of this total, \$174.6 million represents net assets specifically held for the benefit of disputed claims, and \$205.1 million represent net assets available to all LTI holders. Net asset values are based on the Trust's estimates of the net realizable value of its assets and the estimated settlement values of its liabilities.

As of December 31, 2012, the Trust's net assets in liquidation totaled \$425.6 million. Of this total, \$183.0 million represent net assets specifically held for the benefit of holders of disputed claims, and \$242.6 million represent net assets available to all LTI holders.

The net assets available to all LTI holders, once liquidated, will be distributed to the LTI holders in accordance with the Plan and the distribution priorities that are summarized in Annex C of the Trust Agreement. As of December 31, 2013 and 2012, the outstanding LTI holdings, including post-petition interest, are as follows (in millions):

| December 31, 2013 Claims | Undisputed | Disputed | Total Outstanding |
|---|------------|----------|-------------------|
| CCB Guarantee Claims (Class 14 and 15) | \$0.0 | \$0.0 | \$0.0 |
| General Unsecured Claims (Class 12) | 3.3 | 7.3 | 10.6 |
| PIERS (Class 16) | 239.0 | 0.0 | 239.0 |
| Senior Notes – Remaining Post-Petition Interest Claim (Class 2) | 46.9 | 0.0 | 46.9 |
| LTI balances | \$289.2 | \$7.3 | \$296.5 |

| December 31, 2012 Claims | Undisputed | Disputed | Total Outstanding |
|---|------------|----------|-------------------|
| CCB Guarantee Claims (Class 14 and 15) | \$42.9 | \$0.0 | \$42.9 |
| General Unsecured Claims (Class 12) | 3.6 | 8.4 | 12.0 |
| PIERS (Class 16) | 237.0 | 0.5 | 237.5 |
| Senior Notes – Remaining Post-Petition Interest Claim (Class 2) | 46.0 | 0.0 | 46.0 |
| LTI balances | \$329.5 | \$8.9 | \$338.4 |

The following chart is based on the distribution priorities that are summarized in Annex C of the Trust Agreement. The percentages represent the percentage of each incremental distributed dollar of distribution each group would receive based on the outstanding LTI balances as of December 31. The percentages represent totals for the entire group. An individual holder's actual percentage could vary from the percentage for the group.

| Remaining Aggregate Distribution (as of December 31, 2013) | Distribution Description | LTI Distribution Recipient | |
|---|--|---|---|
| | | Up to \$59,584,261 | Tranche 4a – Until Debtors begin to pay actual post-Petition Date interest as opposed to by reason of contractual subordination |
| | | PIERS CUSIPs | 96.43% |
| \$59,584,262 - \$296,506,244 | Tranche 4b – Until LTI holders of remaining post-Petition Date Interest Claim, PIERS and General Unsecured Claims are paid in full | Senior Notes – Remaining post-Petition Claims | 19.80% |
| | | General Unsecured Claims | 3.57% |
| | | PIERS CUSIPs | 76.63% |

| Remaining Aggregate Distribution (as of December 31, 2012) | Distribution Description | LTI Distribution Recipient | |
|---|--|---|--|
| | | Up to \$44,565,050 | Tranche 3 – Until LTI holders of CCBs are paid in full |
| | | General Unsecured Claims | 3.66% |
| \$44,565,051 - \$99,572,915 | Tranche 4a – Until Debtors begin to pay actual post-Petition Date interest as opposed to by reason of contractual subordination | PIERS | 96.46% |
| | | General Unsecured Claims | 3.54% |
| \$99,572,916 - \$338,425,090 | Tranche 4b – Until LTI holders of remaining post-Petition Date Interest Claim, PIERS and General Unsecured Claims are paid in full | PIERS | 77.19% |
| | | Senior Notes – Remaining post-Petition Claims | 19.27% |
| | | General Unsecured Claims | 3.54% |

The charts above include disputed claims in the General Unsecured Claims as if they were allowed by the Court.

Assuming that all disputed claims are allowed, the estimated net assets available to LTI holders of \$205.1 million at December 31, 2013 and \$242.6 million at December 31, 2012 would be allocated as follows, based on the LTI balances:

| Claim | 2013 - Est. net asset value per outstanding LTI dollar | 2012 - Est. net asset value per outstanding LTI dollar |
|---|---|---|
| CCB Guarantees Claims (Classes 14 and 15) | \$0.00 | \$1.00 |
| General Unsecured Claims (Class 12) | \$0.69 | \$0.72 |
| PIERS Claims (Class 16) | \$0.71 | \$0.69 |
| Senior Notes – Remaining Post-Petition Interest Claim (Class 2) | \$0.61 | \$0.60 |

The values presented immediately above will be different than the values that are reported to holders of LTIs for tax reporting purposes (refer “U.S. Federal Income Tax Treatment” under Item 1 of Part I of this Form 10-K for further information).

The estimated value of net assets per outstanding LTI dollar, as of December 31, 2013 and 2012, does not necessarily reflect the actual amount of distributions that an LTI holder will receive. The actual cash distribution will depend on many variables, including but not limited to:

- continued post-Petition Date interest and the contractual subordination arrangements between classes pursuant to the Plan;
- the variability in the assumptions used in estimating the value of assets and liabilities;
- the actual amount spent on operating expenses and pursuing Recovery Claims; and
- the amount by which outstanding LTI balances will be reduced when Runoff Notes are distributed (or monetized) pursuant to the Plan.

Statement of Operations

The financial statements of the Trust are prepared on a liquidation basis and therefore do not include a statement of operations; all references to the results of operations have been deleted and replaced by references to changes in net assets.

Changes in Net Assets:

The Trust's net assets decreased by \$46.0 million during 2013. This decrease was primarily the result of \$48.6 million of distributions and \$28.6 million of operating and litigation expenses. The decrease in the Trust's net assets was partially offset by (i) a decrease in the estimated liability with respect to the Trust's liquidation expenses of \$1.3 million, and (ii) income of \$30.0 million, which amount was primarily comprised of \$14.8 million of interest income from the Runoff Notes and \$14.2 million of cash related to allowed claimants who did not provide their required releases pursuant to the Plan and ultimately became an unencumbered asset of the Trust.

In 2012, the Trust's net assets decreased by \$552.2 million. This decrease was primarily the result of \$605.6 million of distributions and \$24.0 million of operating and litigation expenses. The decrease in the Trust's net assets was partially offset by (i) a decrease in the estimated liability with respect to the Trust's liquidation expenses of \$9.9 million, and (ii) income of \$67.5 million, which amount was primarily comprised of \$13.4 million of interest income from the Runoff Notes and \$51.3 million from the recovery of reserves established on the Effective Date for pre-Effective Date expenses.

Liquidity

As noted above, the liquidation basis of accounting requires the Trust to record a liability upfront for costs expected to be incurred during the liquidation of the Liquidating Trust Assets. Based on the status of the Trust's activities as of December 31, 2013, the Trust's estimated expenses during the remaining life of the Trust (assuming no extension of the Trust's initial three (3) year term) will be \$28.8 million. If the Trust exercises its option to extend the life of the Trust, the Trust estimates that the costs during the extension could amount to as much as \$10.0 million; however, such operating costs could be higher or lower, depending on facts and circumstances underlying the need for an extension, including the duration thereof.

The Trust's unrestricted cash balance as of December 31, 2013 was \$33.0 million, which balance does not exceed the Trust's current liabilities as of December 31, 2013, including the estimated expenses to be incurred during the expected remaining term of the Trust (not taking into account any extension of the term of the Trust in accordance with the Trust Agreement). During 2014, the Trust expects to receive \$45 million as a result of the California Tax Settlement. Irrespective of cash received on account of the California Tax Settlement, the Trust is prepared to monetize Liquidating Trust Assets in order to satisfy its projected liquidity requirements for 2014. Before making any further distributions to LTI holders, the Trustee, in consultation with the TAB, will increase the Funding amount so that unrestricted cash and equivalents from the Runoff Note proceeds or other sources of cash and equivalents will exceed the estimated costs to be incurred during the remaining life of the Trust and its current liabilities.

The Trust has not recorded any accrual on account of expected costs to pursue Recovery Claims. For 2013, the Trust incurred and paid \$1.0 million in expenses to pursue Recovery Claims. The amount of Litigation Funding remaining at December 31, 2013 is \$4.9 million. As disclosed previously, \$12 million was released by the Litigation Subcommittee of the Trust Advisory Board in November 2013. The Trust Agreement was revised in January 2014 to allow the Litigation Subcommittee to request the replenishment of the Litigation Reserve by up to \$12 million, on an as needed basis, from funds held by the Trust now, or as funds become available in the future.

Capital Resources

The Trust did not have any commitments for capital expenditures at December 31, 2013 or 2012. The Trust does not expect to require any material capital resources going forward.

Off-Balance Sheet Arrangements

Pursuant to the Plan, the Disputed Equity Escrow was established to hold shares of Reorganized WMI for distribution based on the resolution by the Court of disputed equity interests. A dismissal of disputed equity interests will result in redistribution to common shareholders of Reorganized WMI consistent with the distribution of common shares on the Effective Date. The shares and any cash distributed on behalf of the shares are held in the Disputed Equity Escrow and the Liquidating Trustee is the escrow agent. As of December 31, 2013, there were 2.9 million shares of Reorganized WMI common stock in the Disputed Equity Escrow and no cash. This is a decrease of approximately 1.4 million shares that were distributed on May 1, 2013 based on a stipulation with certain underwriters as discussed previously. As of December 31, 2012, there were 4.3 million shares of Reorganized WMI common stock in the Disputed Equity Escrow and no cash. The shares are not assets of the Trust and are not available for distribution to Trust Beneficiaries. Therefore, the Disputed Equity Escrow is not recorded as an asset of the Trust for financial accounting purposes and is not part of the Trust for U.S. federal income tax purposes. The Disputed Equity Escrow is taxed in a similar manner to the DCR (i.e., it is treated as a “disputed ownership fund” governed by Treasury Regulation section 1.468B-9, and to the extent permitted by applicable law, reports consistently with the foregoing for state and local income tax purposes) and all expenses of the Disputed Equity Escrow (other than taxes) are borne by the Trust.

Contractual Obligations and Commitments as of December 31, 2013

| Contractual Obligations | Payment due by period | | | | |
|---|-----------------------|------------------|------------|------------|-------------------|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Long-Term Debt Obligations | \$0 | \$0 | \$0 | \$0 | \$0 |
| Capital Lease Obligations | \$0 | \$0 | \$0 | \$0 | \$0 |
| Operating Lease Obligations | \$160,182 | \$160,182 | \$0 | \$0 | \$0 |
| Purchase Obligations | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Long-Term Liabilities Reflected on the Trust's Balance Sheet under GAAP | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL | \$160,182 | \$160,182 | \$0 | \$0 | \$0 |

Our contractual obligations and commitments as of December 31, 2013 are reported in the statements of net assets in liquidation as estimated costs to be incurred during liquidation. Obligations and commitments of the Trust include the Trust Agreement and the lease with respect to our premises at 1201 Third Avenue, Suite 3000, Seattle, Washington 98101.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

The Trust is exposed to interest rate risk through its portfolio of cash and cash equivalents. The Trust does not hedge interest rate risk.

In addition, the Trust is exposed to credit risk in relation to the Runoff Notes that are held by the Trust. The sole source of payment of the Runoff Notes is (i) the Runoff Proceeds (deposited into the applicable collateral account and the other assets of Reorganized WMI, but only to the extent that Runoff Proceeds required to be deposited into the collateral account are not so deposited and (ii) the equity interests in WMMRC or such other entity as holds the WMMRC equity interests and any excess assets of the holder of the WMMRC equity interests, to the extent a valid and perfected lien has been granted therein (with any such lien subject to regulatory approval). Although the trustee for the Runoff Notes has the right to enforce certain rights and remedies against Reorganized WMI upon the occurrence of certain events of default, as and to the extent set forth in the indentures related to the Runoff Notes, there can be no assurance that the Runoff Proceeds (regardless of whether or not deposited into the collateral account) and other recourse assets described above will be sufficient in amount to cause any unpaid interest and the outstanding principal amount of the Runoff Notes to be paid in full at such time. Indeed, in the Disclosure Statement, the Debtors projected that the Runoff Proceeds will be sufficient to satisfy only a portion of the principal and interest owed in connection with the Second Lien Notes.

The Trust may also be exposed to market risk if a trading market develops for the Runoff Notes and the Runoff Notes trade at a substantial discount to their face amount.

Item 8. Financial Statements and Supplementary Data.

See Index to Financial Statements on page 32.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures.

The Trust maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Trust in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Trust's management, including the Trustee, the Trust's Chief Financial Officer ("CFO"), and the Trust's General Counsel, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, an evaluation as of December 31, 2013 was conducted by the Trustee and the CFO of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, the Trustee and the CFO concluded that the Trust's disclosure controls and procedures as of December 31, 2013 were effective for the purposes stated above.

(b) Management's Report on Internal Control over Financial Reporting.

The Trustee and the CFO are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Based on the evaluation of the Trustee and the CFO, the Trustee and the CFO concluded that the Trust's internal control over financial reporting was effective as of December 31, 2013.

(c) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during 2013 that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

The Trustee's assessment of the effectiveness of the Trust's internal controls over financial reporting was not audited.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors

The Trust does not have any directors; however, the Trust Advisory Board has been established and is operating in accordance with the terms of the Trust Agreement, as discussed in more detail below.

Delaware Resident Trustee

CSC Trust Company of Delaware is the Delaware resident trustee of the Trust but has no day-to-day responsibility for the administration of the Trust.

Trust Advisory Board

Composition and replacement and approval of TAB members

The Trust Agreement provides for the establishment of the TAB. Pursuant to the Trust Agreement, each member of the TAB has a fiduciary duty to act in the best interests of the Trust Beneficiaries as a whole. The TAB currently comprises seven (7) members. The members of the TAB were selected in accordance with procedures set forth in the Trust Agreement, which provides for (A) three (3) members to be selected by the official committee of unsecured creditors appointed in the Debtors' chapter 11 cases pursuant to section 1102(a) of the Bankruptcy Code (the "Creditors' Committee"), with one (1) such member to be an employee of, or other individual designated by, Wells Fargo Bank N.A. ("WF" or "Wells Fargo" and, such member the "WF Member"), (B) three (3) members to be selected by the official committee of equity security holders appointed in the chapter 11 cases (the "Equity Committee"), with one (1) such member named by the TPS Funds, a former creditor of the Debtors who had a claim against the Debtors that was satisfied on the Effective Date, and (C) one (1) member to be selected by the Creditors' Committee and approved by the Equity Committee. WF has designated two (2) individuals to serve as the WF Member, one of whom, Mr. Lewis, has served as an alternate when Mr. Korsman has been unavailable to attend meetings of the TAB; however, the WF Member casts a single vote only in matters brought before the TAB for consideration.

Except as noted below, the current members of the TAB commenced service on the Effective Date and are as follows:

Matthew Cantor, age 49, was selected by the Creditors' Committee and approved by the Equity Committee. Mr. Cantor is an accomplished financial professional and attorney with over 20 years of experience in corporate restructurings. Mr. Cantor is currently the Executive Vice President of Legal Affairs and Chief General Counsel of Lehman Brothers Holdings Inc. (LBHI). Mr. Cantor was a founding Principal of Normandy Hill Capital L.P., a distressed and event driven credit fund with over \$500.0 million under management. Prior to joining Normandy Hill Capital, Mr. Cantor developed the New York office of the nationally renowned restructuring practice of the law firm Kirkland & Ellis. Mr. Cantor is a graduate of New York University School of Law (J.D. 1989) and the State University of New York at Binghamton (B.A. 1986).

Arnold Kastenbaum, age 60, was selected by the Creditors' Committee. Mr. Kastenbaum has been president of Chodan Advisors, Inc. since its formation in 1999. Mr. Kastenbaum has served as financial adviser to a variety of both debtors and creditors in bankruptcy proceedings, provided expert witness testimony regarding enterprise valuations in numerous cases, and provided other business valuation services. Prior to his involvement with Chodan Advisors, Mr. Kastenbaum was a director at UBS Securities and the director of research at MJ Whitman, Inc. Mr. Kastenbaum has served on the boards of directors of several public companies. He has an M.B.A. in accounting from New York University, 1975.

Marc S. Kirschner, age 71, was selected by the Creditors' Committee. Mr. Kirschner is a consultant specializing in corporate restructuring matters. He is currently the Trustee for the Refco Inc. Litigation Trust and Private Action Trust, the Le Nature's Liquidation Trust, the Yellowstone Club Liquidation Trust, the SNTL (formerly Superior National Corporation) Litigation Trust and the Tribune Litigation Trust. He is also Plan Administrator for RCM, the unregulated securities broker, and largest unit, of the Refco companies. From April 10, 2006 through December 26, 2006, he was the chapter 11 Trustee for RCM. From January 27, 2001 through January 17, 2006, he was Managing Director and General Counsel of Resurgence Asset Management, LLC, investing in distressed securities with a view to gaining effective control over, or exerting

significant influence in, the reorganization process. As an attorney in the private practice of law before joining Resurgence, Mr. Kirschner specialized in the bankruptcy and reorganization fields for over thirty years, with a heavy emphasis on complex bankruptcy litigation, including fraudulent conveyance, substantive consolidation, and valuation matters. From 1987 through January 25, 2001, he led the Bankruptcy and Restructuring Practice and from January 1, 1997, the Business Practice Group, in the New York Office of the global law firm, Jones Day Reavis & Pogue, now called Jones Day.

Thomas Korsman, age 58, is one of the WF Members. Mr. Korsman is a Vice President of Wells Fargo, a position he has held since joining the bank in 2002. He served as a representative on the unsecured creditors' committee during WMI's chapter 11 case. Mr. Korsman has over 30 years of corporate trust, management and law experience. He holds a B.A. in economics, a Juris Doctorate from Hamline University School of Law, and an M.B.A. from the Carlson School of Management at the University of Minnesota.

James Lewis, age 62, is the other WF Member. Mr. Lewis is a Vice President of Wells Fargo, a position he has held since joining the bank in 2007. Mr. Lewis has over 30 years of corporate trust and management experience. He holds a B.A. from Fairfield University and a J.D. from New York Law School.

Joe McInnis, age 38, was selected by the Equity Committee after being named by the TPS Funds (the "TPS Member"). Mr. McInnis joined Greywolf Capital Management L.P. in 2004 and is currently a Managing Director. Greywolf Capital Management L.P. is a \$1.5 billion SEC-registered investment adviser with expertise in event driven securities, long and short special situation equities, performing credit, and distressed securities.

The Honorable Douglas Southard (ret.), age 65, was selected by the Equity Committee. Judge Southard is a retired Superior Court Judge for Santa Clara County, California where he presided over in excess of 200 jury trials between 1988 and 2011. Prior to joining the bench, Judge Southard served as a Deputy District Attorney for Santa Clara County, California, where he specialized in the investigation and prosecution of computer crimes, trade secret thefts and other crimes against Silicon Valley businesses. During his time as a prosecutor, Judge Southard was involved in over 100 jury trials. Judge Southard holds a B.A. (Philosophy) from Stanford University, 1970 and received a Juris Doctorate from the University of California (Hastings College of the Law) in 1975.

Michael Willingham, age 43, was selected by the Equity Committee. Mr. Willingham is the principal and founder of Willingham Services, a director and Chairman of the Board of Directors of Reorganized WMI, and is a member of Reorganized WMI's Audit Committee. For the last five (5) years, Mr. Willingham has provided consulting advice for a diverse portfolio of clients and constituencies regarding strategic considerations involving complex litigation across a variety of industries, including energy, financial services and varying wholesale/retail products.

The following two individuals served on the TAB until November 1, 2013 when each resigned from the TAB, as provided for under the terms of the Trust Agreement, upon satisfaction of certain claims: (i) Mayur Lakhani, who had been selected by Tricadia Capital Management, LLC; and (ii) Michael Zaitzeff, who had been the ex officio member selected by Holdco Advisors, L.P.

The procedures that apply to the appointment, replacement and removal of the members of the TAB are governed by Section 6.4 of the Agreement and vary depending on who appointed the initial member.

Powers

The Trust Agreement provides that the Liquidating Trustee requires the approval of the TAB with respect to the following matters:

- any transaction involving the sale, assignment or abandonment of any Liquidating Trust Asset or Assets having a value in excess of \$500,000.00;
- any transaction involving the transfer of any Liquidating Trust Asset or Assets having a value in excess of \$500,000.00, except where such transfer involves the purchase of liquid investments or the transfer of cash between one or more bank accounts or investment accounts that are held for the benefit of the Trust;

- the payment of any account payable or other fee or expense in excess of \$750,000.00, other than the payment of vendor invoices in the ordinary course where the services to be provided by any such vendor have been approved in accordance with the Trust’s internal approval procedures as they may be in effect from time to time;
- any determination to retain professional advisors by the Trust and any compensation arrangements for such professionals;
- the determination of the amount and timing of any distribution to LTI holders other than a distribution that is made in accordance with Section 4.3(a) of the Trust Agreement;
- any determination to initiate lawsuits or proceedings other than claims objections in the ordinary course or immaterial lawsuits or proceedings;
- the dissolution of the Trust, other than in accordance with the terms of the Trust Agreement;
- any action that is not substantially consistent with the Trust’s then current annual plan and budget; and
- any increase in the Funding, provided such increase is approved by a “Supermajority” of the TAB (as defined in the Trust Agreement), which means, if there are seven (7) members of the TAB, all but two (2) members.

Litigation Subcommittee

The Trust Agreement also provides for the establishment of the Litigation Subcommittee, which committee is responsible for overseeing the defense and prosecution of certain claims and whose members are a subset of the TAB. The Litigation Subcommittee is currently comprised of four (4) members, one (1) of whom was selected by the Creditors’ Committee, two (2) of whom were selected by the Equity Committee and one (1) member who is the TPS Member. The current members of the Litigation Subcommittee (each of whom was appointed on shortly after the Effective Date) are as follows: Mr. Kirschner (selected by the Creditors’ Committee), Judge Southard and Mr. Willingham (each selected by the Equity Committee) and Joe McInnis (the TPS Member).

Executive Officers and Significant Employees

In addition to the foregoing, the Trust had the following executive officers and significant employees as of March 31, 2014:

| | |
|----------------------------------|--|
| William C. Kosturos | Liquidating Trustee |
| John Maciel (Trust Professional) | Executive Vice President and Chief Financial Officer |
| Charles Edward Smith | Executive Vice President, General Counsel and Secretary |
| Doreen Logan | Executive Vice President, Controller and Assistant Treasurer |

Pursuant to the Trust Agreement, the Trust is administered by Mr. Kosturos in his capacity as the Liquidating Trustee, subject to the oversight of the Court as provided for in the Trust Agreement, and the TAB with respect to certain matters as further described above. Mr. Kosturos, age 52, was appointed as the Liquidating Trustee on March 6, 2012. Between October 11, 2008 and the Effective Date, Mr. Kosturos was the Chief Restructuring Officer of WMI, and between October 20, 2008 and the Effective Date, Mr. Kosturos was the President and Chief Executive Officer of Investment. Since June 2002, Mr. Kosturos has been a Managing Director at Alvarez & Marsal North America, LLC (“A&M”). Mr. Kosturos specializes in interim management and advising and assisting boards of directors, investment groups, management groups and lenders in a wide range of turnaround, restructuring and reorganization situations. Mr. Kosturos served as the Chief Restructuring Officer of Movie Gallery from June 2006 to May 2008. Previously, from February 2003 to June 2005, he served as interim Chief Executive Officer and Chief Restructuring Officer of The Spiegel Group.

Mr. Maciel, age 47, was appointed as the Trust’s Chief Financial Officer on March 27, 2012 pursuant to an engagement letter dated March 29, 2012 (the “Engagement Letter”) between the Trust and A&M, a management consulting firm specializing in advisory and business consulting services for companies in transition. The Engagement Letter has previously been filed with the SEC and is incorporated herein by reference. Between November 13, 2008 and the Effective Date, Mr. Maciel was the Chief Financial Officer, General Auditor and Chief Accounting Officer of WMI. From 2005 to 2013, Mr. Maciel was a Senior Director at A&M; Mr. Maciel became a Managing Director in 2013. Prior to his employment with A&M, Mr. Maciel consulted for a variety of companies, where he managed and supervised projects regarding major reorganization, financial planning and reporting, and Sarbanes Oxley compliance. Mr. Maciel is a Certified Public Accountant (inactive) licensed in the State of California.

Mr. Smith, age 44, became an employee and officer of the Trust on the Effective Date. Prior to the Effective Date and since November 2008, Mr. Smith served as an officer of WMI, and from February 2009 until the Effective Date, as the General Counsel, Executive Vice President and Secretary of WMI. From November 2002 to September 2008, Mr. Smith was employed by WMB, a savings and loan association that was a wholly-owned subsidiary of WMI, serving as Assistant General Counsel and team lead-corporate finance for part of that time. In September 2008, following the Office of Thrift Supervision's closure of WMB, the receivership of WMB by the Federal Deposit Insurance Company, and the eventual sale of substantially all of the assets of WMB to JPMC, Mr. Smith became an employee of JPMC from September 2008 to November 2008. Since the Effective Date, Mr. Smith has also served as an officer of Reorganized WMI, including as its Interim Chief Executive Officer.

Ms. Logan, age 53, has served as an Executive Vice President and as the Controller and Assistant Treasurer of the Trust since the Effective Date, having previously served as the Controller and Assistant Treasurer of the Debtors during most of the chapter 11 case. From July 1999 through September 2008, Ms. Logan served in a variety of roles at WMB including First Vice President in Treasury from January 2006 through September 2008. Since the Effective Date, Ms. Logan has also served as the Interim Controller and holds the title of Executive Vice President of Reorganized WMI. Ms. Logan is a Certified Public Accountant (inactive) licensed in the State of California.

Audit Committee

The Trust does not have an audit committee or other committee that performs similar functions and, consequently, has not designated an audit committee financial expert.

Section 16(a) Beneficial Ownership Reporting Compliance

Not applicable.

Code of Ethics

We have not adopted a code of ethics, nor do we currently intend to do so, because the Liquidating Trustee manages our business and affairs subject to his fiduciary duties as trustee under Delaware law and the terms of the Trust Agreement and is subject to the supervision of the Court with respect to certain matters as specified in the Trust Agreement. Consistent with his responsibilities under applicable law, the Trustee intends to continue to promote honest and ethical conduct, full and fair disclosure in our reports to the SEC, and compliance with applicable governmental laws and regulations.

Item 11. Executive Compensation.

Resident Trustee

CSC Trust Company of Delaware in its capacity as the Delaware resident trustee of the Trust is entitled to reimbursement for its out-of-pocket costs and expenses in connection with the provision of such services. The Resident Trustee was paid \$2,500.00 for 2013 and \$4,935.60 for 2012, in the aggregate, for services rendered to the Trust.

TAB Members

Each member of the TAB is paid an annual fee of \$40,000 as base compensation, which amount is paid in 12 equal installments on a monthly basis in arrears. In 2013, the total base compensation that each member of the TAB was paid was \$40,000; in 2012 each TAB member was paid \$31,290.32. In addition, each member of the TAB (excluding the *ex officio* member) is entitled to receive additional annual incentive compensation not to exceed \$50,000, which amounts are to be paid from cash that was transferred to the Trust on the Effective Date, which cash forms part of the Liquidating Trust Assets. For the period of March 20, 2013 through March 19, 2014 (the "2014 Bonus Period"), each current member of the TAB earned \$5,792 in incentive compensation, which will be paid in 2014. Mr. Lakhani, a member of the TAB until November 1, 2015, received incentive compensation of \$5,778 for the 2014 Bonus Period. Total aggregate incentive compensation earned during the 2014 Bonus Period totaled \$46,320. For the period from the Effective Date through March 19, 2013, each member of the TAB earned the full amount of his incentive compensation of \$50,000. Aggregate incentive compensation paid to all TAB members in 2013 totaled \$450,000.

In addition to the annual base compensation received by each member of the TAB, each member of the Litigation Subcommittee is paid an additional amount of \$10,000 per annum, which amount is paid in 12 equal installments on a monthly basis in arrears. For 2013, each member of the Litigation Subcommittee received \$10,000; for 2012, each member received \$7,822.58.

Executive Officers and Employees

William C. Kosturos

As compensation for Mr. Kosturos' services as Liquidating Trustee, the Trust Agreement provides that A&M, on behalf of Mr. Kosturos, is paid a monthly rate of \$15,000, which rate is subject to adjustment on an annual basis on January 1 each year, and is to be paid from cash that was transferred to the Trust on the Effective Date, which cash forms part of the Liquidating Trust Assets. For 2013 and 2012, compensation that was paid on account of the Liquidating Trustee's services totaled \$180,000 and \$125,806.45, respectively, in the aggregate.

John Maciel

The Trust pays A&M on an hourly basis in accordance with an engagement letter entered into between the Trust and A&M. The applicable rate is subject to adjustment annually at such time as A&M adjusts its rates generally. The Trust is also required to reimburse A&M for its reasonable out-of-pocket expenses incurred in connection with any services provided pursuant to such engagement letter. Mr. Maciel's current hourly rate is \$725.00. For 2013 and 2012, the Trust paid A&M \$1,244,283 and \$890,565, respectively, in the aggregate for Mr. Maciel's services rendered to the Trust for the applicable period.

Charles Edward Smith

In connection with emerging from the chapter 11 proceedings, the Trust entered into an employment agreement with Mr. Smith dated April 30, 2012. The employment agreement provides for a base salary of \$424,360, a target bonus equal to 70% of Mr. Smith's base salary, and incidental benefits such as healthcare coverage and parking. In addition, upon termination, Mr. Smith is entitled to receive a severance payment equal to (a) three (3) months' base salary, (b) a *pro-rated* bonus payment and (c) healthcare coverage for three (3) months. Mr. Smith's employment agreement contemplated an initial term of six-months, subject to automatic renewals for subsequent six-month periods unless earlier terminated in accordance with the terms thereof. For 2013 and 2012, Mr. Smith was paid \$438,839 and \$568,337, respectively, in the aggregate, for services rendered to the Trust for the applicable period.

Doreen Logan

In connection with emerging from the chapter 11 proceedings, the Trust entered into an employment agreement with Ms. Logan dated April 30, 2012. The employment agreement provides for a base salary of \$212,180, a target bonus equal to 100% of Ms. Logan's base salary, and incidental benefits such as healthcare coverage and a transportation subsidy. In addition, upon termination, Ms. Logan is entitled to receive a severance payment equal to (a) three (3) months' base salary and (b) a *pro-rated* bonus payment. Ms. Logan's employment agreement contemplated an initial term of six-months, subject to automatic renewals for subsequent six-month periods unless earlier terminated in accordance with the terms thereof. For 2013 and 2012, Ms. Logan was paid \$218,307 and \$333,864, respectively, in the aggregate for services, rendered to the Trust for the applicable period.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

The Trust does not have any securities providing the right to vote for the election of the Liquidating Trustee or the Resident Trustee and, consequently, does not have any "voting securities" within the meaning of the Exchange Act and the regulations thereunder applicable to the disclosure of 5% holders of voting securities.

The Trust does not have any equity compensation plans.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

(a) Transactions with Related Persons

Transition Services Agreement

On March 23, 2012, Reorganized WMI and the Trust entered into a Transition Services Agreement (as amended, the “TSA”). Pursuant to the TSA, each party has agreed to make available to the other certain services and employees. The Trust currently holds \$105.9 million (including interest) of outstanding Runoff Notes (which notes were issued by Reorganized WMI) and \$30,218 (including interest) of Runoff Notes in the DCR. Reorganized WMI paid the Trust approximately \$457,000 for services provided under the TSA in 2013 and \$321,000 for services provided in 2012. The TSA has previously been filed with the SEC and is incorporated herein by reference.

Potential participation by Reorganized WMI in proceeds received with respect to Recovery Claims.

As set forth in the Disclosure Statement, to the extent any electing creditor of the Debtors received common stock of Reorganized WMI pursuant to a Reorganized Common Stock Election (as defined in the Disclosure Statement), such creditor’s share of the Runoff Notes to which the election was effective (*i.e.*, one dollar (\$1.00) of original principal amount of Runoff Notes for each share of common stock of Reorganized WMI) were not issued. As a result, each creditor making such an election conveyed to, and Reorganized WMI retained an economic interest in the Litigation Proceeds (and such proceeds do not constitute part of the Liquidating Trust Assets) equal to, fifty percent (50%) of the Litigation Proceeds such creditor (solely in its capacity as the holder of the Allowed Claim to which the Reorganized Common Stock Election was effective) otherwise would have received. “Litigation Proceeds” is defined in the Plan, in relevant part, as the recoveries, net of related legal fees and other expenses, of the Trust on account of causes of action against third parties and includes Recovery Claims. As of the date hereof, no Litigation Proceeds have been received by the Trust with respect to Recovery Claims, but Reorganized WMI could theoretically receive a portion of any proceeds that are received pursuant to the Plan. In addition, Mr. Willingham is a member of the Litigation Subcommittee, which committee is responsible for the prosecution of Recovery Claims by the Trust. Mr. Willingham beneficially owns 347,696 shares of common stock of Reorganized WMI. Mr. Willingham is also a director and Chairman of the Board of Directors of Reorganized WMI. Mr. Willingham also serves as Chairman of Reorganized WMI’s Nominating and Corporate Governance Committee and is a member of Reorganized WMI’s Audit Committee.

Disputed Equity Escrow

As of December 31, 2013, a total of 2.9 million shares of Reorganized WMI common stock and no cash were held in the Disputed Equity Escrow established pursuant to the Plan. Any cash or other earnings to be distributed in respect of such common stock will be deposited in the Disputed Equity Escrow (see “*Off-Balance Sheet Arrangements*”, above, in the MD&A). The Liquidating Trustee is the escrow agent for the Disputed Equity Escrow. All expenses of the Disputed Equity Escrow (other than taxes) are borne by the Trust. Such expenses include, but are not limited to, the costs to defend disputed equity claims in the Debtors’ chapter 11 case and the administration of the escrow account. As described in Item 3(b) of this Form 10-K, in connection with the Underwriter Stipulation, the Underwriters, as the holders of Allowed Claims in Class 19, received a distribution of approximately 1.4 million shares of common stock of Reorganized WMI from the Disputed Equity Escrow on May 1, 2013, such amount having been determined in accordance with the Plan.

Liquidating Trustee and Chief Financial Officer

As previously disclosed, the Engagement Letter between the Trust and A&M provides for the engagement of Mr. Maciel as the Trust’s Chief Financial Officer and, upon the mutual agreement of the Trust and A&M, the provision of additional employees of A&M and/or its affiliates to assist Mr. Maciel in performing his duties as Chief Financial Officer and assist Mr. Kosturos in performing his duties as Liquidating Trustee. Mr. Kosturos has been a Managing Director at A&M since June 2002. Mr. Maciel was a Senior Director at A&M from 2005 to 2013; in 2013, Mr. Maciel became a Managing Director. Mr. Kosturos’ powers and responsibilities as Liquidating Trustee are set forth in the Trust Agreement.

Mr. Willingham

In addition to his role as a member of the TAB and the Litigation Subcommittee, as noted above, Mr. Willingham beneficially owns 347,696 shares of common stock of Reorganized WMI, is a director and Chairman of the Board of Directors of Reorganized WMI. Mr. Willingham also serves as Chairman of Reorganized WMI’s Nominating and Corporate Governance Committee and is a member of Reorganized WMI’s Audit Committee. Furthermore, the Trust currently holds \$105.9 million (including interest) of outstanding Runoff Notes (which notes were issued by Reorganized WMI) and \$30,218 (including interest) of Runoff Notes in the DCR.

Mr. Smith

In addition to his role as an employee and General Counsel of the Trust, Mr. Smith is the Interim Chief Executive Officer, Interim Chief Legal Officer and Secretary of Reorganized WMI and holds the titles of President and Executive Vice President of Reorganized WMI. In addition, as of December 31, 2013, the Trust held \$105.9 million (including interest) of outstanding Runoff Notes (which notes were issued by Reorganized WMI) and \$30,218 (including interest) of Runoff Notes in the DCR. Furthermore, as noted above, Reorganized WMI and the Trust are parties to the TSA, pursuant to which each party has agreed to make available to the other party certain services and employees as described therein. Pursuant to the TSA, Reorganized WMI has agreed to reimburse the Trust at a fixed rate per hour in exchange for Mr. Smith's services as an executive of Reorganized WMI.

Ms. Logan

Pursuant to the TSA, Reorganized WMI has agreed to reimburse the Trust at a fixed rate per hour in exchange for the provision of certain services by Ms. Logan to Reorganized WMI. Ms. Logan is the Interim Controller and holds the title of Executive Vice President of Reorganized WMI.

(b) Review, approval or ratification of transactions with Related Persons

To avoid any potential conflict, the Trust's governance procedures require Mr. Willingham to recuse himself from any decision of the TAB that relates to matters involving Reorganized WMI. In addition, any applicable related party transactions that arise during the life of the Trust will be elevated to the TAB and/or the Board of Directors of Reorganized WMI, as required, for further consideration.

Item 14. Principal Accounting Fees and Services.

Not applicable.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) Financial Statements:

| | |
|--|-------------|
| <u>Unaudited Statement of Net Assets in Liquidation as of December 31, 2013 and 2012</u> | Page F-1 |
| <u>Unaudited Statement of Changes in Net Assets in Liquidation for the periods ending December 31, 2013 and 2012</u> | F-2 |
| <u>Notes to Unaudited Financial Statements</u> | F-3 |

(a)(2) Financial Statement Schedules:

All schedules for which provision is made in the applicable accounting regulations of the SEC are omitted because they either are not required under the related instructions, are inapplicable, or the required information is shown in the unaudited financial statements or notes thereto.

(a)(3) Exhibits:

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index, which immediately follows the F-pages of this Annual Report on Form 10-K.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WMI LIQUIDATING TRUST
(Registrant)

Date: March 31, 2014

/s/ William C. Kosturos
William C. Kosturos
Liquidating Trustee

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each member of the Trust Advisory Board whose signature appears below constitutes and appoints William C. Kosturos, John Maciel and Charles Edward Smith, and each of them, his or her lawful attorneys-in-fact and agents, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granted unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 31, 2014

/s/ William C. Kosturos
William C. Kosturos
Liquidating Trustee (Principal Executive Officer)

Date: March 31, 2014

/s/ John Maciel
John Maciel
Chief Financial Officer (Principal Accounting Officer)

Date: March 31, 2014

/s/ Arnold Kastenbaum
Arnold Kastenbaum
Member of the Trust Advisory Board

Date: March 31, 2014

/s/ Marc S. Kirschner
Marc S. Kirschner
Member of the Trust Advisory Board

Date: March 31, 2014

/s/ Michael Willingham
Michael Willingham
Member of the Trust Advisory Board

Date: March 31, 2014

/s/ Douglas Southard
Hon. Douglas Southard
Member of the Trust Advisory Board

Date: March 31, 2014

/s/ Joe McInnis
Joe McInnis
Member of the Trust Advisory Board

Date: March 31, 2014

/s/ Matthew Cantor
Matthew Cantor
Member of the Trust Advisory Board

Date: March 31, 2014

/s/ James Lewis
James R. Lewis
Member of the Trust Advisory Board

WMI LIQUIDATING TRUST
CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION
(in thousands, unaudited)

| | As of December 31, 2013 | As of December 31, 2012 |
|--|----------------------------|----------------------------|
| Assets: | | |
| Cash and cash equivalents | \$32,988 | \$21,485 |
| <u>Restricted Cash</u> | | |
| Cash held in reserve for litigation costs | 4,856 | 17,887 |
| Cash held in reserve for disputed claims | 174,531 | 182,962 |
| Other restricted cash | 4,343 | 45,611 |
| Total restricted cash | 183,730 | 246,460 |
| Receivable, per Global Settlement Agreement | 96,000 | 96,000 |
| Runoff notes | 105,864 | 136,739 |
| Runoff notes held in reserve for disputed claims | 30 | 39 |
| Other assets | 1,086 | 4,374 |
| Total assets | \$419,698 | \$505,097 |
| Liabilities: | | |
| Cash held for allowed claimants | 4,343 | 44,963 |
| Estimated costs to be incurred during liquidation | 28,842 | 30,128 |
| Other accrued liabilities | 6,852 | 4,383 |
| Accrued liabilities related to reserve for disputed claims | 6 | 6 |
| Total liabilities | 40,043 | 79,480 |
| Net assets in liquidation: | | |
| Net assets held in reserve for disputed claims | 174,556 | 182,995 |
| Net assets available to Liquidating Trust Interests | 205,099 | 242,622 |
| Total net assets | 379,655 | 425,617 |
| Total liabilities and net assets | \$419,698 | \$505,097 |

The accompanying notes are an integral part of this unaudited financial statement.

WMI LIQUIDATING TRUST
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION
(in thousands, unaudited)

| | Year ended December 31, 2013 | From Effective Date through December 31, 2012 |
|---|---------------------------------|---|
| Net assets, beginning: | \$425,617 | \$977,809 |
| Income | | |
| Interest / Investment income | 140 | 233 |
| Interest income - runoff notes | 14,792 | 13,416 |
| Recovery of pre-effective expense | 15,012 | 51,345 |
| Other income | 8 | 2,532 |
| Total income | <u>29,952</u> | <u>67,526</u> |
| Expenses | | |
| Professional fees & services | 25,976 | 21,832 |
| Other operating expenses | 2,659 | 2,175 |
| Total operating expenses | <u>28,635</u> | <u>24,007</u> |
| Other items | | |
| Change in estimated costs to be incurred during liquidation | 1,286 | 9,872 |
| Distributions to LTI holders | (44,479) | (570,400) |
| Distributions to holders of Allowed Claims | (4,086) | (35,183) |
| Total changes in Net Assets | <u>(45,962)</u> | <u>(552,192)</u> |
| Net assets, ending | <u>\$379,655</u> | <u>\$425,617</u> |

The accompanying notes are an integral part of this unaudited financial statement.

NOTES TO UNAUDITED FINANCIAL STATEMENTS

Unless stated otherwise, any financial information contained in this Form 10-K uses approximate dollar amounts due to rounding.

Note 1. Description of Business

WMI Liquidating Trust (the “Trust”) was formed on March 6, 2012 when Washington Mutual, Inc. (“WMI”) and WMI’s wholly-owned subsidiary, WMI Investment Corp. (“Investment”) and collectively with WMI, the “Debtors”) entered into a liquidating trust agreement (as amended, the “Trust Agreement”) with William C. Kosturos, as the liquidating trustee (the “Liquidating Trustee”), and CSC Trust Company of Delaware, as the Delaware resident trustee (the “Resident Trustee”). The Trust Agreement was entered into pursuant to the Debtor’s Seventh Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, as filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) on December 12, 2011 (the “Filed Plan”), and as modified by the Modification of Seventh Amended Plan dated January 9, 2012, the Second Modification of Seventh Amended Plan dated January 12, 2012, and the Third Modification of Seventh Amended Plan dated February 16, 2012, the “Plan”) and a related disclosure statement (the “Disclosure Statement”).

On March 19, 2012 (the “Effective Date”), the Plan became effective and a notice of the Effective Date of the Plan was filed with the Court. The Trust did not contain any assets or otherwise engage in any activity until the Effective Date. Accordingly, the Trust’s reporting period for fiscal year 2012 commenced March 19, 2012 and ended December 31, 2012 and, on that basis, references herein to financial information for 2012 refer to this abbreviated period. The Trust’s reporting period for fiscal year 2013 commenced on January 1, 2013 and ended December 31, 2013.

On or shortly after the Effective Date, certain of the Debtors’ assets, as further described below (the “Liquidating Trust Assets”), were transferred to the Trust pursuant to the Plan for the benefit of certain holders of claims against, or equity interests in, the Debtors (the “Trust Beneficiaries”). Trust Beneficiaries who were projected to receive value on account of their Allowed Claims (as defined in the Plan) against the Debtors have been issued beneficial interests in the Trust (the “Liquidating Trust Interests” or “LTIs”) evidencing their right to receive distributions from the Trust if and to the extent sufficient cash is available with respect thereto. If and when distributions from the Trust become available to Trust Beneficiaries who have not received LTIs to date, additional LTIs will be issued to such Trust Beneficiaries in accordance with the Plan and the distribution priorities that are summarized in Annex C of the Trust Agreement.

The Liquidating Trust Assets consist of all of the assets of the Debtors as of the Effective Date, *other than*:

- assets distributed to JPMorgan Chase Bank National Association (“JPMC”) pursuant to that certain Second Amended and Restated Settlement Agreement, dated as of February 7, 2011, by and among the Debtors, the Federal Deposit Insurance Corporation, JPMC, and the other parties thereto (the “Global Settlement Agreement”);
- WMI’s equity interests in (i) Investment (all the assets of which were contributed to the Trust or were transferred to JPMC pursuant to the Global Settlement Agreement), (ii) WM Mortgage Reinsurance Company, Inc. (“WMMRC”), a wholly-owned subsidiary of WMI Holdings Corp. (formerly known as Washington Mutual, Inc. and referred to herein as “Reorganized WMI”), and (iii) Washington Mutual Bank (substantially all of whose assets were sold to JPMC on September 25, 2008, pursuant to the Purchase and Assumption Agreement, and whose stock was abandoned by WMI shortly before the Effective Date);
- \$4.7 billion (as of the Effective Date) of net operating losses of the Debtors;
- cash to be distributed on the Effective Date pursuant to the Plan to holders of certain Allowed Claims against the Debtors;
- cash necessary to pay the fees and expenses owed to certain creditors’ professionals;
- cash necessary to reimburse the Debtors for fees and expenses incurred in connection with initial distributions made by the Debtors as disbursing agent under the Plan;
- the economic interest retained by the Debtors in certain litigation proceeds; and

- Creditor Cash (as defined in the Plan) on the Effective Date.

The sole purpose of the Trust is to hold, manage and administer the Liquidating Trust Assets and distribute the proceeds thereof, if any, to the LTI holders. The Trust will not, at any time, engage in the conduct of any trade or business other than the liquidation and distribution of the Liquidating Trust Assets, and is intended to qualify as a “liquidating trust” for U.S. federal income tax purposes.

Unless dissolved earlier, the Trust has an initial term of three (3) years through March 19, 2015 (i.e., the third anniversary of the Effective Date), subject to extension for up to an additional three (3) years (subject to certain limited exceptions) with the approval of the Court.

LTIs are non-certificated and non-transferable other than by will, intestate succession or operation of law.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The liquidation basis of accounting was adopted by the Trust for all periods subsequent to the Effective Date, and will continue as the basis of accounting for the Trust until its termination. Under the liquidation basis of accounting, assets are reported at the estimated net realizable values and liabilities, including the estimated costs to be incurred during liquidation, which costs are stated at their estimated settlement amounts. The Trust is reporting the fair market values used for tax purposes, which were based on estimates made by an independent valuation firm for select assets. Given the structure of the Trust and the time allowed for an orderly liquidation, the Trust believes the fair market value used for tax purposes fairly reflect the net realizable values.

The precise nature, amount and timing of any future distribution to the holders of LTIs will depend on, and could be delayed by, among other things, claim settlements with holders of disputed claims, final settlements regarding tax refunds and litigation, proceeds from pursuing Recovery Claims (defined collectively in the Trust Agreement to mean (i) claims against present and former officers and directors of the Debtors for actions arising during the period prior to September 26, 2008 (the “Petition Date”), (ii) claims against professionals and representatives retained by the Debtors with respect to conduct that occurred prior to the Petition Date, and (iii) claims based on conduct that occurred prior to the Petition Date against third-parties for any non-contractual breach of duty to WMI, including, but not limited to, antitrust claims and business tort claims), and unexpected or greater than expected expenses incurred to administer the Trust. Claims, liabilities and future expenses for operations, although currently declining in the aggregate, will continue to be incurred until the dissolution of the Trust. These costs will reduce the amount of net assets available for ultimate distribution to the holders of Liquidating Trust Interests.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and under the liquidation basis of accounting requires us to make estimates and judgments that affect the reported values of assets (including net assets in liquidation), liabilities and expenses. For purposes of these financial statements, management has used the fair market values assigned to the assets for tax reporting purposes, which we believe represent their estimated net realizable values. Valuation of assets requires management to make difficult estimates and judgments. Management engaged an independent valuation firm to assist in its estimates for select assets. Due to the inherently uncertain nature of estimates and the underlying assumptions, the actual cash to be received by the Trust from the liquidation of the Liquidating Trust Assets may vary from those estimates, perhaps in materially adverse ways, and those estimates could be different under different assumptions or conditions. Any increases in the amount of expenses incurred or decreases in the estimated realizable value of the Liquidating Trust Assets will reduce the amount that is ultimately distributed to the holders of Liquidating Trust Interests.

Cash and Cash Equivalents

As of December 31, 2013 and 2012, the Trust held \$33.0 million and \$21.5 million, respectively, of unrestricted cash and cash equivalents. This amount is principally to be used to fund the ongoing expenses of the Trust during the liquidation of the remaining Liquidating Trust Assets, excluding expenses associated with pursuing Recovery Claims. The cash is held in a demand deposit account or invested in U.S. treasury bills.

Restricted Cash

All restricted cash is either held in demand deposit accounts or invested in U.S. Treasury bills. As of December 31, 2013 and 2012, the Trust held \$183.7 million and \$246.4 million, respectively, of restricted cash and equivalents for the purposes described below:

Cash Held in Reserve for Litigation Costs

The Plan required that the Trust set aside \$20.0 million as of the Effective Date to potentially pursue Recovery Claims. As of December 31, 2013 and 2012, \$4.9 million and \$17.8 million, respectively, were set aside to pursue Recovery Claims. The Litigation Subcommittee of the Trust Advisory Board released \$12 million from the Litigation Reserve in November 2013. The Trust Agreement was revised in January 2014 to allow the Litigation Subcommittee to request replenishment of the Litigation Reserve by up to \$12 million, on an as needed basis, from funds held by the Trust now, or as funds become available in the future.

Cash Held in Reserve for Disputed Claims

From and after the Effective Date, the Trust is required to retain cash and cash equivalents as a reserve mechanism to allow for the resolution of claims that were disputed, in whole or in part, as of the Effective Date or as amended or reinstated after the Effective Date (the “Disputed Claims Reserve” or “DCR”). As of December 31, 2013 and 2012, the Trust held \$174.5 million and \$183.0 million, respectively, of cash and cash equivalents in the DCR for disputed claims.

Other Restricted Cash

As of December 31, 2013 and 2012, the Trust held other restricted cash and equivalents of \$4.3 million and \$45.6 million, respectively. As of December 31, 2013, the majority of other restricted cash is held primarily for the benefit of holders of Allowed Claims whose claims were paid on February 1, 2014. For the period ended December 31, 2012, the majority of other restricted cash was held primarily for the benefit of holders of Allowed Claims who had not provided the releases required pursuant to the Plan and claimants who have had their claims allowed and were paid on February 1, 2013.

Recent Accounting Pronouncements

There are no previously issued or new accounting pronouncements or changes in accounting pronouncements that have had, or are expected to have, a material impact on the Trust’s financial statements.

Concentration of Credit Risk – Financial Instruments

Financial instruments that subject the Trust to a concentration of credit risk include the Runoff Notes issued by Reorganized WMI as further described below.

On the Effective Date, Reorganized WMI issued (i) \$110.0 million aggregate principal amount of 13% Senior First Lien Notes due 2030 (the “First Lien Notes”) under an indenture, dated as of March 19, 2012, between Reorganized WMI and Wilmington Trust, National Association, as trustee (the “First Lien Indenture”), and (ii) \$20.0 million aggregate principal amount of 13% Senior Second Lien Notes due 2030 (the “Second Lien Notes” and, together with the First Lien Notes, the “Runoff Notes”) under an indenture, dated as of March 19, 2012, between Reorganized WMI and Law Debenture Trust Company of New York, as trustee (together with the First Lien Indenture, the “Indentures”). Pursuant to the Plan, creditors were entitled to elect a distribution of Runoff Notes in lieu of cash received on the Effective Date. To the extent that eligible creditors did not elect all of the Runoff Notes, any remaining balance of the Runoff Notes was transferred to the Trust. The Plan provides the conditions under which the Trust can distribute the Runoff Notes. The Runoff Notes are secured by, and have a specified priority in right of payment in, (a) a securities or deposit account into which Reorganized WMI will deposit distributions it receives of “Runoff Proceeds” (as defined in the Indentures, and referred to herein as the “Collateral Account”), and (b) the equity interests in, and the excess assets of, either WMMRC, or such other entity as holds (or may hold in the future) WMMRC’s existing portfolio of assets, solely to the extent that a lien has been granted therein. Any such lien is subject to regulatory approval and, as of the date of these financial statements, no such regulatory approval has been obtained.

Except in very limited circumstances, holders of Runoff Notes will have no other recourse against Reorganized WMI or its subsidiaries for payments due on the Runoff Notes. In addition, although the trustee for the Runoff Notes has the right to enforce certain rights and remedies against Reorganized WMI upon the occurrence of certain events of default, as and to the extent set forth in the Indentures, there can be no assurance that the Runoff Proceeds (regardless of whether or not deposited into the Collateral Account) and other recourse assets described above will be sufficient in amount to cause any unpaid interest and the outstanding principal amount of the Runoff Notes to be paid in full. Indeed, in the Disclosure Statement, the Debtors projected that the Runoff Proceeds will be sufficient to satisfy only a portion of the principal and interest owed in connection with the Second Lien Notes.

Additional concentration of credit risk consists of cash and cash equivalents and restricted cash balances maintained in financial institutions that are, in part, in excess of the Federal Deposit Insurance Corporation (“FDIC”) limits. As of December 31, 2013, the Trust held cash and cash equivalents and restricted cash of \$20 million in excess of the FDIC insurance limits.

Financial Instruments

The Trust’s net assets in liquidation as of December 31, 2013 and 2012, included the following financial instruments: (i) cash and cash equivalents, and (ii) Runoff Notes. As the Trust’s financial statements have been prepared under the liquidation basis of accounting, the carrying values of these instruments classified as assets and liabilities represent their estimated net realizable values and estimated settlement values.

Subsidiaries

The Trust currently has five (5) subsidiaries, all of which have ceased operations and are in the process of being liquidated pursuant to a plan of liquidation that was adopted on October 5, 2012 (the “Subsidiary Plan of Liquidation”). The aggregate value of the subsidiaries’ assets as of December 31, 2013 is \$187,000 and on December 31, 2012 was \$209,000, which amounts are comprised of cash and cash equivalents. Pursuant to the Subsidiary Plan of Liquidation, the subsidiaries will distribute their remaining assets to the Trust when their liquidation is finalized.

The accompanying consolidated financial statements include the accounts of the Trust and all of its subsidiaries. All material intercompany transactions and account balances have been eliminated in consolidation.

Income Taxes

The Trust, as a liquidating trust, is intended to qualify as a “grantor trust” for U.S. federal income tax purposes other than as discussed below with respect to the DCR portion of the Trust. A grantor trust, as a pass-thru entity, is generally not treated as a separate taxpaying entity and, as such, it is not anticipated that the Trust will be subject to U.S. federal income taxation other than as discussed below with respect to the DCR portion of the Trust.

Instead, each LTI holder is treated for U.S. federal income tax purposes as a direct owner of an indivisible portion of the underlying assets of the Trust (other than those held on account of disputed claims in the DCR) reflective of its relative economic interest in the Trust. Accordingly, each LTI holder is taxed as if directly receiving any income, gain, deduction or loss with respect to its portion of the underlying assets of the Trust, regardless of whether a contemporaneous or commensurate cash distribution is made to the holder by the Trust.

Note 3. Disputed Claims Reserve

Since the Effective Date, the Trust has retained in the DCR, for the benefit of each holder of a disputed claim, cash, LTIs, and, to the extent elected by the holder of a disputed claim, Runoff Notes, together with any gains or income attributable to any of the foregoing. The amounts retained are calculated as if each of the claims is an Allowed Claim (as defined in the Plan) in an amount equal to the lesser of (i) the liquidated amount set forth in the filed proof of claim relating to such disputed claim, (ii) the amount in which the disputed claim shall be estimated by the Court pursuant to section 502 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and constituting the maximum amount of such claim should it become an Allowed Claim, and (iii) such other amount as may be agreed upon by the holder of such disputed claim and the Liquidating Trustee. Additional amounts have also been retained to pay for potential payroll related taxes and other contingencies as deemed appropriate by the Liquidating Trustee.

Pursuant to the Plan and the Trust Agreement, the Liquidating Trustee (A) treats the DCR as a “disputed ownership fund” governed by Treasury Regulation section 1.468B-9, and (B) to the extent permitted by applicable law, reports consistently with the foregoing for state and local income tax purposes. Accordingly, the DCR is a separate taxable entity for U.S. federal income tax purposes, and all distributions from such reserve are taxable to such reserve as if sold at fair market value. Any distributions from the DCR will be treated for U.S. federal income tax purposes as if received directly by the recipient from the Debtors on the original claim or equity interest of such recipient.

As of December 31, 2013, the assets held in the DCR included cash of \$174.5 million and \$30,218 (including interest) of Runoff Notes, and a pro rata share of the remaining net assets in the Trust. As of December 31, 2012, the assets held in the DCR included cash of \$183.0 million and \$38,900 (including interest) of Runoff Notes, and a pro rata share of the remaining net assets of the Trust.

Assets of the DCR will be made available to the LTI holders in accordance with the Plan as and when disputed claims become disallowed. The claims attributable to the funds and LTIs in the DCR are not a liability of the Trust; therefore, no estimate has been made as to the amount of claims which will ultimately be allowed and the distributions which will go to disputed claimants as opposed to current LTI holders. Rather, the financial statements report the net assets being held specifically on behalf of the disputed claimants and the net asset value available to all LTI holders.

Note 4. Global Settlement Agreement Receivable

Pursuant to the Plan and the Global Settlement Agreement, the Trust and JPMC will share in all future WMI net tax refunds on a 20% / 80% basis, respectively. Total net refunds remaining are estimated to be between \$200.0 million and \$600.0 million, of which the Trust would receive between \$40.0 and \$120.0 million. An escrow account was established to accumulate net tax refunds in accordance with the terms of the Global Settlement Agreement. As of December 31, 2013 and 2012, management's estimate of the Trust's share of the net tax refunds, based on the work performed by an independent valuation firm, is \$96.0 million.

The receivable includes, but is not limited to, the following items:

WMI initiated a suit in the U.S. District Court of Western Washington at Seattle ("District Court") and two suits in the United States Court of Federal Claims ("Court of Claims") claiming federal tax refunds for deductions for the amortization and abandonment of certain intangible assets by a predecessor corporation in the 1990 through 1995 and the 1998 tax years. In addition to claiming deductions relating to certain intangible assets in the Court of Claims suit for 1995, WMI claimed a refund for taxes paid as a result of an Internal Revenue Service ("IRS") audit adjustment accelerating the recognition of certain income into the 1995 tax year. In the District Court action, the court initially ruled against WMI on summary judgment as to the legal issue of whether the taxpayer was entitled to a tax basis in the specified assets. The U.S. Court of Appeals for the Ninth Circuit reversed the decision of the District Court and remanded the case back to the District Court to make a determination of tax basis and the corresponding amount of tax refunds. A trial to determine the amount of tax basis was held in December of 2012. On February 10, 2014, the District Court issued a ruling dismissing WMI's refund claim. In its ruling, the District Court held that WMI failed to satisfy its burden of proof as to the amount of the deduction being claimed. In addition, the District Court found that Home Savings (a predecessor bank to Washington Mutual Bank) did not permanently abandon its right to operate in Missouri in 1993 with respect to this claim. The Trust has until April 11, 2014 to file a Notice of Appeal with respect to the District Court's ruling. It is anticipated that the Court of Claims actions will be tried during the 2015 calendar year.

WMI also has various state income tax refund claims outstanding with certain states which primarily resulted from the filing of amended state income tax returns which reported IRS audit adjustments. Certain states have proposed offsets to the claimed amounts as a result of tax deficiencies asserted after that state's audit of WMI and its subsidiaries originally filed returns. The amount and timing of the receipt of the state income tax refunds is dependent on the resolution of these disputed issues. In addition, a portion of the tax refunds received by WMI prior to the Effective Date have been held in escrow pending the determination of the amount of taxes owed, if any, that a state has asserted it is entitled to as a result of its audit of the returns filed by WMI and its subsidiaries for the tax years 1999 through 2006.

The largest state income tax refund in dispute involves the State of California (the "California Tax Dispute"). The Franchise Tax Board (the "FTB") filed an amended proof of claim in the amount of \$280.5 million, asserting amounts for taxes, penalties, and interest owed for the taxable years from 1997 through 2008. The Trust objected to the FTB's claim on various grounds, including that the State of California was actually holding net overpayments of tax from WMI totaling approximately \$415 million. Recently, the Trust and the FTB (with the concurrence of JPMC) reached an agreement in principle (the "California Tax Settlement") to settle the California Tax Dispute. Upon approval by the Court, among other things, the California Tax Settlement will result in the FTB making a cash payment to JPMC in the amount of \$225 million, with the Trust receiving \$45 million thereof in accordance with the GSA. The parties have not yet executed a definitive settlement agreement memorializing the California Tax Settlement; however, the Trust has filed a motion with the Court seeking approval of the California Tax Settlement and the Trust expects such motion to be heard on April 4, 2014. While the parties believe the California Tax Settlement is in their best interests, there can be no assurances that the California Tax Settlement will be approved by the Court.

In addition, there is approximately \$34 million in potential refunds due to the "WMI Group" from California relating to tax years of HF Ahmanson and subsidiaries, a predecessor group of corporations. The final amount of refunds and the timing of payment is dependent on the outcome of the Trust's current litigation with the IRS seeking refunds relating to the IRS acceleration of the recognition of income into 1995, discussed above. If the Trust prevails in the litigation with the IRS on this matter, the Trust will receive approximately \$6.8 million, in accordance with the tax refund allocations set forth in the GSA. If the IRS prevails in this litigation, the Trust should receive approximately \$2.0 to \$2.4 million.

Note 5. Runoff Notes

On the Effective Date, Reorganized WMI issued \$110.0 million aggregate principal amount of First Lien Notes and \$20.0 million aggregate principal amount of Second Lien Notes. The Runoff Notes mature on the eighteenth (18th) anniversary of the Effective Date and bear interest at a rate of thirteen percent (13%) per annum (payable in cash to the extent of available Runoff Proceeds or in

kind through the capitalization of accrued interest at the rate of thirteen percent (13%) per annum to the extent Runoff Proceeds are unavailable). The Trust received \$108.2 million aggregate principal amount of First Lien Notes and \$19.7 million aggregate principal amount of Second Lien Notes on or shortly after the Effective Date (not including \$1.0 million of First Lien Notes and \$0.2 million of Second Lien Notes held in the Disputed Claims Reserve on behalf of holders of disputed claims who elected to obtain Runoff Notes instead of cash). As further described in the Plan, the repayment of the Runoff Notes is limited to, and reliant solely upon, certain proceeds from WMMRC, a wholly-owned subsidiary of Reorganized WMI. Except under limited circumstances, holders of Runoff Notes have no recourse to Reorganized WMI or any other entity should the Runoff Notes remain unpaid on their maturity date.

Effective as of June 30, 2012, \$1.0 million of First Lien Notes and \$188,700 of Second Lien Notes were released from the Disputed Claims Reserve and became unreserved assets of the Trust, inasmuch as the disputed claims that were related thereto were disallowed.

During 2013, Reorganized WMI redeemed \$36 million of First Lien Notes held by the Trust and the Trust earned \$14.8 million of interest with respect to the Runoff Notes. During 2012, Reorganized WMI redeemed \$2.0 million of First Lien Notes held by the Trust and the Trust earned \$13.4 million of interest with respect to the Runoff Notes. This interest was comprised of (in millions):

| Category | 2013 | 2012 |
|---|---------|--------|
| Cash interest | \$9.6 | \$3.6 |
| Capitalized interest | \$5.5 | \$8.3 |
| Change in interest receivable as of December 31 | \$(0.3) | \$1.5 |
| Total interest income | \$14.8 | \$13.4 |

As of December 31, 2013, the Trust owned \$80.9 million of First Lien Notes, including capitalized and accrued interest, and \$25.0 million of Second Lien Notes, including capitalized and accrued interest. These amounts do not include \$23,037 of First Line Notes and \$7,180 of Second Lien Notes held in the Disputed Claims Reserve.

As of December 31, 2012, the Trust owned \$114.8 million of First Lien Notes, including capitalized and accrued interest, and \$21.9 million of Second Lien Notes, including capitalized and accrued interest. These amounts do not include \$32,600 of First Lien Notes and \$6,300 of Second Lien Notes held in the Disputed Claims Reserve.

The Plan provides that upon the earlier to occur of (a) the determination of the Trust Advisory Board, with the consent of each LTI holder which would be a recipient of Runoff Notes, (b) all Allowed CCB-1 Guarantees Claims and Allowed CCB-2 Guarantees Claims (as defined in the Plan) being paid in full in accordance with Articles XIX and XX of the Plan, respectively, and (c) the Runoff Notes being the sole remaining Liquidating Trust Asset, the balance of the Runoff Notes in the Trust, as the balance thereof may have been reduced from time-to-time, shall be distributed to LTI holders with outstanding balances as of the date thereof. To the extent that a holder of an Allowed Claim receives Runoff Notes pursuant to such a distribution, the amount of such holder's outstanding LTI amount shall be reduced on a dollar-for-dollar basis by the lesser of (i) the original principal amount of the Runoff Notes so received and (ii) the then outstanding principal amount (without regard to any interest paid-in-kind) of the Runoff Notes so received. Therefore, the net realizable value currently reported for the Runoff Notes may not reflect the amount of the LTI balance that will be reduced if distributed directly to LTI holders.

The CCB Guarantee claims were paid in full in November 2013. The Plan provides that once the CCB Guarantee claims have been paid in full, the Trust can distribute the Runoff Notes held by the Trust to holders of Liquidating Trust Interests. In accordance with the Plan, the Trust disclosed that it intended to distribute the Runoff Notes on February 1, 2014 to LIT holders in accordance with the priority of payments described in Exhibit H to the Plan. Nevertheless, on December 23, 2013, the Trust filed a motion with the Court seeking authorization to sell the Runoff Notes held by the Trust in accordance with the procedures set forth in such motion. The Trust believed that the potential sale of the remaining Runoff Notes could contribute to maximizing the total value of the Trust's Liquidating Trust Assets. However, because the Trust was unable to obtain the consent required under the Second Lien Notes to waive the restrictions on the accumulation of 4.75% or more of the aggregate principal amount of the Second Lien Notes, the Trust withdrew its motion to sell the Runoff Notes and intends to distribute the Runoff Notes, less any amounts received by the Trust on account of principal redemptions, if any, received prior to distribution, to LTI holders as of the May 1, 2014 Distribution Date.

Note 6. Cash Held for Allowed Claimants

As of December 31, 2013, the Trust reflected a liability of \$4.3 million of cash held for holders of certain Allowed Claims against the Debtors, of which \$3.2 million was paid on February 1, 2014. The remaining balance is cash held for certain non-adjudicated claims pending potential litigation.

As of December 31, 2012, the Trust reflected a liability of \$45.0 million of cash held for holders of certain Allowed Claims against the Debtors, of which \$6.0 million was paid on February 1, 2013. The Trust recorded the liability at the full amount of the cash that would have been paid to the claimants when certain requirements were met, primarily the receipt of releases as required by the Plan. The deadline for the holder of an Allowed Claim to provide a release was March 19, 2013. After such date, pursuant to the Plan, funds held for claim holders who did not provide releases became an unencumbered asset of the Trust. Releases for claims totaling \$21.8 million were received and paid on May 1, 2013. On March 19, 2013, \$14.2 million became an unencumbered asset of the Trust. The funds, to the extent available, were used as part of the distribution on May 1, 2013.

Note 7. Estimated Costs to be Incurred During Liquidation

The liquidation basis of accounting requires the Trust to record a liability upfront for costs expected to be incurred during the liquidation of the Liquidating Trust Assets. On the Effective Date, the Trust estimated these costs to be \$40.0 million (which was also the amount of cash the Debtors transferred to the Trust for operating expenses (i.e., the amount of the Funding, less the Litigation Funding)). Annually, the Trust prepares a budget based on its assessment of the Trust's activities for the remaining life of the Trust. As of December 31, 2012, the Trust estimated that the total operating costs from the Effective Date through the termination of the initial term of the Trust would be \$51.8 million. Because of the extensive efforts still required to complete the recovery and liquidation of the Liquidating Trust Assets, including litigating the Employee Claims, and having re-assessed the amounts required to adequately fund its operations, the Trust now estimates that total operating costs from the Effective Date through the end of the initial term of the Trust will be approximately \$77.8 million. Furthermore, if the Trust exercises its option to extend the term of the Trust (subject to the approval of the Court), the Trust currently estimates that incremental operating costs during the extended period could be as much as \$10.0 million; however, such operating costs could be higher or lower, depending on facts and circumstances underlying the need for an extension, including the duration thereof.

Based on these budgeted amounts, as of December 31, 2013, the Trust recorded a liability for its estimate of operating costs for the term of the Trust (assuming no extension of the initial three (3) year period set forth in the Trust Agreement) of \$28.8 million, after incurring expenses during 2013 of approximately \$27.2 million (not including costs to pursue Recovery Claims). As of December 31, 2012, the Trust had recorded a liability for such costs of \$30.1 million. Given the inherently uncertain nature of estimates, actual costs related to the liquidation are likely to differ from current estimates.

Note 8. Recovery of Pre-Effective Date Expenses

For the period ended December 31, 2013, the Trust recorded income from the Recovery of Pre-Effective Date Expenses of \$15.0 million. This income was primarily related to certain funds which became an unencumbered asset of the Trust, but which were previously reserved for the benefit of holders of allowed claims who had not yet submitted required releases in accordance with the Plan. The funds, to the extent available, were included in the Trust's distribution on May 1, 2013.

On or shortly after the Effective Date, certain of the Debtors' obligations were also transferred to the Trust to pay for expenses incurred prior to the Effective Date. As of March 19, 2012, the Trust had recorded a liability for estimated expenses incurred prior to the Effective Date of \$94.1 million. The liability was primarily comprised of the Trust's estimate of fees incurred by professionals prior to the Effective Date. The Court entered an order on August 1, 2012 [D.I. 10476] approving the final fee applications for professionals retained by the Debtors during the Debtors' bankruptcy proceedings. The actual fees incurred and approved by the Court were substantially less than the original estimate. During 2012, the Trust recorded income of \$51.3 million for the recovery of expenses incurred prior to the Effective Date, which was primarily driven by the lower than estimated professional fees.

Note 9. Distributions to Holders of Allowed Claims

The proceeds in excess of expenses and liabilities that are obtained during the life of the Trust will be distributed to LTI holders in accordance with the distribution procedures and priorities set forth in the Plan and Annex C of the Trust Agreement. These distribution procedures include a reserve mechanism (the DCR) to allow for the resolution of claims that are disputed, in whole or in part, as of the Effective Date and the issuance of LTIs and Runoff Notes (as defined herein) in respect thereof if and when such claims are allowed.

Distributions to LTI holders during 2013 totaled \$44.5 million. Funds for distributions made during 2013 were derived primarily from releases from the DCR; the release of funds previously held in the litigation reserve; interest and principal payments received by the Trust on account of its Runoff Notes holdings; and funds previously reserved for holders of allowed claims who had not yet provided releases pursuant to the Plan.

Distributions to LTI holders during 2012 totaled \$570.4 million, which amount was principally sourced from releases from the Disputed Claims Reserve due to claims being disallowed, the reduction of the reserve for pre-Effective Date expenses and the monetization of various Liquidating Trust Assets.

In addition to payments to reduce LTI balances, the Trust distributed \$4.1 and \$35.2 million during 2013 and 2012, respectively, to claimants whose claims were deemed allowed during the applicable period.

As of December 31, 2013, the Trust has satisfied the entire amount of the pre-Petition Date and post-Petition Date claims of Class 2 (Senior Notes (except for the remaining post-petition interest claim of the Senior Floating Notes, which is subordinated to a lower level pursuant to the Plan)), Class 3 (Senior Subordinated Notes) and Classes 14 and 15 (CCB Guarantees Claims).

Note 10. Disputed Equity Escrow

In addition to the DCR, the Plan provides for an escrow to be established to hold shares of Reorganized WMI for distribution based on the resolution of disputed equity interests by the Court (the “Disputed Equity Escrow”). A dismissal of disputed equity interests will result in redistribution to common shareholders of Reorganized WMI consistent with the distribution of common shares on the Effective Date. The shares and any cash distributed on behalf of the shares are held in the Disputed Equity Escrow and are not recorded as an asset of the Trust for financial accounting purposes and are not part of the Trust for U.S. federal income tax purposes. However, the Liquidating Trustee is the escrow agent for the Disputed Equity Escrow. The Disputed Equity Escrow is taxed in a similar manner to the DCR (i.e., it is treated as a “disputed ownership fund” governed by Treasury Regulation section 1.468B-9, and to the extent permitted by applicable law, reports consistently with the foregoing for state and local income tax purposes) and all expenses of the Disputed Equity Escrow (other than taxes) are borne by the Trust.

As of December 31, 2013, there were approximately 2.9 million shares of Reorganized WMI common stock in the Disputed Equity Escrow and no cash. As of December 31, 2012, there were approximately 4.3 million shares of Reorganized WMI common stock in the Disputed Equity Escrow and no cash.

On March 28, 2013, the Trust entered into a stipulation (the “Underwriter Stipulation”) with certain underwriters (including Morgan Stanley, Credit Suisse, and Goldman Sachs, and collectively referred to herein as the “Underwriters”) who had filed indemnification claims totaling \$96.0 million against the Debtors for legal fees and settlement costs incurred in defending securities fraud action claims brought against the Underwriters in connection with their role underwriting various security issuances by the Debtors. During the course of the Debtors’ chapter 11 cases, the Debtors objected to the indemnification claims and the claims were subordinated to Class 18 and Class 19 (as defined in the Plan). Pursuant to the terms of the Underwriter Stipulation, the parties have agreed that (a) the Underwriters’ \$24.0 million Class 18 claim will be disallowed in full, and (b) the Underwriters’ \$72.0 million Class 19 will be allowed in full. Accordingly, pursuant to the Plan, the Underwriters, as the holders of Allowed Claims in Class 19, received a distribution of approximately 1.4 million shares of common stock of Reorganized WMI from the Disputed Equity Escrow, such amount having been calculated in accordance with the Plan. The Underwriters have also reserved any rights they may have to defend against claims brought against them by the Trust and have released the Trust from any possible affirmative claims.

Note 11. Indemnification and Guarantees

The Trust Agreement provides for the Trustee, the members of the Trustee Advisory Board, and their respective agents, employees, officers, directors, professionals, accountants, advisors, representatives and principals (each an “Indemnified Party”) to be indemnified by the Trust with respect to losses or claims which an Indemnified Party may incur, or to which an Indemnified Party may become subject, in connection with the acts or omissions of the Trustee or a member of the TAB Board except for acts or omissions arising out of an Indemnified Party’s gross negligence, fraud or willful misconduct.

Note 12. Contingencies

Liabilities

All liabilities of the Trust have been recorded at the estimated settlement amount. The Trust is not subject to any known additional contingent liabilities. As discussed in Note 3, disputed claims are not considered a liability. Rather, the DCR is a trust beneficiary which holds cash and LTIs on behalf of disputed claim holders and the Trust has reported the net assets available to trust beneficiaries.

Gain contingencies

Liquidation basis accounting requires the Trust to report the net realizable value of all of its assets. In addition to the assets recorded and described in these notes, the Trust is also involved in the following actions:

D&O Claims and the Insurance Coverage Action

In April 2009, following a preliminary investigation, the Official Committee of Unsecured Creditors of Washington Mutual, Inc., et al. (the "Committee"), in its capacity as authorized representative of WMI's chapter 11 bankruptcy estate, sent a letter to WMI and certain of its former directors and officers (the "D&Os") providing them "Notice of Circumstances Resulting in Potential Claims" in connection with, among other things, a \$500.0 million transfer from WMI to WMB that took place on September 10, 2008 (the "September Downstream"). After further investigation, the Committee and WMI sent a demand letter dated October 13, 2011 to several of the D&Os, asserting a claim (the "Asserted Claim") and indicating their intent to pursue litigation against the D&Os in the absence of a negotiated resolution of the D&Os' liability in connection with the September Downstream. The Asserted Claim has not been resolved.

On October 8, 2012, the Trust filed a complaint in the Delaware Superior Court for New Castle County against 11 insurance carriers (the "Carriers") that issued director and officer insurance policies purchased by WMI before it filed for bankruptcy (the "D&O Policies"). The complaint initiated the lawsuit captioned *WMI Liquidating Trust v. XL Specialty Insurance Co., et al.*, C.A. No. N12C-10-087 MMJ CCLD (the "Insurance Coverage Action"). In the complaint, the Trust alleges, among other things, that the Carriers breached their obligations under the D&O Policies because they denied coverage and are refusing to pay defense costs for a claim (the "Asserted Claim") based on a \$500.0 million transfer from WMI to WMB that took place on September 10, 2008. In particular, the Trust seeks (i) damages for breach of the D&O Policies, (ii) damages for breach of the Carriers' duties of good faith and fair dealing, (iii) declaratory judgment as to the Carriers' obligations under the D&O Policies, and (iv) other relief specified in the complaint. The Carriers filed a motion to dismiss the Insurance Coverage Action, which was denied by the Superior Court. Thereafter, the Carriers sought and obtained leave for interlocutory appeal of the denial of their motion to dismiss. The Supreme Court of Delaware, sitting *en banc*, heard oral argument on such appeal on March 5, 2014. Otherwise, no trial date has been set in the Insurance Coverage Action.

Goldman Investigation

In December 2012, the Trust filed a motion before the Court seeking discovery of documents and a deposition from Goldman Sachs. The motion sought information from Goldman Sachs related to its trading and lending activity with respect to WMI securities in the period prior to WMI's bankruptcy. The motion indicated that such documents may be relevant to potential claims against Goldman Sachs for breach of contract and other causes of action. During the course of the Trust's investigation, Goldman Sachs and the Trust agreed to postpone judicial resolution of the Trust's motion, subject to Goldman Sachs agreeing to voluntarily produce material by Goldman Sachs that would eliminate the need for a ruling on the motion. Goldman Sachs produced certain materials voluntarily and such materials were reviewed by counsel to the Trust and by consultants retained by the Trust with expertise in the type of securities transactions involved. During the course of such review, the Trust's advisors identified potential claims against a separate third party and investigated those claims as well. At this time, having reviewed the records and materials produced in connection with the foregoing (and mindful of the legal requirements applicable to the actual assertion of a claim (including Rule 11 of the Federal Rules of Civil Procedure)), the Litigation Subcommittee has determined to terminate its investigation of these claims because the evidence and information reviewed does not support pursuit of such claims. In connection with the foregoing, the above-referenced motion filed with the Court was withdrawn in late 2013.

Note 13. Subsequent Events

See Note 4 with respect to (a) a proposed settlement recently entered into between the Trust and the FTB and (b) a recent ruling by the District Court for the Western District of Washington with respect to a tax refund claim asserted by the Trust.

On March 10, 2014, the Trust entered into a settlement agreement (the “Providian Settlement Agreement”) with fifteen (15) employee claimants (the “Providian Claimants”), who, pursuant to their proofs of claim and related documentation and agreements, maintain historical claims relating to the period prior to the seizure of WMB’s assets (the “Pre-Seizure Component”), as well as claims arising from or relating to the seizure of WMB’s assets (the “Post-Seizure Component”). Pursuant to the Providian Settlement Agreement, among other things, the Trust has agreed to resolve the Pre-Seizure Component and the Providian Claimants have agreed to waive any and all recoveries relating to the Post-Seizure Component. The Providian Claimants filed claims totaling \$27.7 million plus unliquidated damages for legal fees. The DCR holds approximately \$18.2 million for these claimants and the settlement agreement provides that the Trust will pay the Providian Claimants \$12.5 million. On March 27, 2014, the Court entered an order approving the Providian Settlement Agreement and the matters covered thereby.

EXHIBIT INDEX

Pursuant to Item 601(a)(2) of Regulation S-K, this exhibit index immediately precedes the exhibits.

The following exhibits are included, or incorporated by reference, in the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (and are numbered in accordance with Item 601 of Regulation S-K).

| <u>Item No.</u> | <u>Description</u> |
|-----------------|--|
| 2.1 | Seventh Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code filed on December 12, 2011, as modified by the Modification of Seventh Amended Plan dated January 9, 2012, the Second Modification of Seventh Amended Plan dated January 12, 2012, and the Third Modification of Seventh Amended Plan dated February 16, 2012, as filed with the Securities and Exchange Commission under cover of Form 8-K by Washington Mutual, Inc. on March 1, 2012. |
| 2.2 | Disclosure Statement for the Seventh Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated December 12, 2011, and filed with the United States Bankruptcy Court for the District of Delaware on December 12, 2011, as filed with the Securities and Exchange Commission under cover of Form 8-K by Washington Mutual, Inc. on December 16, 2011. |
| 2.3 | Order Confirming the Seventh Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated February 24, 2012, as entered by the United States Bankruptcy Court for the District of Delaware, and as filed with the Securities and Exchange Commission under cover of Form 8-K by Washington Mutual, Inc. on March 1, 2012. |
| 10.1 | WMI Liquidating Trust Agreement, dated as of March 6, 2012, by and among Washington Mutual, Inc. and WMI Investment Corp., as debtors and debtors-in-possession, William C. Kosturos, as liquidating trustee, and CSC Trust Company of Delaware as the Delaware resident trustee of the WMI Liquidating Trust, as filed with the Securities and Exchange Commission under cover of Form 8-K by Washington Mutual, Inc. on March 12, 2012, as amended by Amendment No.1 to the WMI Liquidating Trust Agreement dated as of August 1, 2012, as filed with the Securities and Exchange Commission under cover of Form 8-K by WMI Liquidating Trust on August 7, 2012, and by Amendment No. 2 to the WMI Liquidating Trust Agreement dated as of January 7, 2014, as filed with the Securities and Exchange Commission under cover of Form 8-K by WMI Liquidating Trust on January 13, 2014. |
| 10.2 | Engagement Letter between WMI Liquidating Trust and Alvarez & Marsal North America, LLC, dated as of March 29, 2012, as filed with the Securities and Exchange Commission under cover of Form 8-K by WMI Liquidating Trust on April 4, 2012. |
| 10.3 | Transition Services Agreement, dated March 23, 2012, by and between WMI Holdings Corp. and WMI Liquidating Trust, as filed with the Securities and Exchange Commission under cover of Form 8-K by WMI Holdings Corp. on March 23, 2012, as amended by Amendment No.1 to the Transition Services Agreement, as filed with the Securities and Exchange Commission under cover of Form 8-K by WMI Holdings Corp. on September 27, 2012. |
| 10.4 | Employment Agreement between WMI Liquidating Trust and Charles Edward Smith, dated April 30, 2012, as filed with the Securities and Exchange Commission under cover of Form 10-K by WMI Liquidating Trust on April 1, 2013. |
| 10.5 | Employment Agreement between WMI Liquidating Trust and Doreen Logan, dated April 30, 2012, as filed with the Securities and Exchange Commission under cover of Form 10-K by WMI Liquidating Trust on April 1, 2013. |
| 31.1* | Certification of WMI Liquidating Trust's liquidating trustee, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of WMI Liquidating Trust's Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Certification of the WMI Liquidating Trust's liquidating trustee, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | Certification of WMI Liquidating Trust's Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS** | XBRL Instance Document. |
| 101.SCH** | XBRL Taxonomy Extension Schema Document. |

101.CAL** XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF** XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB** XBRL Taxonomy Extension Label Linkbase Document.
101.PRE** XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

** Furnished herewith.

WMI LIQUIDATING TRUST
CERTIFICATION OF LIQUIDATING TRUSTEE
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William C. Kosturos, certify that:

1. I have reviewed this annual report on Form 10-K of WMI Liquidating Trust (the “Liquidating Trust”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the net assets and changes in net assets under the liquidation basis of accounting of the Liquidating Trust as of, and for, the periods presented in this report;
4. The Liquidating Trust’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Liquidating Trust and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Liquidating Trust, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Liquidating Trust’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Liquidating Trust’s internal control over financial reporting that occurred during the Liquidating Trust’s most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Liquidating Trust’s internal control over financial reporting; and
5. This report, based on the most recent evaluation of internal control over financial reporting of the Liquidating Trust’s other certifying officer and I, discloses:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Liquidating Trust’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Liquidating Trust’s internal control over financial reporting.

Date: March 31, 2014

By: /s/ William C. Kosturos
William C. Kosturos
Liquidating Trustee

WMI LIQUIDATING TRUST
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Maciel, certify that:

1. I have reviewed this annual report on Form 10-K of WMI Liquidating Trust (the “Liquidating Trust”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the net assets and changes in net assets under the liquidation basis of accounting of the Liquidating Trust as of, and for, the periods presented in this report;
4. The Liquidating Trust’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Liquidating Trust and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Liquidating Trust, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Liquidating Trust’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Liquidating Trust’s internal control over financial reporting that occurred during the Liquidating Trust’s most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Liquidating Trust’s internal control over financial reporting; and
5. This report, based on the most recent evaluation of internal control over financial reporting of the Liquidating Trust’s other certifying officer and I, discloses:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Liquidating Trust’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Liquidating Trust’s internal control over financial reporting.

Date: March 31, 2014

By: /s/ John Maciel
John Maciel
Chief Financial Officer

WMI LIQUIDATING TRUST
CERTIFICATION OF LIQUIDATING TRUSTEE
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of WMI Liquidating Trust (the "Liquidating Trust") on Form 10-K for the fiscal year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William C. Kosturos, Liquidating Trustee of the Liquidating Trust, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Liquidating Trust.

Date: March 31, 2014

By: /s/ William C. Kosturos

William C. Kosturos

Liquidating Trustee

WMI LIQUIDATING TRUST
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of WMI Liquidating Trust (the "Liquidating Trust") on Form 10-K for the fiscal year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Maciel, Chief Financial Officer of the Liquidating Trust, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Liquidating Trust.

Date: March 31, 2014

By: /s/ John Maciel
John Maciel
Chief Financial Officer