

In re Washington Mutual, Inc., et al.
Case No. 08-12229 (MFW)

OFFICE OF THE UNITED STATES TRUSTEE - REGION 3
POST-CONFIRMATION QUARTERLY SUMMARY REPORT

This Report is to be submitted for all bank accounts that are presently maintained by the post confirmation debtor.

Debtor's Name: Washington Mutual, Inc., et al Bank: Various
Bankruptcy Number: 08-12229 (MFW) Account Number: Various
Date of Confirmation: February 23, 2012 Account Type: Various
Reporting Period (month/year): July 1, 2014 through September 30, 2014
Beginning Cash Balance: \$ 229,466,060

All receipts received by WMI Liquidating Trust ("Trust") on behalf of the Debtors:

Cash Sales / Interest:	\$ 9,421
Collection of Accounts Receivable:	\$ 0
Proceeds from Litigation / Settlement:	\$ 0
Sale of Debtor's Assets:	\$ 0
Other Cash Receipts /Transfers:	\$ 2,413,693
Total of cash received:	\$ 2,423,114
Total of cash available:	\$ 231,889,174

Less all disbursements or payments (including payments made under the confirmed plan) made by the Trust:

Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals:	\$ 77,437,674
Disbursements made pursuant to the administrative claims of bankruptcy professionals:	\$ 2,574,485
All other disbursements made in the ordinary course:	\$ 640,885
Total Disbursements	\$ 80,653,044
Ending Cash Balance:	\$ 151,236,130

Pursuant to 28 U.S.C. Section 1746(2), I hereby declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

10/29/14
Date

J.R. Maciel
Name/Title

CHIEF FINANCIAL OFFICER



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WMI Liquidating Trust
September 2014 Quarterly Summary Report -- UNAUDITED

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BACKGROUND / DISCLAIMER

This Quarterly Summary Report of WMI Liquidating Trust (the “Trust”), as successor-in-interest to Washington Mutual, Inc. (“WMI”) and WMI Investment Corp. (together referred to as the “Debtors”), to the United States Bankruptcy Court for the District of Delaware (“Bankruptcy Court”) covering the period from July 1, 2014 through September 30, 2014, was prepared solely 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). This Quarterly Summary Report is limited in scope, covers only a limited time period, and is not intended to serve as a basis for investment in any security of any issuer. This Quarterly Summary Report was prepared in accordance with liquidation basis accounting. The financial data reflected in this document were not audited or reviewed by an independent registered public accounting firm and are subject to future adjustment and reconciliation. Given its special purpose and limited scope, this report does not include all adjustments and notes that would be required to be reported in accordance with U.S. Generally Accepted Accounting Principles as adopted by the Financial Accounting Standards Board (“FASB”). Results set forth in the Quarterly Summary Report should not be viewed as indicative of future results. This disclaimer applies to all information contained herein.

On September 26, 2008 (the “Petition Date”), the Debtors commenced voluntary cases under Chapter 11 of title 11 of the United States Code with the Bankruptcy Court. Prior to the Petition Date, on September 25, 2008, 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 Washington Mutual Bank 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 Bankruptcy Court confirmed the Seventh Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code that the Debtors filed with the Bankruptcy Court on December 12, 2011 (and as subsequently amended and modified from time to time, the “Plan”), by order, dated February 23, 2012, (the “Confirmation Order”) [D.I. 9759]. After the satisfaction or waiver of the conditions described in the Plan, the transactions contemplated by the Plan were consummated on March 19, 2012 (the “Effective Date”), and, on March 23, 2012, the Debtors made initial distributions to creditors pursuant to the Plan (the “Initial Distribution”). WMI emerged on the Effective Date as a newly reorganized company, WMI Holdings Corp. (“Reorganized WMI”).

In addition, the Plan provided for the creation of the Trust, which was formed on March 6, 2012, pursuant to the execution of the liquidating trust agreement dated as of March 6, 2012, by and among the Debtors, William C. Kosturos, as the liquidating trustee (the “Liquidating Trustee”), and CSC Trust Company of Delaware, as the Delaware resident trustee (as amended, the “Liquidating Trust Agreement”). On or shortly after the Effective Date, certain of the Debtors’ assets were transferred to the Trust for the benefit of those stakeholders who were not paid in full in the Initial Distribution or whose claims remain disputed. The Trust is a successor-in-interest to the Debtors pursuant to the Plan and the Liquidating Trust Agreement. The Trust has an initial term of three years from the Effective Date, subject to extension for up to an additional three years (subject to certain limited exceptions) with the approval of the Bankruptcy Court.

As successor-in-interest to WMI, the Trust bears the responsibility for future reporting to the Bankruptcy Court. The Trust reports 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. For purposes of the Quarterly Summary Reports, management has used the fair market values assigned to the assets for 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 results. Due to the inherently uncertain nature of estimates and the underlying assumptions, the actual 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 Quarterly Summary Reports filed with the Bankruptcy Court (which the Trust files with the U.S. Securities and Exchange Commission, or “SEC”, under cover of Form 8-K), and in the Trust’s modified annual report on Form 10-K filed with the SEC for its fiscal year ending December 31, 2013.

The information provided in the notes to the financial statements is provided to offer additional information to the readers of this report. However, the information is not complete and should be read in conjunction with the Plan and Disclosure Statement. In addition, readers are encouraged to visit the Trust's website at www.wmitrust.com, which contains a link to the Trust's filings with the SEC.

WMI Liquidating Trust
September 2014 Quarterly Summary Report - UNAUDITED
Schedule of Cash Receipts and Disbursements -- Quarterly

For the Quarter ended September 30, 2014					
	Cash	Litigation Reserve	Disputed Claim Cash	Restricted Cash	Total
Beginning Cash - June 30, 2014	\$ 118,960,602	\$ 3,527,616	\$ 105,363,822	\$ 1,614,020	\$ 229,466,060
Receipts					
Interest /Investment Income Received	3,627	-	5,794	-	9,421
Treasury Bill accretion	-	-	-	-	-
Sale / Monetization of Debtor's assets	135,637	-	-	-	135,637
Collection of tax receivable	-	-	-	-	-
Proceeds from Litigation	-	-	-	-	-
Proceeds from run-off notes	534,662	-	1,180,067	-	1,714,729
Distribution from subsidiaries	-	-	-	-	-
Reimbursement for tax professional fees	-	-	-	-	-
Other receipts	563,327	-	-	-	563,327
Total Receipts	1,237,253	-	1,185,861	-	2,423,114
Transfers					
Disallowance of disputed claims	507,888	-	(507,888)	-	-
Allowance of disputed claims	-	-	258,872	(258,872)	-
Allowance of unreserved claims	-	-	-	-	-
Distribution to disputed Liquidating Trust Interests	(1,156,682)	-	1,156,682	-	-
Claims disallowed for non-release	-	-	-	-	-
Conditional release from litigation reserve	-	-	-	-	-
Other transfers	-	-	-	-	-
Total transfers	(648,794)	-	907,666	(258,872)	-
Disbursements/Payments					
<u>Disbursements to allowed claimants</u>					
Disbursements to Liquidating Trust Interests	77,243,318	-	-	-	77,243,318
Disbursements to newly released / allowed claims	-	-	-	177,485	177,485
Other disbursements to allowed claimants (taxes, releases, etc)	-	-	-	16,871	16,871
<u>Disbursements made for bankruptcy expenses</u>					
For services prior to the effective date	-	-	-	-	-
For services after the effective date	2,387,395	187,090	-	-	2,574,485
<u>Disbursements in ordinary course:</u>					
Salaries and benefits	314,773	-	-	-	314,773
Travel and other expenses	17,174	-	-	-	17,174
Occupancy and supplies	114,662	-	-	-	114,662
Other outside services	111,065	-	-	-	111,065
Other disbursements	2,244	-	-	-	2,244
Trust Advisory Board fees and expenses	80,967	-	-	-	80,967
Disbursements In ordinary course	640,885	-	-	-	640,885
Total Disbursements	80,271,598	187,090	-	194,356	80,653,044
Ending Cash and Cash Equivalents	\$ 39,277,462	\$ 3,340,526	\$ 107,457,349	\$ 1,160,793	\$ 151,236,130

WMI Liquidating Trust
September 2014 Quarterly Summary Report - UNAUDITED
Schedule of Cash Receipts and Disbursements -- Cumulative

	From the Effective Date through September 30, 2014				
	Cash	Litigation Reserve	Disputed Claim Cash	Restricted Cash	Total
Beginning Cash - Effective Date	\$ 140,117,720	\$ 20,000,000	\$ 725,779,642	\$ 53,738,857	\$ 939,636,219
Receipts					
Interest /Investment Income Received	9,451	-	9,597	10,158	29,205
Treasury Bill accretion	39,477	-	354,594	-	394,071
Sale / Monetization of Debtor's assets	3,915,259	-	-	-	3,915,259
Collection of tax receivable	44,700,000	-	-	-	44,700,000
Proceeds from run-off notes	53,406,779	-	1,252,545	-	54,659,324
Distribution from subsidiaries	3,431,878	-	-	-	3,431,878
Reimbursement for tax professional fees	1,455,407	-	-	-	1,455,407
Other receipts	2,556,063	-	12,573	904,565	3,473,202
Total Receipts	109,514,313	-	1,629,308	914,723	112,058,345
Transfers					
Disallowance of disputed claims	619,177,296	-	(619,177,296)	-	-
Allowance of disputed claims	-	-	(51,961,598)	51,961,598	-
Allowance of unreserved claims	(150,528)	-	-	150,528	-
Distribution to disputed Liquidating Trust Interests	(51,187,292)	-	51,187,292	-	-
Claims disallowed for non-release	14,209,673	-	-	(14,209,673)	-
Conditional release from litigation reserve	12,000,000	(12,000,000)	-	-	-
Other transfers	1,527,305	-	-	(1,527,305)	-
Total transfers	595,576,454	(12,000,000)	(619,951,602)	36,375,148	-
Disbursements/Payments					
<u>Disbursements to allowed claimants</u>					
Disbursements to Liquidating Trust Interests	692,103,364	-	-	(10,937,075)	681,166,289
Disbursements to newly released / allowed claims	-	-	-	89,284,676	89,284,676
Other disbursements to allowed claimants (taxes, releases, etc)	44,004	-	-	11,520,334	11,564,338
<u>Disbursements made for bankruptcy expenses</u>					
For services prior to the effective date	49,874,229	-	-	-	49,874,229
For services after the effective date	54,478,362	4,659,474	-	-	59,137,836
<u>Disbursements in ordinary course:</u>					
Salaries and benefits	4,695,198	-	-	-	4,695,198
Travel and other expenses	210,306	-	-	-	210,306
Occupancy and supplies	1,315,008	-	-	-	1,315,008
Other outside services	837,267	-	-	-	837,267
Other disbursements	446,139	-	-	-	446,139
D&O Insurance	464,625	-	-	-	464,625
Trust Advisory Board fees and expenses	1,462,523	-	-	-	1,462,523
Disbursements in ordinary course	9,431,067	-	-	-	9,431,067
Total Disbursements	805,931,025	4,659,474	-	89,867,935	900,458,434
Ending Cash and Cash Equivalants	\$ 39,277,462	\$ 3,340,526	\$ 107,457,349	\$ 1,160,793	\$ 151,236,130

WMI Liquidating Trust
September 2014 Quarterly Summary Report - UNAUDITED
Statements of Net Assets in Liquidation
(Liquidation Basis)

	<u>9/30/2014</u>	<u>Effective Date</u>
Assets:		
Cash and cash equivalents	\$ 39,277,462	\$ 140,117,720
Cash held in reserve for litigation costs	3,340,526	20,000,000
Cash held in reserve for disputed claims	107,457,349	725,779,642
Other restricted cash	1,160,793	53,738,857
Total cash and cash equivalents	<u>151,236,130</u>	<u>939,636,219</u>
Income tax receivable	51,300,000	96,000,000
Runoff notes	205,634	127,851,091
Runoff notes held in reserve for disputed claims	452,997	1,232,742
Investment in subsidiaries	215,996	3,715,263
Prepaid expenses	861,829	948,080
Other assets	53,530	2,285,732
Total assets	<u>\$ 204,326,116</u>	<u>\$ 1,171,669,128</u>
Liabilities:		
Pre-effective date liabilities	\$ 474,000	\$ 94,112,477
Cash held for allowed claimants	1,160,793	53,471,976
Estimated costs to operate trust <i>(See Notes 2 and 9 for further information)</i>	13,849,547	40,000,000
Accounts payable	326,480	6,123,945
Accrued wages and benefits	448,542	18,261
Other accrued liabilities	1,349,877	133,441
Accrued liabilities - DCR	2,582	-
Total liabilities	<u>17,611,820</u>	<u>193,860,100</u>
Net assets in liquidation:		
Net assets subject to disputed claims	107,907,764	727,012,384
Net assets available to Liquidating Trust Interests	78,806,532	250,796,644
Total net assets	<u>186,714,296</u>	<u>977,809,028</u>
Total liabilities and net assets	<u>\$ 204,326,116</u>	<u>\$ 1,171,669,128</u>

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

WMI Liquidating Trust
September 2014 Quarterly Summary Report - UNAUDITED
Statement of Changes in Net Assets in Liquidation
(Liquidation Basis)

	Quarter Ended 09/30/2014	Cumulative to Date
Net assets, beginning:	263,793,126	977,809,028
Income		
Interest / Investment income - DCR	6,839	407,946
Interest income - runoff notes	22,489	32,861,829
Earnings / (Losses) from subsidiaries	41,250	(67,389)
Recovery of/(Additional) pre-effective expense	-	66,356,720
Other income / (Expense)	84,599	3,056,502
Total income	155,177	102,615,608
Expenses		
Payroll and benefits	363,404	4,156,538
Occupancy and supplies	76,959	868,195
Professional fees & services	2,126,959	57,121,297
Other expenses	265,522	1,862,238
Total operating expenses	2,832,844	64,008,268
Change in reserve for costs to operate trust	(2,832,844)	(26,150,454)
Litigation expenses	249,560	4,778,749
Added / (Reduced) Expense	249,560	42,636,564
Other items		
Allowed Claims	258,872	(51,961,601)
Disbursement to Liquidating Trust Interests - cash	(77,243,318)	(692,103,364)
Disbursement to Liquidating Trust Interests - runoff notes	-	(106,627,732)
Other disbursements	-	(381,080)
Total changes in Net Assets	(77,078,830)	(791,094,733)
Net assets, ending	186,714,296	\$ 186,714,296

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

NOTES TO FINANCIAL STATEMENTS

(Unless otherwise defined herein, all capitalized terms have the same meaning as defined in the Plan)

Note 1: Establishing the Trust

The Plan provides for the creation of the Trust. On or shortly after the Effective Date, certain of the Debtors' assets were transferred to the Trust for the benefit of those stakeholders who were not paid in full as part of the Initial Distribution made on or about March 23, 2012 or whose claim was disputed or otherwise unresolved. The Trust is and will continue to be responsible for liquidating, converting to cash and distributing the Trust's assets to the Trust's beneficiaries. The beneficiaries have received, and will continue to receive, under certain circumstances as specified by the Plan, beneficial interests in the Trust in exchange for their unpaid Claims against or Equity Interests in the Debtors ("Liquidating Trust Interests" or "LTIs"). The LTIs are not transferable except by will, intestate succession or operation of law. The outstanding balance for LTIs as of September 30, 2014 is reported on the "Rollforward of Liquidating Trust Interests."

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

In addition, the Liquidating Trustee administers the Disputed Claims Reserve ("DCR"). Holders of claims who 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 or allowance of disputed claims as well as payment on behalf of LTIs held by the DCR.

The Trust, as a liquidating trust, is intended to qualify as a grantor trust for U.S. federal and state income tax purposes. A grantor trust is generally not treated as a separate taxpaying entity (i.e., it is treated as a pass-thru entity); as such, we do not anticipate that the Trust will be subject to U.S. federal or state income taxation. See Note 4.

Note 2: Liquidation Basis Accounting

Given the liquidating nature of the Trust, management is reporting its financial statements using liquidation basis accounting, consistent with AICPA Statement of Position 93-3 ("SOP 93-3"). Liquidation basis accounting may be considered GAAP for entities that do not intend to continue as a going concern.

Key elements of liquidation basis accounting as set forth in SOP 93-3 include:

- Assets and liabilities should be reported at their net realizable values. The Trust is reporting the values consistent with the values used for tax purposes, which were based on estimates made by an independent valuation firm for select assets.
- Instead of a balance sheet and income statement, the Trust provides a Statement of Net Assets in Liquidation and Statement of Changes in Net Assets in Liquidation. The Statement of Net Assets should report assets and liabilities at the amount of cash expected to be received or paid in liquidation. Such a report is inherently uncertain, as it is based on estimates and assumptions. The cash amounts actually received and paid could be materially different than the reported balances.
- The costs expected to consummate the liquidation should be recorded upfront. On the Effective Date, the Trust recorded a liability (the "Operating Reserve")¹ of \$40.0 million to operate the Trust. The Operating

¹ On the balance sheet, the item titled "Estimated cost to operate the Trust" is herein referred to as "the Operating Reserve."

Reserve has increased over time. As of December 31, 2013, management estimated total expenses for the period from the Effective Date through March 19, 2015 (i.e. the date on which the Trust is to terminate in accordance with its terms), to be \$77.8 million and recorded an Operating Reserve of \$28.8 million. During the nine months ending September 30, 2014, the Trust incurred operating expenses of \$15.0 million reducing the Operating Reserve to \$13.8 million.

Given the current status of various litigations, including the employee claims litigation and tax refund litigations, it is probable that the Trust will exercise the option set forth in the Plan and the Liquidating Trust Agreement to extend the term of the Trust for up to an additional three years; however, no final decision has been made in this regard. The Trust's 2014 year-to-date operating expenses have been lower than projected in the recently approved budget; however, management believes this could be a timing difference with more costs incurred during the extended period. The Trust currently estimates that costs to operate the Trust could be approximately \$10-15 million greater than the Operating Reserve of September 30, 2014, subject to additional adjustment based on facts and circumstances existing at the time any such extension is authorized or effected.

The Trust does not have predictable revenue-generating operations; therefore, in an effort to ensure that the Trust has adequate funds on hand to fund the possible increase in operational costs associated with, among other things litigating employee claims to final resolution, extending the term of the Trust, and potentially replenishing (in whole or in part) the Reserve for Litigation (See Note 5), as of November 1, 2014, the Trust is withholding \$22.8 million from funds otherwise available for distribution. After giving effect to this additional "hold-back," total funds available for operational purposes totals approximately \$36.6 million.

Note 3: Distributions to LTI Holders

The Plan and Liquidating Trust Agreement provide that the Liquidating Trustee will make distributions on at least a quarterly basis, subject to certain exceptions. On August 1, 2014, the Trust distributed \$78.4 million to LTI holders primarily related to the application of the 502(b)(7) Cap and receipt of tax refunds in the prior quarter.

No material cash has been generated since the last Distribution Date. Therefore, while the next scheduled Distribution Date is November 1, 2014, the Trust will not make a quarterly cash distribution to LTI holders. The Trust did, however, distribute cash from the Disputed Claims Reserve on account of newly Allowed Claims.

Note 4: Disputed Claims Reserve

From and after the Effective Date, the Trust retains, for the benefit of each holder of a disputed claim, cash, LTIs, and to the extent elected by such holder, Runoff Notes issued by Reorganized WMI, and any dividends, gains or income attributable in respect of 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 Bankruptcy Court pursuant to section 502 of the Bankruptcy Code and constitutes and represents the maximum amount in which such Claim may ultimately 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; provided, however, that the recovery by any holder of a Disputed Claim shall not exceed the lesser of (i), (ii) and (iii) above.

Pursuant to the Plan and the Liquidating Trust Agreement, the Liquidating Trustee (A) treats the DCR as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 (and will make any appropriate elections), 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 the 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.

No material activity related to Disputed Claims occurred during the quarter ending September 30, 2014.

On the Statement of Net Assets, as of September 30, 2014, DCR assets include cash of \$107.5 million and \$0.5 million of Runoff Notes (including interest). The DCR, by reason of its allocable ownership of LTI assets on behalf of disputed claimants, is entitled to a pro rata share of the remaining 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. For further information regarding the DCR, see the “Rollforward of Liquidating Trust Interests” and the “Rollforward of Disputed Claims Reserve.”

Note 5: Reserve for Litigation Costs

The Plan required that the Trust set aside \$20.0 million (the “Litigation Reserve”) to potentially pursue recoveries from pending and future investigations, litigations (other than tax-related litigation) and to defend certain claims. Because it has not been determined whether and to what extent such funds will actually be used, the Trust did not, upon emergence, record a liability for such costs and the Trust reports these litigation costs as they are incurred. Nevertheless, the Trust does report the cash held on account of the Litigation Reserve as a separate line item on the Statement of Net Assets and the activity is disclosed on the Schedule of Cash Receipts and Disbursements.

In connection with a distribution to LTI holders in November 2013, the Litigation Subcommittee authorized a release of \$12 million from the Litigation Reserve to partially fund such distribution. In accordance with the terms of the Liquidating Trust Agreement, as recently amended, the Litigation Subcommittee may require, subject to applicable conditions, that the Trust replenish the Litigation Reserve 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. Such replenishment could come from a release of the \$36.0 million currently being held for operating expenses.

As of September 30, 2014, \$4.7 million had been paid to professionals representing the Trust in connection with pending and potential investigations, litigations and claims, and total costs incurred in connection with the foregoing were \$4.8 million. Therefore, on September 30, 2014, the Litigation Reserve had an available balance of \$3.3 million.

Note 6: Taxes

Pursuant to the Plan and the Global Settlement Agreement with JPMC and the FDIC, the Trust and JPMC will share in all future WMI net tax refunds on a 20% / 80% pro rata basis, respectively. There are numerous litigations and refunds remaining at the Federal and State tax levels. Total net refunds remaining are estimated to be between \$200 and \$600 million, of which the Trust would receive between \$40 and \$120 million. An escrow account (the “Tax Refund Escrow”) was established to accumulate net tax refunds in accordance with the terms of the Global Settlement Agreement. Taking into account the refunds previously received, a balance of \$51.3 million represents management’s estimate of the net tax refunds remaining.

There remains 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 Internal Revenue Service (“IRS”) seeking refunds relating to the IRS acceleration of the recognition of income into 1995 discussed below. 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.

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 IRS audit adjustment accelerating the recognition of certain income into the 1995 tax year.

In the Court of Claims action, the IRS and the WMI Group have reached a settlement in principle with the IRS with respect to the portion of the Court of Claims action dealing with the acceleration of recognition of certain income into the 1995 tax year. The Trust filed its motion for approval of the settlement by the Bankruptcy Court on April 23, 2014. Such motion was approved by the Bankruptcy Court on May 31, 2014. This settlement is subject to review by the US Department of Justice and the Congressional Joint Committee on Taxation. If approved by all parties, the WMI Group would be entitled to a net tax refund of approximately \$42.9 million plus interest and return of penalties, if any. The Trust is entitled to 20% of this refund pursuant to the GSA. It is anticipated that the remaining Court of Claims actions will be tried during the 2015 calendar 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 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. On April 8, 2014, the WMI Group filed notice that it is appealing this decision to the United States Court of Appeals for the Ninth Circuit.

Note 7: Runoff Notes

Pursuant to the Plan, Reorganized WMI issued Runoff Notes in the aggregate original principal amount of \$130,000,000.00, maturing on the eighteenth (18th) anniversary of the Effective Date, bearing 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 repayment of the Runoff Notes is limited to certain proceeds from WM Mortgage Reinsurance Company Inc., ("WMMRC") which is a wholly-owned subsidiary of Reorganized WMI.

As a result of the ruling on the 502(b)(7) limitations on employee claims, as of June 30, 2014, the DCR released approximately \$733,000 of Runoff Notes as unencumbered assets of the Trust. In July 2014, approximately \$1.7 million was received as a principal reduction, and interest thereon, of the First Lien Notes held by the Trust and the DCR due to two optional redemptions paid by Reorganized WMI during the month. Of the funds received, approximately \$535,000 related to the Runoff Notes held as general assets of the Trust and was included as available cash for the August 1, 2014 distribution to LTI holders. The remainder is held by the DCR on behalf of disputed claimants.

On September 1, 2014, Reorganized WMI elected to make a payment-in-kind interest payment on the First and Second Lien Runoff Notes held by the Trust and the DCR. Accordingly, the interest due on those notes was capitalized to the outstanding principal of the First and Second Lien Runoff Notes. The amount of such interest capitalized was \$6,400 for the Trust and \$14,100 for the DCR, in total. As of September 30, 2014, The Trust owned \$206,000 of Runoff Notes (including paid-in-kind interest and interest receivable) at face amount for the benefit of all LTI holders. In addition, the Trust (through the DCR) holds \$453,000 of Runoff Notes (including paid-in-kind interest and interest receivable) on behalf of disputed claim holders.

Note 8: Disputed Equity Escrow

In addition to the DCR, the Plan established a Disputed Equity Escrow to hold shares of Reorganized WMI common stock for distribution based on the resolution of disputed equity interests. A dismissal of disputed equity interests will result in a distribution to common shareholders of Reorganized WMI consistent with the allocation of, and manner of distribution of, common shares on the Effective Date. The shares and any cash distributed on behalf of the shares are held in a separate escrow account that is not recorded as an asset of the Trust. 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 (see description above). All expenses of the Disputed Equity Escrow (other than taxes) are borne by the Trust. As of September 30, 2014, there were approximately 2.9 million shares of Reorganized WMI common stock in the Disputed Equity Escrow.

Note 9: Employee Related Claims

As of September 30, 2014, the Trust held \$64.0 million of cash and \$0.3 million of Runoff Notes in reserve on account of the Employee Claims, with the aggregate remaining amount of those claims totaling approximately \$60.3 million after the application of the Section 502(b)(7) Cap (as defined below).

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 Federal Deposit Insurance Corporation (“FDIC”) and Board of Governors of the Federal 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 (the “Application”). 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. On April 22, 2014, the Trust received a response to its August 14, 2013 letter stating that all but a small number of the agreements related to the remaining non-settled claims 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. As of September 30, 2014, 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; one claimant requested that the Trust amend such the Application to include payment on account of his settlement.; one claimant was paid and consequently withdrawn from the Application. By letter dated October 15, 2014, the FDIC denied the Application in its entirety.

In accordance with the order entered by the Bankruptcy Court, 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 certain declaratory relief regarding the applicability of the golden parachute regulations and automatic termination regulations to the employee related claims (the “Declaratory Judgment Action”). 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. On July 3, 2014, United States District Court Judge Richard A. Jones, the presiding judge in the declaratory judgment action, issued a decision and order granting certain defendants’ motion to transfer venue from the Washington District Court to the United States Bankruptcy Court for the District of Delaware (the “Decision Order”). Additionally, the Decision and Order terminated all other motions pending before the Washington District Court. On July 30, 2014, the FDIC filed a motion to withdraw the reference of the Declaratory Judgment Action to the Bankruptcy Court and a motion seeking a determination of whether the Declaratory Judgment Action was core or non-core (the “FDIC Determination Motion”). On August 22, 2014, certain of the employee claimants and the Trust entered into a stipulation with the FDIC and FRB agreeing that the reference with respect to the Declaratory Judgment Action should be withdrawn and that upon such reference withdrawal, the FDIC’s Determination Motion should be deemed withdrawn as moot. An order has not been entered with respect to the FDIC Determination Motion. On September 3, 2014, both the FDIC and FRB filed motions to dismiss the Declaratory Judgment Action on the grounds that the District Court lacks subject matter jurisdiction. Those motions will be fully briefed on November 21, 2014.

On September 22, 2014, the Trust and counsel to certain employee claimants agreed to amend existing scheduling orders to provide that all outstanding discovery deadlines would be adjourned by an additional by four (4) months, with the “change in control” hearing to be held in early August 2015. As of the date hereof, the Trust has responded to 23 sets of requests for production of documents and 14 sets of interrogatories, has reviewed over 850,000 documents from approximately 120 custodians, and has produced more than 84,000 documents.

WMI Liquidating Trust
September 2014 Quarterly Summary Report – UNAUDITED
Rollforward of Liquidating Trust Interests ⁽¹⁾

	Beginning – 07/01/14	Post Effective Accretion	Allowed	Disallowed	Disbursement	Other	Ending – 09/30/14
PIERS (Tranche 4)	\$ 157,496,728	\$ 575,702	\$ -	\$ -	\$ (60,641,015)	\$ -	\$ 97,430,416
Remaining Postpetition Interest Claim (Tranche 4) ⁽²⁾	40,853,491	149,334	-	-	(15,729,932)	-	25,272,892
Allowed General Unsecured Claims (Tranches 2-4)	2,265,706	8,282	-	-	(872,371)	-	1,401,617
LTI balances – Current LTI holders	200,614,925	733,318	-	-	(77,242,318)	-	124,104,925
LTI balances – Disputed Claims	3,004,114	10,979	-	(1,194)	(1,156,682)	-	1,857,218
TOTAL LTI Balances	\$ 203,619,039	\$ 744,297	\$ -	\$ (1,194)	\$ (78,400,000)	\$ -	\$ 126,962,143

	10/01/14 – 11/01/14 Accretion	Projected 11/01/14 Distribution	Projected Ending Balance
	\$ 165,102	\$ -	\$ 97,695,519
	42,827	-	25,315,719
	2,375	-	1,403,992
	210,304	-	124,315,230
	3,147	-	1,860,365
	\$ 213,451	\$ -	\$ 126,175,595

NOTES

* Holders of Liquidating Trust Interests will receive statements of their individual LTI holdings outlining the respective rollforward activity through 11/01/14.

1) Liquidating Trust Interests are not issued to holders of subordinated claims and equity interests. Additional LTI's will only be issued to holders of subordinated claims and equity interests if proceeds exceed the face amounts issued to current LTI holders.

2) A Claim by a holder of an Allowed Senior Notes Claim with respect to Floating Rate Notes against any of the Debtors or the Debtors' estates for interest accrued during the period from the Petition Date up to and including the date of final payment of such Claim, in an amount equal to (a) such holder's Postpetition Interest Claim minus (b) such holder's intercreditor Interest Claim.

WMI Liquidating Trust
 Next Dollar Analysis - LTI Balance as of September 30, 2014

<u>Remaining Aggregate Distribution</u>	<u>Distribution Description</u>	<u>LTI Distribution Recipient</u> ⁽¹⁾
Up to \$125,962,143	Until LTI holders of Remaining Post-Petition Interest, PIERS and GUC are paid in full	Remaining Post Petition Interest Claim -- Senior Floating
		General Unsecured Claims
		PIERS CUSIPs
		20.1%
		2.6%
		77.3%

NOTES:

⁽¹⁾ The disputed claims (on an "as if allowed" basis) are included in the General Unsecured Claims percentages.

WMI Liquidating Trust
September 2014 Quarterly Summary Report - UNAUDITED
Rollforward of Disputed Claims Reserve

	Disputed Assets ⁽²⁾	LTI ⁽³⁾
Beginning Balance - 06/30/2014	106,981,690	3,004,114
Post-effective Accretion on LTI portion	-	10,979
Net Cash Interest Earned on Disputed Assets	3,217	-
Net interest Earned on DCR Runoff Notes	15,478	-
Cash Distribution to Disputed LTIs	1,156,682	(1,156,682)
Less: Allowed Claims ⁽¹⁾	(177,485)	-
Less: Disallowed Claims	(71,818)	(1,194)
Other Adjustments	-	-
Ending Balance - 09/30/2014	<u>107,907,764</u>	<u>1,857,218</u>

NOTES:

- 1) Cash payment for allowed claims includes each claim's pro rata portion of the interest earned by the DCR after the Effective Date.
- 2) "Disputed Assets" includes cash and Runoff Notes held for the benefit of disputed claims.
- 3) The face amount of unpaid claims which represents a claim against the general assets of the Trust, distributable in accordance with the subordination provisions of the Plan