

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, 2012 through September 30, 2012  
 Beginning Cash Balance: \$ 492,377,791

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

Cash Sales / Interest:	\$ 3,693,592
Collection of Accounts Receivable:	\$ 0
Proceeds from Litigation / Settlement:	\$ 0
Sale of Debtor's Assets:	\$ 51,193
Other Cash Receipts /Transfers:	\$ 435,902
Total of cash received:	\$ 4,180,686

Total of cash available: \$ 496,558,477

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:	\$ 97,808,462
Disbursements made pursuant to the administrative claims of bankruptcy professionals:	\$ 30,260,616
All other disbursements made in the ordinary course:	\$ 685,819
Total Disbursements	\$ 128,754,896

Ending Cash Balance: \$ 367,803,581

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.

10/31/12  
 Date

*[Signature]*  
 Name/Title

CHIEF FINANCIAL OFFICER



**WMI Liquidating Trust**  
September 2012 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 June 1, 2012 through September 30, 2012, 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 the initial distribution 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 (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 the 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 to be filed with the SEC for its fiscal year ending December 31, 2012.

The information provided in the notes to the financial statements are 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](http://www.wmitrust.com), which contains a link to the Trust's filings with the SEC.

WMI Liquidating Trust  
September Quarterly 2012 Summary Report - UNAUDITED  
Schedule of Cash Receipts and Disbursements -- Quarterly

	For the Quarter ended September 30, 2012				
	Cash	Litigation Reserve	Disputed Claim Cash	Restricted Cash	Total
<b>Beginning Cash - June 30, 2012</b>	\$ 131,636,255	\$ 19,258,632	\$ 268,641,652	\$ 72,841,252	\$ 492,377,791
<b>Receipts</b>					
Interest /Investment Income Received	4	-	5	-	9
Treasury Bill accretion	-	-	51,485	-	51,485
Sale / Monetization of Debtor's assets	51,193	-	-	-	51,193
Collection of tax receivable	-	-	-	-	-
Proceeds from Litigation	-	-	-	-	-
Proceeds from run-off notes	3,641,051	-	1,047	-	3,642,098
Reimbursement for tax professional fees	309,089	-	-	-	309,089
Other receipts	125,613	-	1,199	-	126,812
<b>Total Receipts</b>	<b>4,126,950</b>	<b>-</b>	<b>53,736</b>	<b>-</b>	<b>4,180,686</b>
<b>Transfers</b>					
Disallowance of disputed claims	77,929,921	-	(77,929,921)	-	-
Allowance of disputed claims	-	-	(11,477,087)	11,477,087	-
Distribution to disputed Liquidating Trust Interests	(3,940,822)	-	3,940,822	-	-
Other transfers	(2,103)	-	-	2,103	-
<b>Total transfers</b>	<b>73,986,996</b>	<b>-</b>	<b>(85,466,186)</b>	<b>11,479,190</b>	<b>-</b>
<b>Disbursements/Payments</b>					
<u>Disbursements to allowed claimants</u>					
Disbursements to Liquidating Trust Interests	69,815,664	-	-	(490,071)	69,325,593
Disbursements to newly released / allowed claims	-	-	-	20,996,538	20,996,538
Other disbursements to allowed claimants (taxes, releases, etc)	1,700	-	-	7,484,631	7,486,331
<u>Disbursements made for bankruptcy expenses</u>					
For services prior to the effective date	21,201,406	-	-	-	21,201,406
For services after the effective date	8,228,619	830,591	-	-	9,059,210
<u>Disbursements in ordinary course:</u>					
Salaries and benefits	387,614	-	-	-	387,614
Travel and other expenses	5,793	-	-	-	5,793
Occupancy and supplies	126,922	-	-	-	126,922
Other outside services	25,502	-	-	-	25,502
Other disbursements	37,488	-	-	-	37,488
D&O Insurance	-	-	-	-	-
Trust Advisory Board fees and expenses	102,500	-	-	-	102,500
Disbursements in ordinary course	685,819	-	-	-	685,819
<b>Total Disbursements</b>	<b>99,933,208</b>	<b>830,591</b>	<b>-</b>	<b>27,991,097</b>	<b>128,754,896</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 109,816,993</b>	<b>\$ 18,428,041</b>	<b>\$ 183,229,202</b>	<b>\$ 56,329,345</b>	<b>\$ 367,803,581</b>

WMI Liquidating Trust  
September 2012 Quarterly Summary Report - UNAUDITED  
Schedule of Cash Receipts and Disbursements -- Cumulative

	From the Effective Date through September 30, 2012				
	Cash	Litigation Reserve	Disputed Claim Cash	Restricted Cash	Total
<b>Beginning Cash - Effective Date</b>	\$ 140,117,720	\$ 20,000,000	\$ 725,779,642	\$ 53,738,857	\$ 939,636,219
<b>Receipts</b>					
Interest /Investment Income Received	4	-	8	-	12
Treasury Bill accretion	-	-	170,549	-	170,549
Sale / Monetization of Debtor's assets	638,632	-	-	-	638,632
Collection of tax receivable	-	-	-	-	-
Proceeds from Litigation	-	-	-	-	-
Proceeds from run-off notes	3,641,051	-	1,047	-	3,642,098
Reimbursement for tax professional fees	1,455,407	-	-	-	1,455,407
Other receipts	866,204	-	12,328	904,564	1,783,096
<b>Total Receipts</b>	<b>6,601,298</b>	<b>-</b>	<b>183,933</b>	<b>904,564</b>	<b>7,689,794</b>
<b>Transfers</b>					
Disallowance of disputed claims	557,111,579	-	(557,111,579)	-	-
Allowance of disputed claims	-	-	(32,300,035)	32,300,035	-
Distribution to disputed Liquidating Trust Interests	(46,677,241)	-	46,677,241	-	-
Other transfers	194,563	-	-	(194,563)	-
<b>Total transfers</b>	<b>510,628,901</b>	<b>-</b>	<b>(542,734,373)</b>	<b>32,105,472</b>	<b>-</b>
<b>Disbursements/Payments</b>					
<u>Disbursements to allowed claimants</u>					
Disbursements to Liquidating Trust Interests	484,674,028	-	-	(3,657,970)	481,016,058
Disbursements to newly released / allowed claims	-	-	-	24,457,385	24,457,385
Other disbursements to allowed claimants (taxes, releases, etc)	4,054	-	-	9,620,133	9,624,187
<u>Disbursements made for bankruptcy expenses</u>					
For services prior to the effective date	49,352,229	-	-	-	49,352,229
For services after the effective date	11,153,644	1,571,959	-	-	12,725,603
<u>Disbursements in ordinary course:</u>					
Salaries and benefits	809,491	-	-	-	809,491
Travel and other expenses	28,567	-	-	-	28,567
Occupancy and supplies	328,613	-	-	-	328,613
Other outside services	424,691	-	-	-	424,691
Other disbursements	105,536	-	-	-	105,536
D&O Insurance	464,625	-	-	-	464,625
Trust Advisory Board fees and expenses	185,449	-	-	-	185,449
Disbursements in ordinary course	2,346,971	-	-	-	2,346,971
<b>Total Disbursements</b>	<b>547,530,926</b>	<b>1,571,959</b>	<b>-</b>	<b>30,419,548</b>	<b>579,522,433</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 109,816,993</b>	<b>\$ 18,428,041</b>	<b>\$ 183,229,202</b>	<b>\$ 56,329,345</b>	<b>\$ 367,803,581</b>

**WMI Liquidating Trust**  
**September 2012 Quarterly Summary Report - UNAUDITED**  
**Statements of Net Assets in Liquidation**  
**(Liquidation Basis)**

	<u>9/30/2012</u>	<u>Effective Date</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 109,816,993	\$ 140,117,720
Cash held in reserve for litigation costs	18,428,041	20,000,000
Cash held in reserve for disputed claims	183,229,202	725,779,642
Other restricted cash	56,329,345	53,738,857
Total cash and cash equivalents	<u>367,803,581</u>	<u>939,636,219</u>
Income tax receivable	96,000,000	96,000,000
WMI runoff notes	134,505,463	127,851,091
WMI runoff notes (held in Disputed Claims)	38,693	1,232,742
Investment in subsidiaries	3,681,878	3,715,263
Prepaid expenses	1,146,579	948,080
Other assets	1,706,707	2,285,732
Total assets	<u>\$ 604,882,901</u>	<u>\$ 1,171,669,128</u>
<b>Liabilities:</b>		
Pre-effective date liabilities	\$ 289,821	\$ 94,112,477
Cash held for allowed claimants	55,691,031	53,471,976
Estimated costs to operate trust	24,648,416	40,000,000
Accounts payable	-	6,123,945
Accrued wages and benefits	316,149	18,261
Other accrued liabilities	3,681,052	133,441
Accrued liabilities - DCR	8,953	-
Other post-petition liabilities	-	-
Total liabilities	<u>84,635,422</u>	<u>193,860,100</u>
<b>Net assets in liquidation:</b>		
Net assets subject to disputed claims	183,258,941	727,012,384
Net assets available to Liquidating Trust Interests	<u>336,988,538</u>	<u>250,796,644</u>
Total net assets	<u>520,247,478</u>	<u>977,809,028</u>
Total liabilities and net assets	<u>\$ 604,882,901</u>	<u>\$ 1,171,669,128</u>

WMI Liquidating Trust  
September 2012 Quarterly Summary Report - UNAUDITED  
Statement of Changes in Net Assets in Liquidation  
(Liquidation Basis)

	Quarter ended September 30, 2012	Cumulative to Date
<b>Net assets, beginning:</b>	\$ 597,300,064	977,809,028
<b>Income</b>		
Interest / Investment income - DCR	54,045	170,463
Interest income - runoff notes	4,311,475	9,102,421
Earnings / (Losses) from subsidiaries	11,558	(33,384)
Recovery of pre-effective expense	506,139	51,811,835
Other income	209,712	595,239
Total income	<u>5,092,928</u>	<u>61,646,574</u>
<b>Expenses</b>		
Payroll and benefits	449,006	934,981
Occupancy and supplies	87,000	204,361
Professional fees & services	4,083,604	13,918,132
Other expenses	98,981	294,110
Total operating expenses	4,718,593	15,351,584
Change in reserve for costs to operate trust	(4,718,593)	(15,351,584)
Litigation expenses	852,762	2,231,705
Added / (Reduced) Expense	<u>852,762</u>	<u>2,231,705</u>
<b>Other items</b>		
Allowed Claims	(11,477,087)	(32,300,035)
Disbursements to Liquidating Trust Interests	(69,815,664)	(484,674,028)
Other disbursements	-	(2,354)
<b>Total changes in Net Assets</b>	<u>(77,052,586)</u>	<u>(457,561,550)</u>
<b>Net assets, ending</b>	<u>\$ 520,247,478</u>	<u>\$ 520,247,478</u>



## 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 in 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, 2012 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 that have not been allowed (or holders who have not provided the necessary tax forms) did not receive cash or LTIs as part of the Initial Distribution, and such assets were transferred to the DCR pending resolution of claims (or submission of the necessary tax forms). 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.

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 execute the liquidation should be recorded upfront. The Trust recorded a liability for the \$40.0 million on the Effective Date provided by the Plan to operate the Trust. As of September 30, 2012, the remaining liability is \$24.6 million.

### **Note 3: Distributions to LTI Holders**

The Plan provides direction that the Liquidating Trustee will make distributions on at least a quarterly basis if the cash available for distribution is greater than \$25 million.

The next quarterly Distribution Date is November 1, 2012. The Plan provides that payments are deemed to be timely if made within ten (10) days after the date specified in the Plan. The distribution for the November 1, 2012 distribution will be paid on November 5, 2012.

The Trust is scheduled to distribute \$87.9 million effective as of the Distribution Date. The primary source for the November distribution is the release of approximately \$77.9 of funds held in the DCR on behalf of disallowed or withdrawn claims, including employee claims disallowed in the orders entered for the 79<sup>th</sup>-82<sup>nd</sup> omnibus objections and the stipulation entered to reduce the estimate for potential indemnification claims. In addition, the Trust received approximately \$10 million from other activities including principal and interest payments of \$5.7 million for the first lien Runoff Notes and \$3.4 million received as part of the ongoing liquidation of its subsidiaries.

### **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 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.

During the quarter ending September 30, 2012, \$77.9 million of cash was released from the DCR in respect of disallowed and withdrawn claims. Furthermore, assets relating to LTIs with a face value of \$4.5 million previously allocated to the DCR were effectively redistributed due to the disallowance of claims.

Of the \$87.9 million of cash to be distributed to LTI holders as of November 1, 2012, \$2.2 million will be retained by the DCR in respect of LTIs allocable to the DCR for the benefit of disputed claimants.

During the quarter ending September 30, 2012, \$11.5 million of cash held by the DCR on behalf of disputed claimants was released due to their claims becoming allowed by the Court or due to such claimants providing their necessary tax information. Of the \$11.5 million, \$2.0 million was distributed on August 15 and \$9.5 million is held in Restricted Cash as of September 30 until distributed to such claimants as of November 1, 2012 or upon receiving the necessary releases and tax documentation.

After giving effect to the transactions described above, on the Statement of Net Assets, as of September 30, 2012, DCR assets include cash of \$183.2 million and \$38.7 thousand 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 prorata 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”.

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, 2012, there were approximately 4.4 million shares of Reorganized WMI common stock in the Disputed Equity Escrow. The scheduled November 1, 2012 distribution will include a distribution of approximately fifty-eight thousand shares of Reorganized WMI to certain Class 22 claimants who have provided releases in accordance with the Plan.

## **Note 5: Reserve for Litigation Costs**

The Plan required that the Trust set aside \$20 million to potentially pursue recoveries from pending and future litigations 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 will report costs as incurred. However, the Trust does report the cash as a separate line item on the Statement of Net Assets and the activity is disclosed on the Schedule of Cash Receipts and Disbursements. As of September 30, 2012, \$1.6 million had been paid to litigation professionals and total costs incurred were \$2.2 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% prorata 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 was established to accumulate net tax refunds in accordance with the terms of the Global Settlement Agreement. Management’s current estimate of the Trust’s share of the net tax refunds is \$96 million. There was no significant activity in the tax refund escrow account and there are no scheduled distributions from the account.

## **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., which is a wholly-owned subsidiary of Reorganized WMI. On September 1, 2012, the Trust received a cash payment of approximately \$3.6 million of interest due on account of the first lien Runoff Notes held by the Trust. On September 12, 2012, the Trust was notified that Reorganized WMI had elected to make a payment-in-kind interest payment on the second lien Runoff Notes held by the Trust. Accordingly, the interest due on the second lien notes was capitalized to the outstanding principal of the notes. Interest capitalized totaled \$662 thousand.

On September 12, 2012, the Trust was notified that Reorganized WMI would partially redeem \$2.1 million of first lien Runoff Notes on October 12, 2012. The Trust received \$2.1 million, which included \$31.3 thousand of interest on the redeemed portion and included this in the November 1 distribution.

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. As of September 30, 2012, the Trust owned \$133.0 million of Runoff Notes (including paid-in-kind interest) at face amount and interest receivable of \$1.4 million for the benefit of all LTI holders. In addition, the Trust (through the DCR) holds \$38.7 of Runoff Notes (including interest) on behalf of disputed claim holders who elected Runoff Notes in lieu of cash.

## **Note 8: Cash Held for Allowed Claims**

The Plan requires that holders of Allowed Claims provide releases before receiving a distribution. Allowed claimants have one year after the Effective Date to provide the release. The Trust has recorded a liability for cash that would have been distributed to allowed claimants who have not provided their release. Of the \$55.7 million liability for Cash Held for Allowed Claims, \$46.1 million is related to claims for which the Trust has not received releases. The remainder relates to distributions to be made to recently allowed claims or distributions to be paid from the release of funds in connection with disallowed claims as of November 1, 2012 or other allowed claims awaiting certain actions. The cash for these claims is presented as Restricted Cash.

## **Note 9: Investment in Subsidiaries**

The Trust owns five subsidiaries, directly or indirectly. These subsidiaries have ceased operations and the aggregate current value of \$3.7 million as of September 30, 2012 is predominantly comprised of cash and cash equivalents, most of which has been distributed to the Trust, as described below. On October 5, 2012, the subsidiaries adopted a plan of liquidation. Pursuant to the plan of liquidation, the subsidiaries distributed the majority of remaining cash to the Trust. The Trust received \$3.4 million of cash from the subsidiaries, leaving approximately \$0.3 million in the subsidiaries until the liquidation is final. The cash received from the subsidiaries will be included in the November 1, 2012 distribution.

WMI Liquidating Trust  
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Rollforward of Liquidating Trust Interests <sup>(1)</sup>

	Beginning -- 6/30/12	Post Effective Accretion	Allowed	Disallowed	Disbursement	Other <sup>(6)</sup>	Ending -- 9/30/12
Senior Notes (Tranche 2)	22,368,613	146,858	520,401	-	(13,655,677)	(145)	9,380,050
Senior Subordinated Notes (Tranche 2)	90,796,757	903,807	324,304	-	(55,429,922)	-	36,594,946
CCB (Tranche 3) <sup>(2)</sup>	43,062,900	388,638	37,497,416	-	-	-	80,948,954
PIERS (Tranche 4) <sup>(3)</sup>	245,081,004	(25,586)	21,062,262	-	-	-	236,117,680
Remaining Postpetition Interest Claim (Tranche 4) <sup>(1)</sup>	37,824,508	187,612	7,782,877	-	-	(8)	45,794,989
Allowed General Unsecured Claims (Tranches 2-4)	4,984,754	21,964	136,160	-	(730,065)	-	4,412,812
<b>LTI balances -- Current LTI holders</b>	<b>414,118,536</b>	<b>1,623,293</b>	<b>67,323,420</b>	<b>-</b>	<b>(69,815,664)</b>	<b>(153)</b>	<b>413,249,431</b>
<b>LTI balances -- Disputed Claims <sup>(3)(5)</sup></b>	<b>86,675,396</b>	<b>431,909</b>	<b>(67,323,420)</b>	<b>(4,537,141)</b>	<b>(9,940,822)</b>	<b>-</b>	<b>11,905,922</b>
<b>TOTAL LTI Balances</b>	<b>500,793,932</b>	<b>2,055,201</b>	<b>-</b>	<b>(4,537,141)</b>	<b>(73,755,487)</b>	<b>(153)</b>	<b>424,555,353</b>

NOTES

\* Holders of Liquidating Trust interests will receive statements of their individual LTI holdings outlining the respective rollforward activity through 11/01/12.

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) CCB balance excludes the LTI portion allocable to the common stock component of the CCB claim.

3) PIERS balance represents "Cap" established due to difference between Federal Judgment Rate and Subordinated Contractual Rates. The adjustment in the "Post Effective Accretion" column represents the subordination of PIERS to senior levels, increasing or decreasing the "Cap", or in other words, the highest possible amount that PIERS holders can collect as of the date of the report. Beginning October 1, 2012, contractual subordination increases the Cap.

4) 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.

5) The LTI balance in the Disputed Claim Reserve also includes allowed claims which have not yet provided valid IRS Form W-8 / W-9 documentation. As of September 30, 2012, the DCR held \$192,789 in cash and \$61,805 of LTI's on behalf of allowed claimants that did not provide the proper tax documentation.

6) "Other" represents the cancellation of de minimus LTIs per order filed on 10/10/12.

9/30/12- 10/31/12 Accretion	Projected 11/1/12 Distribution	Projected Balance after Distribution
34,430	(9,414,479)	-
205,548	(36,800,494)	-
278,503	(38,585,616)	42,643,841
77,136	-	236,194,816
76,029	-	45,871,018
7,243	(908,074)	3,511,982
678,888	(85,706,663)	328,221,657
17,803	(2,210,580)	9,113,165
696,691	(87,917,244)	337,334,822

WMI Liquidating Trust  
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 Next Dollar Analysis - LTI Balance as of September 30, 2012

Remaining Aggregate Distribution	Distribution Description	LTI Distribution Recipient <sup>(1) (2)</sup>
Up to \$47,672,993	Until LTI holders of Senior and Senior Sub are paid in full	Senior CUSIPs Sr Sub CUSIPs General Unsecured Claims
\$47,672,994 - \$131,681,862	Until LTI holders of CCBs claims are paid in full	CCB CUSIPs General Unsecured Claims
\$131,681,863 - \$185,703,178	Until Debtor begins to pay actual post-petition interest as opposed to by reason of contractual subordination	General Unsecured Claims PIERS CUSIPs
\$185,703,179 - \$424,555,353	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

NOTES:

<sup>(1)</sup> The percentages represent the percentage of each incremental distributed dollar each group would receive. The percentages represent the group in total. Due to various elements including, but not limited to, the pro rata calculation on interest versus principal and the timing of the allowance of a claim, the percentage for an individual claim and/or group will vary from the group's total percentage.

<sup>(2)</sup> Disputed claims (on an "as if allowed" basis) are included in the calculation of the recovery percentages.

WMI Liquidating Trust  
 September 2012 Quarterly Summary Report -- UNAUDITED  
 Next Dollar Analysis - Projected LTI Balance after November 1, 2012 Distributions

Remaining Aggregate Distribution	Distribution Description	LTI Distribution Recipient (1) (2)
Up to \$44,302,453	Until LTI holders of CCBs claims are paid in full	CCB CUSIPs General Unsecured Claims 96.26% 3.74%
\$44,302,454 - \$100,412,838	Until Debtor begins to pay actual post-petition interest as opposed to by reason of contractual subordination	General Unsecured Claims PIERS CUSIPs 3.53% 96.47%
\$100,412,839 - \$337,334,822	Until LTI holders of Remaining Post-Petition Interest, PIERS and GUC are paid in full	Remaining Post Petition Interest Claim -- Senior Floating 19.36%
		General Unsecured Claims PIERS CUSIPs 3.53% 77.11%

NOTES:

(1) The percentages represent the percentage of each incremental distributed dollar each group would receive. The percentages represent the group in total. Due to various elements including, but not limited to, the pro rata calculation on interest versus principal and the timing of the allowance of a claim, the percentage for an individual claim and/or group will vary from the group's total percentage.

(2) Disputed claims (on an "as if allowed" basis) are included in the calculation of the recovery percentages.

**WMI Liquidating Trust**  
**September 2012 Quarterly Summary Report - UNAUDITED**  
**Rollforward of Disputed Claims Reserve**

	Disputed Assets <sup>(3)(4)</sup>	LTI <sup>(3)(5)</sup>
<b>Beginning Balance - 6/30/12</b>	268,668,649	86,675,396
<b>Post-effective Accretion on LTI portion</b>	-	431,909
<b>Net Interest Earned on Disputed Assets</b>	56,478	-
<b>Cash Distribution to Disputed LTIs</b>	3,940,822	(3,940,822)
<b>Less: Allowed Claims <sup>(1)(2)</sup></b>	(11,477,087)	(67,323,420)
<b>Less: Disallowed Claims</b>	(77,929,921)	(4,537,141)
<b>Other Adjustments</b>	-	-
<b>Ending Balance - 9/30/12</b>	<u>183,258,941</u>	<u>11,305,922</u>

**NOTES:**

- 1) \$9.4 million of cash for allowed claims will be distributed on November 1; \$1.9 million was distributed on August 15 as part of an interim distribution
- 2) Cash payment for allowed claims includes each claim's prorata portion of the interest earned by the DCR after the Effective Date
- 3) The LTI balance in the Disputed Claim Reserve also includes allowed claims which have not yet provided valid W8/W9 documentation. As of Sept 30, 2012, the DCR held \$192,789 in cash and \$661,805 of LTIs for allowed claim holders that did not provide the proper tax documentation
- 4) "Disputed Assets" includes cash held for the benefit of disputed claims as well as Runoff notes elected by disputed claim holders in lieu of cash on the Effective Date
- 5) 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