

WMI LIQUIDATING TRUST
FREQUENTLY ASKED QUESTIONS (“FAQs”) REGARDING TAX RELATED MATTERS
(Please read carefully.)

PLEASE NOTE THAT THESE FAQS PROVIDE A SUMMARY OF CERTAIN FEATURES OF WMI LIQUIDATING TRUST AND ARE INTENDED FOR INFORMATIONAL PURPOSES ONLY. TO THE EXTENT THAT THERE IS ANY CONFLICT BETWEEN THESE FAQS AND THE CONFIRMATION ORDER (AS DEFINED BELOW), THE PLAN (AS DEFINED BELOW), OR THE LIQUIDATING TRUST AGREEMENT (AS DEFINED BELOW), THE PLAN, THE CONFIRMATION ORDER AND THE LIQUIDATING TRUST AGREEMENT, AS APPLICABLE, SHALL PREVAIL. THESE FAQS ARE SUBJECT TO CHANGE FROM TIME TO TIME, WITHOUT PRIOR NOTICE. PLEASE CONSULT THE LATEST VERSION OF THESE FAQS (AVAILABLE AT www.wmitrust.com) IF YOU HAVE ANY QUESTIONS.

AS PROVIDED IN TREASURY DEPARTMENT CIRCULAR 230, ANY TAX ADVICE IN THIS DOCUMENT IS NOT WRITTEN OR INTENDED TO BE USED, AND CANNOT BE USED, BY ANY PERSON OR ENTITY FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER. THE MATERIALS IN THIS DOCUMENT IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND DO NOT CONSTITUTE LEGAL ADVICE. YOU SHOULD NOT ACT OR RELY ON ANY INFORMATION IN OR REFERENCED BY THIS DOCUMENT WITHOUT SEEKING THE ADVICE OF A QUALIFIED PROFESSIONAL.

1. What is the WMI Liquidating Trust?

WMI Liquidating Trust (the “Liquidating Trust”) serves as a mechanism for liquidating, converting to cash and distributing the Liquidating Trust Assets (as further described in Section 2 of these FAQs) to the holders of beneficial interests in the Liquidating Trust (the “Liquidating Trust Beneficiaries”). The Liquidating Trust will not continue, nor engage in at any time, 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 federal income tax purposes under applicable Treasury regulations.

The Liquidating Trust was established pursuant to:

- (a) the Seventh Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated December 12, 2011 (as modified, the “Plan”);
- (b) the order that was entered by the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) on February 24, 2012, (the “Confirmation Order”) confirming the Plan, which was declared effective on March 19, 2012; and
- (c) WMI Liquidating Trust Agreement, dated March 6, 2012, by and among Washington Mutual, Inc., WMI Investment Corp., William C. Kosturos as liquidating trustee (together with any successor, the “Liquidating Trustee”), and

CSC Trust Company of Delaware as the Delaware resident trustee (as amended, modified or supplemented from time to time, the “Liquidating Trust Agreement”).

Copies of the Plan, the Confirmation Order and the Liquidating Trust Agreement are available on the Liquidating Trust’s website at www.wmitrust.com. Capitalized terms that are used but not defined in these FAQs shall have the meanings that are given to such terms in the Plan.

2. What are the Liquidating Trust Assets?

The assets that are to be held and distributed by the Liquidating Trust (the “Liquidating Trust Assets”) comprise all of the assets of Washington Mutual, Inc. (“WMI”) and WMI Investment Corp. (“WMI Investment” and together with WMI, the “Debtors”) as of March 19, 2012 (the “Effective Date”), *other than*:

- (a) Cash to be distributed by the Reorganized Debtors (i.e., the Debtors on and from the Effective Date) pursuant to the Plan as Disbursing Agent to holders of Allowed Administrative Expense Claims, Allowed Priority Tax Claims (to the extent applicable), Allowed Priority Non-Tax Claims, Allowed Convenience Claims, Allowed WMI Vendor Claims, and Allowed Trustee Claims;
- (b) Cash necessary to pay the fees and expenses owed to certain Creditors’ professionals pursuant to Section 41.15 of the Plan;
- (c) Cash necessary to reimburse the Reorganized Debtors for fees and expenses incurred in connection with initial distributions made by the Reorganized Debtors as Disbursing Agent;
- (d) Creditor Cash on the Effective Date; and
- (e) the equity interests in (i) WMI Investment (all the assets of which shall be contributed to the Liquidating Trust, including any Intercompany Claims), (ii) WM Mortgage Reinsurance Company (“WMMRC”), and (iii) Washington Mutual Bank (the stock in Washington Mutual Bank was worthless and was abandoned by WMI shortly before the Effective Date).

3. How much are the Liquidating Trust Assets worth?

An initial valuation of the Liquidating Trust Assets and each class of Liquidating Trust was determined for tax reporting purposes on the Effective Date. The initial valuation of Liquidating Trust Interest can be found in the disclosure titled “Value Worksheet for Liquidating Trust Interest Holders” under the “Beneficiary Tax Information” link on the Liquidating Trust’s website at www.wmitrust.com.

Pursuant to Section 27.14(b)(2) of the Plan, each Liquidating Trust Beneficiary is required to report consistently with such valuations for tax reporting purposes. The initial valuation assumptions are available for review on the Liquidating Trust's website.

4. What is a Liquidating Trust Interest?

a. Overview

The interest that a Liquidating Trust Beneficiary holds in the Liquidating Trust is referred to as a "Liquidating Trust Interest" or "LTI". LTIs are recorded in the name of the corresponding Liquidating Trust Beneficiary via an electronic book-entry system (the "Book Entry System") managed by the Liquidating Trustee. LTI's are nontransferable or assignable (refer to Section 5 of these FAQs).

When an LTI is first issued to an eligible claimant pursuant to the Plan, the face amount of the LTI (other than an LTI that is issued with respect to an Allowed General Unsecured Claim, as further described below) will show:

- (a) the amount of the unsatisfied claim, interest or right (including any interest, penalties or late charges that relate to the period prior to September 26, 2008 (the "Petition Date") that has been allowed by the Bankruptcy Court and in relation to which the LTI was issued pursuant to the Plan;

plus

- (b) any interest that has accrued with respect to such unsatisfied claim, interest or right since the Petition Date as permitted by the Plan and Confirmation Order that remains unpaid as of the Effective Date.

The aggregate of (a) plus (b) (the "Face Amount") will be reflected on the initial ownership statement that is provided to each Liquidating Trust Beneficiary when the LTIs are issued (the "Ownership Statement").

b. Accretion of interest

Other than the General Unsecured Creditor Prepetition LTIs and the General Unsecured Creditor Postpetition LTIs, each LTI will accrete after the Effective Date at the rate (if any) that has been approved by the Bankruptcy Court with respect to the particular CUSIP or Class of Claim in exchange for which the LTI was issued ("Post Effective Date Accrual") until such LTI is cancelled (refer to Section 9 of these FAQs). Under no circumstances will the holder of an LTI be entitled to recover more than the Face Amount, plus Post Effective Date Accrual (if applicable).

c. Information to be provided before an LTI is issued

If you were entitled to vote on the Plan and submitted a properly completed Ballot to Kurtzman Carson Consultants, LLC (“KCC”) in connection therewith, you will not have to take any further action before your LTI(s) can be issued because a properly completed Ballot includes all requisite information. Otherwise, before an LTI can be issued to an eligible claimant pursuant to the Plan, such claimant must provide certain information to the Debtors’ claims agent, KCC, who will then validate the information and provide it to the Trustee. Such information includes the name and contact details of the claimant who shall be the beneficial holder of the LTI when issued and tax certifications. Further information regarding the information that must be provided before an LTI can be issued is available on KCC’s website at <http://www.kccllc.net/>. If such information is not provided, the applicable LTI cannot be issued by the Liquidating Trust.

5. Can an LTI be transferred?

LTIs are not transferable or assignable except by will, intestate succession or operation of law pursuant to Section 2.4(a) of the Liquidating Trust Agreement.

6. Can an LTI be held in a Liquidating Trust Beneficiary’s brokerage account?

In order to satisfy applicable U.S. federal withholding tax requirements, all LTIs must be held in the name of the beneficial holder and cannot be held in the name of a broker (or other nominee).

7. What is the Liquidating Trust Claims Reserve?

From and after the Effective Date, and until such time as a Claim against the Debtors which is disputed by the Debtors¹ (each such Claim, a “Disputed Claim”) has been compromised and settled, estimated by the Bankruptcy Court in an amount constituting the allowed amount, or allowed or disallowed, as the case may be, by a Final Order of the Bankruptcy Court, the Liquidating Trustee shall retain, for the benefit of each holder of a Disputed Claim, Creditor Cash, LTIs and, to the extent elected by such holder, Runoff Notes and any gains or income attributable thereto, in an amount equal to the Pro Rata Share of distributions that would have been made to the holder of such Disputed Claim if it were 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 constitutes and represents the maximum amount in which such Claim may ultimately become an Allowed Claim, or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Liquidating Trustee. Such Creditor Cash and any gains or income paid on account of the LTIs and the Runoff Notes (if any) retained for the benefit of holders of Disputed Claims shall be retained by

¹Pursuant to Section 26.1 of the Plan, the Liquidating Trustee shall file and serve all objections to Claims and Equity Interests as soon as practicable, but not later than 180 days following the Effective Date or such later date as may be approved by the Bankruptcy Court.

the Liquidating Trust for the benefit of such holders pending determination of their entitlement thereto under the terms of the Plan and shall comprise the Liquidating Trust Claims Reserve.

8. How do changes in the Liquidating Trust Claims Reserve affect my LTIs?

Holders of LTIs may, from time to time, be entitled to an increased interest in the underlying assets of the Liquidating Trust if a Disputed Claim is subsequently disallowed. In such event, Liquidating Trust Assets that were originally allocated to such Disputed Claims, and thus formed part of the Liquidating Trust Claims Reserve, will be reallocated for the benefit of the holders of other LTIs. For U.S. federal tax purposes, the holders of LTIs that are expected to benefit from such disallowance will be treated as receiving an additional distribution from the Debtors with respect to the original claim or equity interest in respect of which the LTI was distributed (and taxed accordingly, regardless of whether a contemporaneous or commensurate cash distribution is made to the holders).

9. When are LTIs deemed cancelled?

An LTI will be automatically cancelled when (a) the Face Amount of such LTI has been paid in full and all Post Effective Date Accrual (if applicable) with respect to such LTI prior to that date has also been paid, (b) the Liquidating Trust is dissolved in accordance with the Liquidating Trust Agreement, or (c) any holder fails to claim their undeliverable distribution as provided under Section 31.6(b) of the Plan.

10. Who is responsible for administrating the Liquidating Trust?

a. The Liquidating Trustee

William C. Kosturos, in his capacity as the Liquidating Trustee, is responsible for the day-to-day administration of the Liquidating Trust. Subject to the terms of the Confirmation Order, the Plan and the Liquidating Trust Agreement, and the oversight of the Trust Advisory Board (as further described below) and the Bankruptcy Court.

b. The Trust Advisory Board

The Trust Advisory Board shall be initially comprised of ten (10) members: (a) four (4) members selected solely by the Creditors' Committee, (b) four (4) members selected solely by the Equity Committee, (c) one (1) member selected by the Creditors' Committee and approved by the Equity Committee, which approval shall not be unreasonably withheld, and (d) one (1) member selected by HoldCo Advisors, LLC serving in a non-voting *ex officio* capacity. The Trust Advisory Board has oversight function with respect to the Liquidating Trust. The Trust Advisory Board shall have the following rights, powers and duties (a) to oversee the liquidation and distribution of the Liquidating Trust Assets by the Liquidating Trustee in accordance with the Liquidating Trust Agreement, the Plan and the Confirmation Order, (b) to approve (or withhold approval) of those matters submitted to it for approval in

accordance with the terms of the Liquidating Trust Agreement, and (c) to remove and appoint any successor to the Liquidating Trustee as provided for in the Liquidating Trust Agreement.

c. The Litigation Subcommittee

The Litigation Subcommittee initially shall be comprised of (a) one (1) member, to be selected by the Creditors' Committee from the CC Members; and (b) two (2) members, to be selected from the EC Members. The Litigation Subcommittee shall oversee (i) the prosecution of, subject to the exculpation and release provisions of the Plan, (A) claims against present and former officers and directors of the Debtors for actions arising during the period prior to the Petition Date (the "D&O Claims"), (B) claims against professionals and representatives retained by the Debtors with respect to conduct that occurred prior to the Petition Date; and (C) claims based on conduct that occurred prior to the commencement of the Debtors' bankruptcy cases against third-parties for any non-contractual breach of duty to WMI, including, but not limited to, antitrust claims and business tort claims (collectively categories (A), (B), and (C) are the "Recovery Claims") and (ii) the defense of Junior Disputed Claims including Disputed Claims of WMB Noteholders for misrepresentation, which Disputed Claims are classified in Class 18 (Subordinated Claims) pursuant to the Plan (the "WMB Claims"); provided, however, that the Litigation Subcommittee shall not pursue business tort Claims that were released against JPMC and its Related Persons pursuant to the Global Settlement Agreement.

11. When will the Liquidating Trust make distributions?

After initial distributions have been made on or after the Effective Date, in general, the Liquidating Trustee is required to make quarterly distributions during the term of the Liquidating Trust. Subject to the exceptions that are described in Section 12 of these FAQs, the Liquidating Trustee is required to make distributions to Liquidating Trust Beneficiaries in accordance with the terms of their LTIs and the distribution priorities on the first (1st) day of the second month in each fiscal quarter during the term of the Liquidating Trust or such other dates that the Liquidating Trustee determines, in consultation with the Trust Advisory Board, are appropriate from time to time; provided, however, that there shall be at least one (1) distribution in each fiscal quarter during the term of the Liquidating Trust (each such date, a "Distribution Date").

12. What form will distributions take?

On each Distribution Date, the Liquidating Trustee is required to distribute to the Liquidating Trust Beneficiaries, in accordance with the terms of their LTIs and the distribution priorities, all unrestricted cash then on hand (including any cash received from the Debtors on the Effective Date), except such amounts:

- (a) as are reasonably necessary to fund the activities of the Liquidating Trust;

- (b) as are allocable to, or retained on account of, Disputed Claims in accordance with Section 26.3 of the Plan (refer to Section 7 of these FAQs);
- (c) as are reasonably necessary to meet contingent liabilities and to maintain the value of the Liquidating Trust Assets during liquidation;
- (d) as are necessary to pay reasonable incurred or anticipated expenses (including, but not limited to, any taxes imposed on or payable by the Debtors or the Liquidating Trust or in respect of the Liquidating Trust Assets); or
- (e) as are necessary to satisfy other liabilities incurred or anticipated by the Liquidating Trust in accordance with the Plan, the Global Settlement Agreement, or the Liquidating Trust Agreement.

Notwithstanding the foregoing:

- (f) the Liquidating Trustee is *not* required to make a distribution if the aggregate net amount of unrestricted cash available for distribution on any given Distribution Date (taking into account the above listed exclusions) is such as would make the distribution impracticable as reasonably determined by the Liquidating Trustee, with the consent of the Trust Advisory Board, in accordance with applicable law, but only so long as such aggregate amount is less than Twenty-Five Million Dollars (\$25,000,000.00);
- (g) the Liquidating Trustee, with consent of the Trust Advisory Board, may decide to forego the first quarterly distribution to those Liquidating Trust Beneficiaries with respect to which the Liquidating Trustee, in its reasonable judgment, is not administratively prepared to make such distribution, in which case, such distribution shall be made to such holders as soon as practicable after the Liquidating Trustee is administratively prepared to do so; and
- (h) no cash payment shall be made to any holder of an LTI until such time, if ever, as the amount payable thereto, in any distribution from the Liquidating Trust, is equal to or greater than ten dollars (\$10.00).

When a distribution is made, it will be processed by KCC on behalf of the Liquidating Trust and will be paid by check unless the Liquidating Trustee determines that a distribution is to be made by wire transfer. The check will be posted to the address of each Liquidating Trust Beneficiary that is specified on the books and records of the Liquidating Trust as maintained by KCC.

13. Tax considerations

For a more detailed summary, please review “Tax Treatment of the Liquidating Trust and Holders of Beneficial Interest” on pages 238 – 241 (inclusive) of the Debtor’s disclosure statement dated January 12, 2012.

a. What is the nature of an LTI for U.S. federal income tax purposes?

An LTI is *not* like stock in a corporation for tax purposes. Rather, for U.S. federal income tax purposes, a holder of an LTI is treated as receiving in exchange (in whole or in part) for its claim or equity interest a *direct* ownership interest in the underlying assets of the Liquidating Trust, and continues to be treated thereafter as a *direct* owner of an indivisible portion of the underlying assets of the Liquidating Trust.

An LTI may also represent, in part, the original claim or equity interest in respect of which the LTI was distributed. This is due to the fact that certain holders of LTIs may, from time to time, be entitled to an increased interest in the underlying assets of the Liquidating Trust if Disputed Claims are subsequently disallowed. In such event, Liquidating Trust Assets that were originally allocated to such Disputed Claims, and thus formed part of the Liquidating Trust Claims Reserve, will be reallocated for the benefit of the holders of other LTIs. For U.S. federal tax purposes, the holders of LTIs that are expected to benefit from such disallowance will be treated as receiving an additional distribution from the Debtors with respect to the original claim or equity interest in respect of which the LTI was distributed (and taxed accordingly, regardless of whether a contemporaneous or commensurate cash distribution is made to the holders).

b. How is a holder taxed on its LTI?

Very generally, a holder is taxed as if directly receiving the income, gain, deduction or loss on its portion of the underlying assets of the Liquidating Trust. Therefore, a holder must take into account in the determination of its own taxable income for U.S. federal income tax purposes its allocable share of any income earned by the Liquidating Trust (other than with respect to the Liquidating Trust Claims Reserve), regardless of whether a contemporaneous or commensurate cash distribution is made to the holder by the Liquidating Trust. In addition, any cash or other property that is no longer part of the Liquidating Trust Claims Reserve due to the disallowance of one or more Disputed Claims will be reallocated among the holders of LTIs that are expected to benefit from such disallowance and treated as distributed in respect of the claim or equity interest with respect to which such LTI was initially distributed and taxed, for U.S. federal income tax purposes, as a distribution with respect to such claim or equity interest.

c. Will holders of LTIs receive information regarding the Liquidating Trust for their tax returns?

Yes, each holder of an LTI will receive an annual statement of receipts and expenditures of the Liquidating Trust as relevant for U.S. federal income tax purposes in a form of a beneficiary tax information letter.

d. Is income that is paid with respect to an LTI subject to Foreign Withholding Tax?

Generally, non-U.S. Persons who own LTIs will be subject to a 30% U.S. federal withholding tax on the interest component of Tax Refunds received by the Liquidating Trust at the time such non-U.S. Person holds LTIs (and possibly certain other Liquidating Trust income or receipts) unless such amounts are (a) effectively connected with the conduct of a trade or business within the United States or (b) entitled to a reduced withholding rate (or exemption) under an income tax treaty. A non-U.S. Person that is eligible for a reduced rate of withholding (or exemption) pursuant to a U.S. income tax treaty must certify that fact to the Liquidating Trust by providing a properly executed IRS Form W-8BEN or other appropriate form. To obtain an exemption from withholding based on the grounds that the subject income or receipts is effectively connected with the conduct of a trade or business within the United States, the owner of an LTI who is a non-U.S. Person must furnish a properly executed IRS Form W-8ECI. These forms can be obtained from the IRS's website (<http://www.irs.gov>).

Non-U.S. Persons are encouraged to consult their tax advisors regarding the application of U.S. federal income tax withholding, including eligibility for a withholding tax reduction or exemption.

e. If an LTI was originally distributed with respect to an employment claim, are subsequent distributions from the Liquidating Trust subject to employment tax withholding? If so, will an IRS Form W-2 be issued reflecting the withholding, and to whom?

It depends on whether any Liquidating Trust Assets that were originally allocated to Disputed Claims (and thus part of the Liquidating Trust Claims Reserve) have been reallocated for the benefit of the holder of such LTI. As described above, for U.S. federal income tax purposes, an LTI represents, in part, a direct interest in underlying assets of the Liquidating Trust and in the original claim in respect of which the LTI was distributed: see Section 13(a) of these FAQs. If there has been a reallocation (which potentially can occur quarterly, generally depending on whether any Disputed Claims are disallowed during such quarter), the value of any interest in the underlying assets (cash and other property) reallocated for the benefit of the holder of such LTI will be treated for U.S. federal tax purposes as an additional distribution from the Debtors with respect to the original employment tax claim in respect of which the LTI was distributed, whether or not any amounts are actually distributed to the holder of the LTI at such time. Accordingly, at the time of reallocation such amounts may be subject to employment tax withholding. In such event, any subsequent distributions to the holder of such LTI will be reduced for the amount of the withholding (but only to the extent prior distributions have not been so reduced).

Notably, the original employee (regardless of whether the employee ever was or still is the holder of the LTI) will annually receive an IRS Form W-2 from the Liquidating Trust with respect to any amounts treated as payment of the original

employment tax claim for which the LTI was issued, just as if such amounts were paid by the Debtors to the employee. The Form W-2 will reflect the amount treated as wages and the amount of the withholding.

PLEASE NOTE THAT THE LIQUIDATING TRUST, THE LIQUIDATING TRUSTEE AND KCC CANNOT GIVE TAX ADVICE TO LIQUIDATING TRUST BENEFICIARIES OR ANY OTHER PERSON. TAX MATTERS ARE COMPLICATED AND THE TAX CONSEQUENCES OF HOLDING A LIQUIDATING TRUST INTEREST AND THE RELATED DISTRIBUTIONS TO YOU WILL DEPEND ON YOUR PARTICULAR TAX SITUATION. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR TO FULLY UNDERSTAND THE TAX CONSEQUENCES THEREOF TO YOU.

14. Where can I obtain more information about the Liquidating Trust and my LTIs?

You can obtain further information regarding the Liquidating Trust and your LTIs by visiting the Liquidating Trust's website at www.wmitrust.com. Further information regarding the Debtors may also be obtained by visiting the website of the Debtors' claims agent, KCC, at <http://www.kccllc.net/>.