

Technical Valuation Issues

Liquidating Trusts

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Liquidating Trusts

Wednesday, February 25, 2015, 4:00 pm

This panel will focus on developments related to the use of liquidating trusts from both the legal and financial reporting perspectives. Expected topics will include the use of liquidating trusts in the prosecution of actions on behalf of, and for the benefit of, creditors (and the financial concerns, timing and fiduciary concerns that accompany the prosecution of the same), and the application of recent accounting pronouncements related to liquidation accounting and the accompanying valuation considerations.

Panel Members:

- **R. Brian Calvert**
Development Specialists, Inc.; Los Angeles
- **Monica Clark**
Dorsey & Whitney LLP; Minneapolis
- **Alfred T. Giuliano**
Giuliano, Miller & Company, LLC; West Berlin, N.J.
- **Andrew N. Goldman**
WilmerHale; New York
- **James M. Lukenda**, Moderator
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I. THE LIQUIDATING TRUST

A. Characteristics

Separate legal entity that succeeds to a debtor's interests and possesses all or selected estate assets

Used to collect, administer, and distribute estate assets and to pursue causes of action after confirmation of a plan

Permits debtors to focus on more pressing bankruptcy issues by delaying litigation and claims reconciliation until after confirmation

Permits completion of a bankruptcy case with reduced judicial oversight and creditor involvement

Maximizes value for creditors and minimizes administrative costs

Increased use following enactment of BAPCPA in 2005

B. Parties

Creditors are the beneficiaries of the liquidating trust (and become unit holders of the trust); they are treated as grantors and deemed owners – The Grantor Trust

Liquidating Trustee oversees the administration of the liquidating trust, and acts as a fiduciary for the beneficiaries

Liquidating Trustee reports to a governing committee, representative of the creditors – typically referred to as an Oversight Committee – most often comprised of a subset of the former members of the Creditors' Committee; the Oversight Committee provides oversight, guidance, and approval to the Liquidating Trustee (as set forth in the plan and/or the liquidating trust agreement)

II. STRUCTURING THE LIQUIDATING TRUST

A. *The Liquidating Trustee's powers*

B. *Exculpation and release of Liquidating Trustee and Oversight Committee*

C. *Tax considerations*

D. *Adequate funding of Liquidating Trust*



A. Enabling the Liquidating Trustee's ability to maximize value

I. **MANAGING THE LIQUIDATING TRUST**

A. Garnering assets, books, and records

Essential for maximizing value, but may be incomplete

B. Access to and retention and compensation of employees

Essential for maximizing value and minimizing administrative costs (particularly in resolving claims and prosecuting avoidance actions)

Establishment of employee incentives tied to trust recoveries

C. Storage and review obligations

D. Working with the oversight committee

II. **EVALUATING AND VALUING THE ASSETS OF THE LIQUIDATING TRUST**

A. Evaluate path to asset monetization

- i. Clarity of title
- ii. Liens/attachments
- iii. Other owners or alleged owners
- iv. Cash requirements to hold/carry the asset

B. Identify markets for non-litigation assets

- v. Liquidity
- vi. Timing



A. *Litigation*

- i. Reviewing avoidance actions before the statute of limitations runs
- ii. Deciding which actions are cost effective to pursue
- iii. Deciding what matters and settlements require court approval and/or Oversight Committee approval
- iv. Funding litigation

I. **REPORTING OBLIGATIONS**

A. *To the Bankruptcy Court and the U.S. Trustee*

Depends on judge and jurisdiction

Until a case is closed, the Liquidating Trustee is required to submit quarterly reports to the U.S. Trustee, identifying all receipts and disbursements of the trust.

Other reporting requirements are determined by the plan and/or the liquidating trust agreement.

B. *To the Oversight Committee*

In most cases, consultations between the Liquidating Trustee and the Oversight Committee are regular and frequent, as set forth in the liquidating trust agreement.

C. *To Creditors*

- i. Most Liquidating Trustees establish a website, which generally contains press releases; distribution, tax, and financial information; litigation updates; and relevant documents (e.g., trust agreement; plan and disclosure statement; confirmation order).
- ii. Updates/disclosures range from regular to periodic. The “value” of regular reporting must be balanced against the cost to prepare such reports. While creditors may prefer frequent updates, the cost of preparing updates necessarily reduces distributions.
- iii. Public reporting



- i. Consequences of failure to properly report. See *Pioneer Liquidating Corp. v. U.S. Trustee (In re Consolidated Pioneer Mortgage Entities)*, 264 F.3d 803 (9th Cir. 2001) (affirming decision to convert Chapter 11 case based upon liquidating corporation's failure to provide adequate financial information).

I. **CLOSING THE LIQUIDATING TRUST**

A. *When to say "enough is enough."*

B. *Mechanics*

- i. Closure in compliance with plan and/or trust agreement
- ii. Preserving tax treatment
- iii. Can a liquidating trust ever be open-ended?



Liquidating Trusts - Tax Compliance Is Neither A Fair Nor Perfect Science

- I. The beneficial owners of the trust are normally the allowed unsecured creditors of the debtor or all unsecured claimholders, including holders of unresolved or disputed claims. If the beneficial owners of the trust are only the allowed unsecured creditors, the beneficial ownership percentage is determined based upon the amount of each creditor's allowed claim to that of the total amount of allowed unsecured claims. What is the percentage ownership of allowed claims when there are claims still being objected to or when there are claims filed for unknown amounts, such as environmental, product liability, personal injury or rejection damages.

Many liquidating trust documents state that the trustee can set up a reserve for unresolved or disputed claims. Sometimes, the unresolved or disputed claims are treated as beneficial owners of the trust and the disputed claims are allocated income based on the amount of the disputed claims to the total of all claims, including allowed claims and disputed claims. Generally, the trustee makes an election to treat the reserve account for disputed claims as a disputed ownership fund under Treas. Reg. Sec. 1-468B-9, and the trust then pays the tax with respect to the income allocated to the disputed claims. The primary benefit of this approach is that the disputed claimholders are not allocated any income and are not required to pay any taxes before the resolution of their claims, and the allowed claimholders are not allocated income to which they may not be entitled. The primary disadvantage of this approach is that tax is paid by the trust, as a separate entity, at the highest tax rate on any income allocated to the reserve account, and then once a disputed claimholder's claim is allowed, it may be taxable with respect to such amounts, resulting in double taxation. Also, if in a subsequent year it is determined that the amount of claims estimated in the calculation of the initial reserve were allowed in amounts lower than the initial reserve, the disputed ownership fund will not be entitled to a refund; it may be entitled to a loss, which may have little utility. This approach may work when you have a small amount of unresolved claims but is not practical when there are very large claims that are unresolved or disputed.



Alternatively, some liquidating trusts state that the beneficial owners of a trust are only those creditors that have allowed claims. Although a reserve may be set up for unresolved claims, in such case, none of the income of the trust is allocated to such reserve for tax purposes. Only the allowed claimants are allocated income. If many of the larger claims are disputed as of the end of the trust's tax year in which it has significant income, such approach likely will result in allowed claimholders being allocated a significant portion of income to which they ultimately will not be entitled, which is not fair or equitable.

If there is significant income in the trust in a given year, either those claims that are allowed receive a disproportionate amount of income or the reserve account is allocated income based on an estimate that is most likely at best, an educated guess.

- II. As stated above, determining the beneficial owners of a Liquidating Trust and calculating the percentage ownership is guess work determined with estimated reserve amounts, unresolved claim amounts and inexact timing. Determining the initial value of each beneficial owner's percentage interest in the trust can many times be another series of inaccuracies and inequities.

The initial value to be allocated to all of the beneficial owners of the trust is equal to the total fair market value of the assets transferred to the trust less the costs necessary to administer the trust. The fair market value can be determined based on appraisals of the assets transferred or other methods of valuation. While the potential recoveries from causes of action are an asset that needs to be valued, as a practical matter, such causes of action are often determined to have zero value. Also, how are payments to secured or priority creditors calculated in to the value of the beneficial interests.

- III. What happens if there is a large recovery from causes of action? If recoveries from causes of action are included in the initial determination of the value of the beneficial ownership as having a zero value, any recovery from causes of action must be included in income that will be allocated to the beneficial owners of the trust as described above. If the allowed claimants are the only beneficial owners of the trust, the income will be allocated to allowed claimants based on their pro rata claim to the allowed claims as a total, and as discussed above, to the extent there are unresolved claims, they are omitted from the income allocation and therefore are not required to pay taxes at that time. This is especially critical if the recovery is later in the tax year.



Many trusts are in essence, primarily litigation trusts. There are few assets in the trusts other than causes of action. Claims are not reviewed initially since it makes no sense to object to claims until the estate has recovered sufficient funds from causes of action. As such, determining the beneficial owners is usually delayed until there are funds available for distribution and to pay the trustee's professionals to object to the claims.

If there is a large recovery, the trust will have significant income and not yet have determined many of the allowed claimants. As such, a few claimants would be allocated all of the income. To make matters worse, if there are significant unresolved claims, it most likely will not be practical to make a distribution of cash until more of the significant claims are resolved.

Some trusts call for a reallocation in subsequent years as the claims are allowed. Though the intent may be an attempt at being equitable, the horse is already out of the barn. The initial allowed claimants either received a disproportionate amount of income in the early years or they paid tax on a disproportionate amount of income, possibly without having yet received a cash distribution.

If all unsecured claimholders, including disputed claimholders, are beneficial owners of the trust, then a portion of the income will be allocated to disputed claims, and assuming an election has been made to treat the reserve account as a disputed ownership fund, the trust will pay the tax with respect to the income allocated to the disputed claims. If there are significant unresolved claims, paying such taxes from the trust may significantly reduce the payout to claimholders and result in overpayment of taxes, particularly if the total amount allocated to disputed claims is later reduced significantly.



Accounting Standards Update 2013-07
Presentation of Financial Statements (Topic 205)
Liquidation Basis of Accounting
Issued April 2013

When?

Liquidation is imminent

- Remote likelihood that the entity will return from liquidation
- and-
- (a) Parties with the authority have approved the plan and the likelihood of other forces blocking the plan is remote
- or-
- (b) a plan of liquidation is being imposed by other forces (e.g., involuntary chapter 7)
- For entities for which liquidation is specified from inception, liquidation basis of accounting should only be applied if the approved plan of liquidation differs from the plan specified at the entity's inception.

What?

- Assets – present relevant information on expected resources in liquidation.

Measure and present assets at the amount of expected cash proceeds

Present all saleable or otherwise useful assets (e.g., assets with settlement value), including those previously not recognized under GAAP – intangibles
- Liabilities – measure in accordance with GAAP that otherwise applies.

Present liabilities at legal basis – not settlement or discharge value - unless released either judicially or by final agreement with the creditor (settlement)
- Accrue and present separately costs to incur and income to earn during the liquidation.



Presentation of Financial Statements (Topic 205)

Liquidation Basis of Accounting

Disclosures:

- Plan of liquidation provisions
- Methods and significant assumptions used to measure assets and liabilities
- The type and amount of costs and income accrued
- Expected duration of the liquidation

Effective Date:

- Reporting period after December 15, 2013 and interim periods therein for entities for whom liquidation is imminent.
- Apply prospectively from the date liquidation becomes imminent.

Additions to Master Glossary:

- Liquidation
- Statement of Changes in Net Assets in Liquidation
- Statement of Net Assets in Liquidation

Initial Measurement:

- Measure to reflect estimated amount of cash or other consideration expected to be realized – in some cases fair value may be appropriate – but this should not be the presumption for all assets.
- No discounting for time value.

Subsequent Measurement:

- Re-measurement on an ongoing basis.



Liquidation Trust Agreement

Beverly Hills Bancorp Inc.
District of Delaware
Case No. 14-10897 (KJC)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
BEVERLY HILLS BANCORP INC., a)	Case No. 14-10897 (KJC)
Delaware Corporation, ¹)	
)	
Debtor.)	
)	Ref. Docket Nos. 232 & 308

NOTICE OF FILING OF LIQUIDATION TRUST AGREEMENT

PLEASE TAKE NOTICE that Beverly Hills Bancorp Inc., the debtor and debtor in possession in the above-captioned case (the “**Debtor**”), hereby files this fully executed *Liquidation Trust Agreement of Beverly Hills Bancorp, Inc.* in accordance with the *Second Amended Chapter 11 Plan of Liquidation Dated August 27, 2014* [D.I. 232], as approved by the Court on November 20, 2014 [D.I. 308].

Dated: Wilmington, Delaware
November 25, 2014

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Laurel D. Roglen

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Attorneys for the Debtor and Debtor in Possession

¹ The last four digits of the Debtor’s federal tax identification number are 3879. The Debtor’s mailing address is c/o Development Specialists, Inc., 333 S. Grand Ave., Suite 4070, Los Angeles, CA 90071-1544 (Attn: Bradley D. Sharp).

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**LIQUIDATION TRUST AGREEMENT
OF BEVERLY HILLS BANCORP, INC.**

EFFECTIVE AS OF NOVEMBER 24, 2014, WITH:

- (i) Bradley D. Sharp, Development Specialists Inc.,
as initial Liquidation Trustee thereunder; and
- (ii) the Plan Oversight Committee Members Named
Therein

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

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& STRAWN
LLP

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	<u>Page</u>
SECTION I TRUSTEE.....	2
A. Appointment.....	2
B. Generally.....	2
C. Scope of Authority.....	3
D. Powers.....	3
E. Additional Powers.....	6
F. Limitation of Liquidation Trustee's Authority.....	6
G. Reliance by Liquidation Trustee.....	7
H. Authorization to Expend Liquidation Trust Assets.....	7
I. Compensation of the Liquidation Trustee.....	7
J. Exculpation; Indemnification.....	8
K. Bond.....	8
L. Confidentiality.....	8
M. Final Decree.....	8
N. Termination.....	8
SECTION II THE LIQUIDATION TRUST.....	9
A. Transfer of Assets to Liquidation Trust.....	9
B. Title to Assets.....	9
C. Funding of Liquidation Trust.....	9
D. Valuation of Assets.....	9
E. Termination of Liquidation Trust.....	9
F. Plan Oversight Committee.....	10
G. Exculpation; Indemnification.....	13
SECTION III BENEFICIARIES.....	13
A. Identification of Liquidation Trust Beneficiaries.....	13
B. Withholding.....	14
C. Tax Identification Numbers.....	14
SECTION IV PURPOSE, AUTHORITY, LIMITATIONS, AND DISTRIBUTIONS.....	14
A. Purpose of the Liquidation Trust.....	14
B. Resolution of Liquidation Trust Assets by the Liquidation Trustee.....	14
C. Books and Records.....	14
D. Disputed Claims Holdback.....	15
E. Application of Liquidation Trust Assets.....	15
F. Compliance with Laws.....	16
SECTION V SUCCESSOR TRUSTEE.....	16
A. Removal.....	16
B. Resignation.....	16
C. Acceptance of Appointment by Successor Trustee.....	16

Execution Copy

SECTION VI REPORTING	17
A. Tax and Other Reports.	17
B. Federal Income Tax.	17
C. Other.	18
SECTION VII TRANSFER OF BENEFICIARY’S INTERESTS	18
A. Transfer of Beneficial Interests.	18
SECTION VIII MISCELLANEOUS PROVISIONS	18
A. Amendment; Waiver.	18
B. Intention of Parties to Establish Grantor Trust.	18
C. Preservation of Privilege.	18
D. Cooperation.	19
E. Laws as to Construction.	19
F. Severability.	19
G. Notices.	19
H. Notices if to a Liquidation Trust Beneficiary.	20
I. Third-Party Beneficiary.	20
J. Headings.	20
K. Counterparts.	20

Execution Copy**LIQUIDATION TRUST AGREEMENT**

THIS LIQUIDATION TRUST AGREEMENT (the “Agreement”) is made this ____ day of November 2014, by and between Beverly Hills Bancorp Inc. (the “Debtor”) and (ii) the duly appointed and acting liquidation trustee named herein or as successor thereto (the “Liquidation Trustee”) under the Plan (as defined below).

RECITALS

A. On April 15, 2014, the Debtor commenced Case No. 14-10897 (KJC) (the “Case”) by filing a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (as amended from time to time, the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

B. The Office of the United States Trustee (the “U.S. Trustee”) did not appoint an Official Committee of Unsecured Creditors in the Case.

C. By order dated November 20, 2014 (the “Confirmation Order”), the Bankruptcy Court confirmed the Debtor’s Second Amended Chapter 11 Plan of Liquidation dated August 27, 2014 (as amended, modified and supplemented from time to time, and together with all scheduled and exhibits, the “Plan”).

D. The Plan and Confirmation Order provide that the Plan is to be implemented through the creation of the Liquidation Trust of Beverly Hills Bancorp Inc. (the “Liquidation Trust”) for the benefit of the beneficiaries (collectively, the “Liquidation Trust Beneficiaries”) thereunder. As provided in the Plan Documents (defined below), each Liquidation Trust Beneficiary shall receive an interest in the Liquidation Trust, on a *pro rata* or other basis as set forth in the Plan Documents, on account of its Allowed Claims (a “Liquidation Trust Interest”), in satisfaction thereof, and upon payment by the Liquidation Trust of all amounts due, if any, to a Holder of a Liquidation Trust Interest, such interest shall terminate and be of no further force and effect. The Plan, Confirmation Order, and this Agreement are referred to collectively as the “Plan Documents.”

E. The Liquidation Trust is created pursuant to, and to effectuate, the Plan for the primary purpose of liquidating the Liquidation Trust Assets¹ and otherwise administering the post-confirmation estate of the Debtor for the benefit of the Liquidation Trust Beneficiaries as a liquidating trust, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidation Trust. The Liquidation Trustee shall act as the liquidator of assets of the Liquidation Trust under this Agreement.

F. The Liquidation Trust provides that the Liquidation Trust Beneficiaries of the Liquidation Trust will be treated as the grantors of the Liquidation Trust and deemed owners of the Liquidation Trust Assets. This Liquidation Trust requires the Liquidation Trustee to file returns for the Liquidation Trust as a grantor trust pursuant to Treasury Regulation §1.671-4(a).

¹ All terms used but not defined herein shall have the meaning assigned to them by the Plan.

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G. The Liquidation Trust is intended to qualify as a “grantor trust” for federal income tax purposes with the Liquidation Trust Beneficiaries treated as the grantors and owners of the trust.

H. The Liquidation Trust shall utilize consistent valuations of property dealt with by the Liquidation Trustee and Liquidation Trust Beneficiaries, and those valuations must be used for all federal income tax purposes.

I. All of the Liquidation Trust’s income and/or recoveries are to be treated as subject to tax on a current basis to the Liquidation Trust Beneficiaries who will be responsible for payment of any tax due.

J. Subject to Section II.E hereof, this Liquidation Trust contains a fixed determinable termination date that is not more than five years from the date of creation of the Liquidation Trust and that is reasonable based on all of the facts and circumstances.

K. The investment powers of the Liquidation Trustee are subject to Section 345 of the Bankruptcy Code, except as may otherwise be ordered by the Bankruptcy Court and authorized by the Plan Oversight Committee.

L. Unless otherwise extended by the Plan Oversight Committee, the Liquidation Trustee is required to distribute at least annually to the Liquidation Trust Beneficiaries its net income plus net proceeds from the sale of assets, except that the Liquidation Trust may retain an amount of net proceeds or net income reasonably necessary to maintain the value of the Liquidation Trust Assets or to meet claims and contingent liabilities (including disputed claims) and to fund the operations of and pay the expenses of administration of the Liquidation Trust, all subject to the terms hereof.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Plan Documents, the Debtor and the Liquidation Trustee agree as follows:

SECTION I **TRUSTEE**

A. **Appointment.** The Debtor has selected, and the Bankruptcy Court has approved, Bradley D. Sharp, Development Specialists Inc., as the initial Liquidation Trustee to serve under the Plan and this Agreement, and the Liquidation Trustee hereby accepts such appointment and agrees to serve in such capacity, effective upon the Effective Date of the Plan subject to the terms hereof. A successor Liquidation Trustee may be appointed by the Plan Oversight Committee (as defined in the Plan) in the event that the Liquidation Trustee is removed or resigns pursuant to this Agreement or the Liquidation Trustee becomes incapacitated or otherwise vacates the position, and if not so appointed within thirty (30) days, shall be appointed by the Bankruptcy Court.

B. **Generally.** The Liquidation Trustee’s powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the purposes of the Liquidation Trust and not otherwise. The Liquidation Trustee may deal with the Liquidation Trust Assets as permitted by

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the provisions hereof, including as set forth in Section I.D. The Liquidation Trustee shall have the authority to bind the Liquidation Trust and for all purposes hereunder shall be acting in the capacity as Liquidation Trustee and not individually.

C. Scope of Authority. Subject to the terms hereof, including necessary consents and approvals of the Plan Oversight Committee, the responsibilities and authority of the Liquidation Trustee shall include: (a) liquidating the Liquidation Trust Assets, (b) liquidating and resolving Causes of Action, (c) facilitating the prosecution or settlement of objections to and estimations of Claims, (d) calculating and implementing all distributions in accordance with the Plan Documents, (e) filing all required tax returns and paying taxes and all other obligations on behalf of the Liquidation Trust, (f) periodic reporting to the Bankruptcy Court and parties in interest of the status of the Claims resolution process, distributions on Allowed Claims, and prosecution of Causes of Action, (g) managing the wind-down of the Debtor's operations, if any, and (h) such other responsibilities and powers as may be vested in the Liquidation Trustee pursuant to the Plan Documents or not inconsistent therewith or as may be necessary and proper to carry out the provisions of the Plan Documents.

D. Powers. The powers of the Liquidation Trustee shall, without any further Bankruptcy Court approval (except as specifically required herein) and subject in all respects to the other terms and conditions of this Agreement, including necessary consents and approvals of the Plan Oversight Committee, (i) include the power to hold and administer the Liquidation Trust Assets, including the Causes of Action, invest Cash, establish accounts and make appropriate reserves, (ii) have the authority and discretion on behalf of the Liquidation Trust to evaluate and determine strategy with respect to the Causes of Action, and to litigate, settle, transfer, release or abandon any and all Causes of Action on behalf of the Liquidation Trust, in each case, on any terms and conditions as it may determine in good faith based on the best interests of the Liquidation Trust Beneficiaries, (iii) have the power and authority to retain, as an expense of the Liquidation Trust, attorneys, accountants, advisors, and such other professionals and employees as may be appropriate to perform the duties required of the Liquidation Trustee, (iv) make distributions to the Liquidation Trust Beneficiaries as provided herein and in the Plan Documents, (v) have the right to receive reasonable compensation for performing services as Liquidation Trustee and to pay the reasonable fees, costs and expenses of any counsel, professionals, advisors or employees as may be necessary to assist the Liquidation Trustee in performing the duties and responsibilities required under the Plan Documents, (vi) file, litigate, settle, compromise or withdraw objections to Claims as set forth in Article IX.A of the Plan, (vii) provide periodic reports and updates to the Plan Oversight Committee regarding the status of the administration of the Liquidation Trust Assets, including the Causes of Action, and the assets, liabilities and transfers of the Liquidation Trust, (viii) dispose of the Liquidation Trust Assets, including transferring such assets pursuant to Section 363(f) of the Bankruptcy Code or abandoning such assets; (ix) purchase all insurance coverage necessary or desirable with respect to the Liquidation Trust Assets or the Liquidation Trustee, and their respective professionals; and (x) take all other actions necessary or desirable to wind-up the business affairs of the Debtor and non-debtor Affiliates, terminate their respective corporate existence, administer the Liquidation Trust and store or destroy records of the Debtor and its Estate and the Liquidation Trust, and (xi) such other powers as may be vested in or assumed by the Liquidation Trust or the Liquidation Trustee pursuant to the Plan Documents or order of the Bankruptcy Court or as may be necessary and proper to carry out the provisions of the Plan Documents. The Liquidation

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Trustee shall have no liability for the outcome of its decisions, except as any such decision may constitute an act of gross negligence, willful misconduct, or fraud. The Liquidation Trustee may incur reasonable and necessary expenses in liquidating and converting the Liquidation Trust Assets to cash, which shall be payable from the corpus of the Liquidation Trust. The Liquidation Trust, except as otherwise set forth in the Plan Documents, is authorized to perform any and all acts necessary and reasonable to accomplish the purposes of the Liquidation Trust.

Without limiting the foregoing, and subject in all respects to the other terms and conditions of the Plan Documents, including necessary consents, approvals and determinations of the Plan Oversight Committee, and the distribution provisions set forth in Section IV.E.2 hereof, the Liquidation Trustee shall be expressly authorized, but shall not be required, to:

- (1) hold legal title to the Liquidation Trust Assets, including, but not limited to, the right to vote any claim or interest held by the Liquidation Trust Assets in a case under the Bankruptcy Code and receive any distribution therein;
- (2) protect and enforce the rights to the Liquidation Trust Assets vested in the Liquidation Trustee by this Agreement by methods deemed appropriate by the Liquidation Trustee including, without limitation, by judicial proceedings or pursuant to any applicable law and general principles of equity;
- (3) file objections, contest, settle, compromise, withdraw, litigate to judgment, adjust, arbitrate, sue on or defend, abandon, or otherwise deal with, in accordance with the terms set forth in Section IV.B and II.F hereof, the Causes of Action and any other claims in favor of or against the Liquidation Trust as the Liquidation Trustee shall deem advisable;
- (4) establish and maintain accounts at banks and other financial institutions, in a clearly specified fiduciary capacity, in which the Liquidation Trust Assets or other cash and property of the Liquidation Trust may be deposited, and draw checks or make withdrawals from such accounts in accordance herewith;
- (5) determine and satisfy any and all liabilities created, incurred or assumed by the Liquidation Trust;
- (6) pay all fees and expenses and make all other payments relating to the administration, management, maintenance, operation, preservation or liquidation of the Liquidation Trust Assets or pursuit of Causes of Action in accordance with the provisions of Section I.H hereof;
- (7) file, if necessary, any and all tax and information returns with respect to the Liquidation Trust and pay taxes properly payable by the Liquidation Trust, if any;

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- (8) obtain insurance coverage with respect to the liabilities and obligations of the Liquidation Trustee and the Liquidation Trust (in the form of an errors and omissions policy, fiduciary policy or otherwise) (without limiting the foregoing, the Liquidation Trust is a successor of the Debtor for the purposes of continuing to receive benefits under any existing insurance policies entered into by the Debtor);
- (9) obtain insurance coverage with respect to real and personal property which may be or may become Liquidation Trust Assets, if any;
- (10) retain and pay such law firms to aid the Liquidation Trustee in the prosecution of any Causes of Action that constitute the Liquidation Trust Assets, and to perform such other functions as may be appropriate, including advising or assisting the Liquidation Trustee in the performance of its duty as Liquidation Trustee and the wind-down of the Debtor's estate. The Liquidation Trustee may commit the Liquidation Trust to and shall pay such law firms compensation for services rendered and expenses incurred;
- (11) retain and pay a public accounting firm to perform such reviews and/or audits of the financial books and records of the Liquidation Trust and to prepare and file any tax returns or informational returns for the Liquidation Trust as may be required. The Liquidation Trustee may commit the Liquidation Trust to and shall pay such accounting firm reasonable compensation for services rendered and expenses incurred;
- (12) retain and pay such third parties as necessary or appropriate to assist the Liquidation Trustee in carrying out its powers and duties under this Agreement. The Liquidation Trustee may commit the Liquidation Trust to and shall pay all such persons or entities compensation for services rendered and expenses incurred, as well as commit the Liquidation Trust to indemnify any such parties in connection with the performance of services on market terms (market terms shall include an exception for such parties' losses occasioned or based upon such parties' gross negligence, willful misconduct, or fraud if reasonably necessary to induce performance);
- (13) invest any moneys held as part of the Liquidation Trust Assets in accordance with the terms of Section I.F.2 hereof;
- (14) at its election, represent the interests of the Liquidation Trust Beneficiaries with respect to any matters relating to the Plan Documents or the Liquidation Trust affecting the rights of such Liquidation Trust Beneficiaries;
- (15) take any and all actions necessary to dissolve the Debtor and its Affiliates and

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- (16) engage in any transaction necessary or appropriate to the foregoing or to facilitate implementation of the Plan Documents.

E. Additional Powers. Except as otherwise set forth in the Plan Documents, and subject to the retained jurisdiction of the Bankruptcy Court as provided for in the Plan, but without prior or further authorization, the Liquidation Trustee may control and exercise authority over the Liquidation Trust Assets and over the protection, conservation and disposition thereof. No person dealing with the Liquidation Trust shall be obligated to inquire into the authority of the Liquidation Trustee in connection with the protection, conservation or disposition of Liquidation Trust Assets. It is intended that a signed copy of this Agreement or the Confirmation Order serve as adequate proof of the Liquidation Trustee's authority to act if such proof is required for any reason by any third party.

F. Limitation of Liquidation Trustee's Authority.

1. **No Trade or Business.** The Liquidation Trustee shall not and shall not be authorized to engage in any trade or business with respect to the Liquidation Trust Assets or any proceeds therefrom except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidation Trust and shall take such actions consistent with the prompt and orderly liquidation of the Liquidation Trust Assets as required by applicable law and consistent with the treatment of the Liquidation Trust as a liquidating trust under Treasury Regulation Section 301.7701-4(d).

2. **Investment and Safekeeping of Liquidation Trust Assets.** All moneys and other assets received by the Liquidation Trust shall, until distributed or paid over as herein provided, be held in trust for the benefit of the Liquidation Trust Beneficiaries, but need not be segregated from other Liquidation Trust Assets, unless and to the extent required by law or by the Plan Documents or in the Liquidation Trustee's discretion. The Liquidation Trustee shall be under no liability for interest or producing income on any moneys received by the Liquidation Trust hereunder and held for distribution or payment to the Liquidation Trust Beneficiaries, except as such interest shall actually be received by the Liquidation Trustee. Investments of any moneys held by the Liquidation Trust shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs; provided, however, that the right and power of the Liquidation Trustee to invest the Liquidation Trust Assets, the proceeds thereof, or any income earned by the Liquidation Trust, shall be limited to the right and power to invest such assets (pending periodic distributions in accordance with Section IV.E hereof) in demand and time deposits, such as short-term certificates of deposit, in banks or other savings institutions, or other temporary liquid investments, such as Treasury bills, except for such other investments as may be authorized by the Plan Oversight Committee; and, provided, further, that the scope of any such permissible investments shall be limited to include only those investments (a) that are consistent with the provisions of Section 345 of the Bankruptcy Code unless ordered otherwise by Bankruptcy Court and (b) that a liquidating trust, within the meaning of Treasury Regulation Section 301.7701-4(d), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings, other IRS pronouncements or otherwise.

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G. Reliance by Liquidation Trustee. Except as otherwise provided in Section I.F hereof:

1. the Liquidation Trustee may rely upon, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

2. the Liquidation Trustee may consult with legal counsel, financial or accounting advisors and other professionals to be selected by it, and the Liquidation Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the advice thereof; and

3. persons dealing with the Liquidation Trustee shall look only to the Liquidation Trust Assets to satisfy any liability incurred by the Liquidation Trustee to such person in carrying out the terms of this Agreement, and the Liquidation Trustee shall have no personal obligation to satisfy any such liability, except to the extent such liability or obligation arises as a result of the gross negligence, willful misconduct, or fraud of the Liquidation Trustee as determined by a Final Order of a court of competent jurisdiction, in which case the Liquidation Trust Assets shall not be subject to such claims or liabilities.

H. Authorization to Expend Liquidation Trust Assets. Subject to the terms of this Agreement, the Liquidation Trustee may expend the assets of the Liquidation Trust (i) to pay expenses of administration of the Liquidation Trust (including, but not limited to, the fees and expenses of the Liquidation Trustee, including its professionals, any taxes imposed on the Liquidation Trust or in respect of the assets of the Liquidation Trust, and fees and expenses in connection with litigation), and (ii) to satisfy other liabilities incurred or assumed by the Liquidation Trust (or to which the assets are otherwise subject) in accordance with the Plan Documents.

I. Compensation of the Liquidation Trustee.

1. The Liquidation Trust shall reimburse the Liquidation Trustee for the actual reasonable out-of-pocket expenses incurred by the Liquidation Trustee, including, without limitation, necessary travel, lodging, postage, telephone and facsimile charges upon receipt of periodic billings.

2. Subject to such adjustments as may be agreed to from time to time by the Plan Oversight Committee and the Liquidation Trustee, the Liquidation Trustee and employees of the Liquidation Trustee shall be entitled to receive compensation pursuant to that certain engagement letter attached hereto as Exhibit A for services rendered on behalf of Liquidation Trust. Any change in compensation must first be approved by the Plan Oversight Committee or be pursuant to an Order Bankruptcy Court following notice and opportunity to be heard.

3. The Liquidation Trust Assets shall be subject to the claims of the Liquidation Trustee, and the Liquidation Trustee shall be entitled to reimburse itself out of any available cash in the Liquidation Trust, for its actual out-of-pocket expenses and against and from any and all loss, liability, expense, or damage which the Liquidation Trustee may sustain in

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good faith and without willful misconduct, gross negligence, or fraud in the exercise and performance of any of the powers and duties of the Liquidation Trustee.

4. All compensation and other amounts payable to the Liquidation Trustee shall be paid from the assets of the Liquidation Trust. If the cash in the Liquidation Trust shall be insufficient to compensate and reimburse the Liquidation Trustee, as the case may be, for any amounts to which it is entitled hereunder, then the Liquidation Trustee is hereby authorized to reduce to cash in a commercially reasonable manner that portion of the Liquidation Trust Assets necessary so as to effect such compensation and reimbursement or to surcharge the Liquidation Trust Beneficiaries to the extent of actual distributions received by such parties hereunder.

J. Exculpation; Indemnification. From and after the Effective Date, the Liquidation Trustee and its Related Parties shall be exculpated and indemnified hereby without any further action or order to the maximum extent permitted by applicable law. Without limiting the foregoing, the Liquidation Trust hereby indemnifies and agrees to defend and hold harmless the Liquidating Trustee and its Related Parties from and against any and all claims, Causes of Action, liabilities, obligations, losses, damages or expenses (including attorneys' fees) (other than to the extent determined by a Final Order to be due to their own respective gross negligence, willful misconduct, or fraud after the Effective Date) to the fullest extent permitted by applicable law and any obligations, liabilities or expenses incurred by any such persons or entities shall be payable from the Liquidation Trust Assets. No such exculpated and indemnified parties will have or incur liability to any Person or Entity, including, without limitation, any Holder of a Claim, for any act taken or omission made in good faith in connection with or related to the administration of this Liquidation Trust and Liquidation Trust Assets, the implementation of the Plan and Plan Documents and the making of distributions made thereunder, or otherwise with respect to the Case, and any and all Causes of Action related thereto are deemed fully waived, barred, and released in all respects. Provided, however, this exculpation and indemnity shall not act to exculpate, indemnify or release any Person or Entity from any obligation under the Plan Documents or with respect to any act or omission that is determined by a Final Order to constitute gross negligence, willful misconduct or fraud. Any action taken or omitted to be taken with the approval of the Bankruptcy Court or the Plan Oversight Committee will conclusively be deemed not to constitute gross negligence, willful misconduct, or fraud.

K. Bond. If the Bankruptcy Court so orders, the Liquidation Trustee shall serve with bond.

L. Confidentiality. The Liquidation Trustee shall, and shall cause its agents and representatives to, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any entity or matter to which any of the Liquidation Trust Assets relates or of which he has become aware in its capacity as Liquidation Trustee.

M. Final Decree. It shall be the duty of the Liquidation Trustee to seek and obtain a final decree from the Bankruptcy Court upon full administration of the Liquidation Trust.

N. Termination. The duties, responsibilities and powers of the then acting Liquidation Trustee will terminate on the date the Liquidation Trust is dissolved under applicable

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law in accordance with the Plan Documents, or by an Order of the Bankruptcy Court or by entry of a final decree closing the Chapter 11 Cases.

SECTION II THE LIQUIDATION TRUST

A. Transfer of Assets to Liquidation Trust. Pursuant to the Plan Documents, the Debtor and the Liquidation Trustee hereby establish, on behalf of the Liquidation Trust Beneficiaries, and the Debtor hereby transfers, assigns, and delivers to the Liquidation Trust, on behalf of the Liquidation Trust Beneficiaries, all right, title and interest in the Liquidation Trust Assets in accordance with Section 1141 of the Bankruptcy Code (i.e., all Assets of the Debtor and/or the bankruptcy estate), including all Cash, property, and claims and Causes of Action of the bankruptcy estate. The Liquidation Trust Assets shall be transferred, assigned, and delivered free and clear of all Claims, Liens and Causes of Action, subject only to the Allowed Claims of the Liquidation Trust Beneficiaries as set forth herein and in the other Plan Documents and the expenses of the Liquidation Trust as provided herein and in the other Plan Documents. The Liquidation Trustee agrees to accept and hold the Liquidation Trust Assets for the Liquidation Trust Beneficiaries, subject to the terms of the Plan Documents.

B. Title to Assets.

1. The transfer of the Liquidation Trust Assets to the Liquidation Trust shall be made for the benefit of the holders of Allowed Claims.

2. For all federal income tax purposes, all parties (including, without limitation, the Debtor, the Liquidation Trustee, and the Liquidation Trust Beneficiaries) shall treat the transfer of the Debtor's assets to the Liquidation Trust, as set forth in this Section II.B, as a transfer of such assets to the Liquidation Trust Beneficiaries followed by a transfer of such assets by the Liquidation Trust Beneficiaries to the Liquidation Trust. Thus, the Liquidation Trust Beneficiaries shall be treated as the grantors and owners of a grantor trust for federal income tax purposes.

C. Funding of Liquidation Trust. The Debtor shall, on the Effective Date, and on behalf of the Liquidation Trust Beneficiaries (in accordance with Section II.B hereof), transfer the Liquidation Trust Assets to the Liquidation Trust. The Debtor shall have no further obligation to provide any funding with respect to the Liquidation Trust.

D. Valuation of Assets. As soon as practicable after the Effective Date, the Liquidation Trustee shall apprise each of the Liquidation Trust Beneficiaries in writing of the value of the Liquidation Trust Assets by filing such valuation with the Bankruptcy Court. The valuation shall be used consistently by all parties (including the Debtor, the Liquidation Trustee and the Liquidation Trust Beneficiaries) for all federal income tax purposes.

E. Termination of Liquidation Trust. The Liquidation Trust will terminate no later than the fifth (5th) anniversary of the Effective Date; provided, however, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Liquidation Trust for a finite period if it is necessary to the liquidating purpose thereof. Multiple extensions may be sought and granted. The Liquidation Trustee shall not unduly prolong the duration of the

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Liquidation Trust and shall at all times endeavor to resolve, settle or otherwise dispose of all Claims and Causes of Action that constitute Liquidation Trust Assets and to effect the distribution of the Liquidation Trust Assets to the Liquidation Trust Beneficiaries in accordance with the terms hereof and terminate the Liquidation Trust in such time as calculated to maximize recoveries. Prior to and upon termination of the Liquidation Trust, the Liquidation Trust Assets will be distributed to the Liquidation Trust Beneficiaries in accordance with their distribution rights under the Plan, subject to the provisions set forth herein. If any distributions of the Liquidation Trust are not duly claimed then such distributions will be disposed of in accordance with the Plan. Notwithstanding anything contained herein to the contrary, subject to the Plan, if the value of the Liquidation Trust Assets is less than the cost of postage and mailing for a distribution, the expense associated with seeking Bankruptcy Court authority for a distribution and the expense of holding the estates open, the Liquidation Trustee may contribute such assets to the charity of its choosing.

F. Plan Oversight Committee.

1. Plan Oversight Committee Members. The “Plan Oversight Committee” shall initially be comprised of not more than three members. The following nominees are the three initial members of the Plan Oversight Committee:

- (a) William D. King (Company nominee)
- (b) Vikaran Ghei (Holdco nominee)
- (c) George Shilowitz (USCAP Parties nominee)

In the event a Plan Oversight Committee member is no longer willing or able to serve as a Plan Oversight Committee member, then the constituent that nominated such member shall have the right, but not the obligation, to nominate a replacement member (subject to the consent of the remaining members and the Liquidation Trustee, such consent not to be unreasonably withheld). The intent of this provision is to retain the proportionate constituent representation upon the committee in the event of a vacated seat.

2. Consultation with the Plan Oversight Committee. The Liquidation Trustee shall consult with the Plan Oversight Committee on all material matters, including but not limited to the following:

- (a) the proposed investment of cash and cash equivalents constituting Liquidation Trust Assets that do not comply with Section 345 of the Bankruptcy Code;
- (b) the purchase of proposed policies of insurance insuring the Liquidation Trust Assets or providing insurance coverage for the Liquidation Trustee and their respective agents and representatives against claims and losses;
- (c) settlements of Claims against the Liquidation Trust or Causes of Action against the Liquidation Trust where the amount in controversy equals or exceeds \$25,000;

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(d) the employment of professionals to assist the Liquidation Trustee with respect to its responsibilities;

(e) expenditures or the incurrence of liabilities or expenses by the Liquidation Trustee or Liquidation Trust to any one vendor (other than the Liquidation Trustee's professionals) exceeding \$10,000 in a single transaction or \$25,000 in a series of related transactions;

(f) the abandonment of material assets by the Liquidation Trustee (any asset with a book value of \$25,000 or an estimated market value of \$10,000 shall be deemed material); and

3. **Absolute Rights of the Plan Oversight Committee.** The Plan Oversight Committee shall have the absolute right and power with respect to the following:

(a) to negotiate all modifications to the terms of the employment of the Liquidation Trustee;

(b) to require, at its discretion, the Liquidation Trustee to post a bond or provide evidence of adequate insurance to ensure the faithful performance of the Liquidation Trustee's obligations hereunder, subject to obtaining a Bankruptcy Court order directing such action;

(c) to select a successor Liquidation Trustee when a successor is required hereunder, subject to the terms hereof;

(d) to approve amendments to or waivers of any provisions of this Agreement;

(e) to determine whether the Liquidation Trustee shall commence or pursue any Affirmative Causes of Action not released under the terms of the Plan; and

(f) to the extent the Plan Oversight Committee in its exercise of business judgment and consistent with the Plan determines that the Liquidation Trustee should commence any Affirmative Cause of Action on behalf of the Liquidation Trust not released pursuant to the Plan Documents, and the Trustee has not indicated in writing that it intends to commence such Affirmative Cause of Action within thirty (30) days of a written request by the Plan Oversight Committee to do so and actually commences such Affirmative Cause of Action within sixty (60) days of such written request, the Plan Oversight Committee shall be vested with authority and standing as "representative of the estate" under and within the meaning of Section 1123(b)(3)(B) to bring such Affirmative Cause of Action in the name of the Plan Oversight Committee and to hire special litigation counsel for such purpose to be compensated from the Liquidation Trust. For the avoidance of doubt, any recoveries pursuant to an Affirmative Cause of Action commenced by the Plan Oversight Committee shall constitute Liquidation Assets and shall be distributed under and according to the terms of the Plan and this Agreement. The Trustee shall have consent rights with respect to the identity of the special litigation counsel, such consent not to be unreasonably withheld.

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As used herein, the term “Affirmative Causes of Action” shall mean claims and causes of action brought by, or in favor of, the Liquidation Trust seeking to increase the value of the Liquidation Trust Assets, including but not limited to claims of ownership of tax refunds, tort claims, avoidance claims, or suits for breach of fiduciary duty. The terms Affirmative Causes of Action shall not include objections to claims against the Estate, defenses to suits brought against the Liquidation Trust or the Estate, or any other Causes of Action related to defending against claims of any kind against the Liquidation Trust or the Estate.

If the Liquidation Trustee in good faith perceives a conflict between a provision of this Agreement and a direction by the Plan Oversight Committee, the Liquidation Trustee may promptly deliver a notice to the Plan Oversight Committee requesting clarification and proposing a course of action to be taken by the Liquidation Trustee. If the Liquidation Trustee does not receive a written response within three (3) business days after receipt of such notice by the Plan Oversight Committee, the Liquidation Trustee may take such actions as it deems advisable and consistent with the terms of the Plan Documents. In the event a response to such notice is timely received and a disagreement among the parties as to the correct course of action persists, the Liquidation Trustee shall promptly seek resolution of such matter by the Bankruptcy Court. In the event emergency action is required by the Liquidation Trustee, and the Liquidation Trustee is unable to provide three (3) business days prior written notice of a conflict, the Liquidation Trustee is authorized to act notwithstanding the perceived conflict but only as narrowly tailored in order to avoid irreparable injury or harm to the Liquidation Trust Assets and its Liquidation Trust Beneficiaries and shall give such notice, if any, as may be practicable under the circumstances.

4. **Governance; Bylaws.** Except as expressly set forth herein, all actions taken by the Plan Oversight Committee must be approved by a majority of the members of the Plan Oversight Committee. The Plan Oversight Committee may adopt its own written bylaws not inconsistent herewith or the other Plan Documents, a copy of which shall be delivered to the Liquidation Trustee.

5. **Reporting.** The Liquidation Trustee shall submit such reports as it deems reasonable to the Plan Oversight Committee, including, without limitation, reports on the commencement and prosecution of Causes of Action, if any, and the proceeds of liquidation of the Liquidation Trust Assets. The Liquidation Trustee shall also report to the Plan Oversight Committee, at the request of any member of the Plan Oversight Committee, on any matter that reasonably relates to the Liquidation Trust Assets; provided, however, that in providing such reports the Liquidation Trustee shall take no action that will in any way infringe on attorney-client privilege or jeopardize the viability of on-going litigation by reporting on Causes of Action directly or indirectly to any interested parties that may be on the Plan Oversight Committee.

6. **Reimbursement of Committee Members.** The Liquidation Trust may reimburse each member of the Plan Oversight Committee for reasonable and actual out of pocket expenses relating to postage, telephone and facsimile charges for work performed on behalf of, or relating to the administration of, the Liquidation Trust or the Plan Oversight Committee. No member of the Plan Oversight Committee shall be entitled to reimbursement of any legal or professional fees or associated expenses incurred by attorneys and other professionals representing or advising such member in connection with its membership and service upon the

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Plan Oversight Committee. No Plan Oversight Committee member shall receive a committee, member, board, director or similar fee or honorarium for serving upon the Plan Oversight Committee. All reimbursable expenses payable pursuant to this paragraph 6 shall be paid from the Liquidation Trust Assets. If the cash in the Liquidation Trust shall be insufficient to effect such reimbursement, then the Liquidation Trustee is hereby authorized to reduce to cash in a commercially reasonable manner that portion of the Liquidation Trust Assets necessary to effect such reimbursement or to surcharge the Liquidation Trust Beneficiaries to the extent of actual distributions received by such parties hereunder. Unless specifically permitted hereby, and subject to entry of an order of the Bankruptcy Court for cause shown, the Plan Oversight Committee shall not retain counsel for the Plan Oversight Committee at the expense of the Trust.

G. Exculpation; Indemnification. From and after the Effective Date, the Plan Oversight Committee, each of the members of the Plan Oversight Committee and their respective Related Parties shall be exculpated and indemnified hereby without any further action or order to the maximum extent permitted by applicable law. Without limiting the foregoing, the Liquidation Trust hereby indemnifies and agrees to defend and hold harmless the Plan Oversight Committee, each of the members of the Plan Oversight Committee and their respective Related Parties from and against any and all claims, Causes of Action, liabilities, obligations, losses, damages or expenses (including attorneys' fees) (other than to the extent determined by a Final Order to be due to their own respective gross negligence, willful misconduct, or fraud after the Effective Date) to the fullest extent permitted by applicable law and any obligations, liabilities or expenses incurred by any such persons or entities shall be payable from the Liquidation Trust Assets. No such exculpated and indemnified parties will have or incur liability to any Person or Entity, including, without limitation, any Holder of a Claim, for any act taken or omission made in good faith in connection with or related to the administration of this Liquidation Trust and Liquidation Trust Assets, the implementation of the Plan and Plan Documents and the making of distributions made thereunder, or otherwise with respect to the Case, and any and all Causes of Action related thereto are deemed fully waived, barred, and released in all respects. Provided, however, this exculpation and indemnity shall not act to exculpate, indemnify or release any Person or Entity from any obligation under the Plan Documents or with respect to any act or omission that is determined by a Final Order to constitute gross negligence, willful misconduct or fraud. Any action taken or omitted to be taken with the approval of the Bankruptcy Court will conclusively be deemed not to constitute gross negligence, willful misconduct, or fraud.

SECTION III **BENEFICIARIES**

A. Identification of Liquidation Trust Beneficiaries. In order to determine the actual names, addresses and tax identification numbers of the Liquidation Trust Beneficiaries, the Liquidation Trustee shall be entitled to conclusively rely on the names, addresses and tax identification numbers set forth in the Debtor's (1) Schedules, (2) filed proofs of claim, or (3) books and records. Each Liquidation Trust Beneficiary's right to distribution from the Liquidation Trust, which is dependent upon such Liquidation Trust Beneficiary's classification under the Plan, shall be that accorded to such Liquidation Trust Beneficiary under the Plan. Each distribution by the Liquidation Trustee to the Liquidation Trust Beneficiaries shall be made in accordance with the terms set forth herein.

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B. Withholding. Unless otherwise permitted to be paid directly to a Liquidation Trust Beneficiary, the Liquidation Trustee shall withhold from the amounts distributable to the Liquidation Trust Beneficiaries from the Liquidation Trust Assets at any time such sum or sums as may be required to be withheld under the income tax laws of the United States or of any state or political subdivision thereof.

C. Tax Identification Numbers. The Liquidation Trustee shall require any Liquidation Trust Beneficiary to furnish to the Liquidation Trustee its Employer or Taxpayer Identification Number as assigned by the IRS and the Liquidation Trustee may condition any distribution to any Liquidation Trust Beneficiary upon receipt of such identification number. For the avoidance of doubt, the Liquidation Trustee may request Bankruptcy Court authority to release funds set aside for distribution to Liquidation Trust Beneficiaries who have not provided proper tax identification numbers and make those funds available to remaining Liquidation Trust Beneficiaries.

SECTION IV PURPOSE, AUTHORITY, LIMITATIONS, AND DISTRIBUTIONS

A. Purpose of the Liquidation Trust. The Liquidation Trust shall be established for the primary purpose of liquidating its assets, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidation Trust. Accordingly, the Liquidation Trust shall, in an expeditious but orderly manner, liquidate and convert to cash the Liquidation Trust Assets, make timely distributions and not unduly prolong the duration of the Liquidation Trust. The liquidation of the Liquidation Trust Assets may be accomplished either through the prosecution, compromise and settlement, abandonment or dismissal of any or all claims, rights or Causes of Action, or otherwise.

B. Resolution of Liquidation Trust Assets by the Liquidation Trustee.

1. The Liquidation Trustee shall be empowered to and, in its discretion (subject to the provisions hereof, including the requirement to consult with the Plan Oversight Committee), may take all appropriate action with respect to the prosecution, settlement or other resolution of claims and Causes of Action constituting the Liquidation Trust Assets. The Liquidation Trustee shall deal with all collections and settlements within the normal course of its duties.

2. Notwithstanding anything contained in this Agreement to the contrary, the Liquidation Trust may, but is not required to, submit a proposed settlement of claims or Causes of Action to the Bankruptcy Court or such other court of competent jurisdiction for its approval.

C. Books and Records.

On behalf of the Liquidation Trust, the Liquidation Trustee shall maintain, in respect of the Liquidation Trust and the Liquidation Trust Beneficiaries, books and records relating to the assets and income of the Liquidation Trust and the payment of expenses of, and liabilities of, claims against or assumed by, the Liquidation Trust in such detail and for such period of time as may be necessary to enable it to make full and proper accounting in respect thereof in accordance

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with Section VI hereof and to comply with applicable provisions of law. Except as provided in Section VI.A hereof, nothing in this Agreement requires the Liquidation Trust or the Liquidation Trustee to file any accounting or seek approval of any court with respect to the administration of the Liquidation Trust, or as a condition for making any payment or distribution out of the Liquidation Trust Assets. Liquidation Trust Beneficiaries shall have the right upon thirty (30) days' prior written notice delivered to the Liquidation Trustee to inspect such books and records, provided that, if so requested, such Liquidation Trust Beneficiary shall have entered into a confidentiality agreement satisfactory in form and substance to the Liquidation Trustee.

D. Disputed Claims Holdback. The Liquidation Trustee shall create, in accordance with the Liquidation Trustee's powers and responsibilities under the Plan and other Plan Documents, a holdback fund containing any distributable amounts to be set aside on account of Disputed Claims, if any, from each distribution as though such Disputed Claims shall become Allowed Claims. Such amounts (net of any expenses, including any taxes, of the escrow relating thereto) shall be distributed, as provided herein and in the other Plan Documents, as such Disputed Claims are resolved. If a Holder's Disputed Claim is resolved and becomes an Allowed Claim, the Holder shall become a Liquidation Trust Beneficiary, the amounts previously held on account of the Holder's Disputed Claims shall be distributed as provided herein and in the Plan, and the Holder shall receive the same percentage recovery as Holders of Allowed Claims in the same Class as if the Holder's Allowed Claim was an Allowed Claim as of the Effective Date of the Plan.

E. Application of Liquidation Trust Assets. Assuming Holders of Allowed Administrative, Secured, and Priority Claims have been paid as provided in the Plan Documents or adequate reserves have been established to pay such claims, the Liquidation Trustee shall apply all Liquidation Trust Assets, and any proceeds therefrom, as follows:

1. Following the Effective Date, subject in all respects to the terms of the Plan Documents, the Liquidation Trust shall apply all cash constituting Liquidation Trust Assets and any proceeds therefrom in the order and reflecting the priorities set forth below:

FIRST, to pay all the costs and expenses of the Liquidation Trust including, without limitation, the post-confirmation fees and expenses of and any and all costs, expenses and liabilities incurred by the Liquidation Trustee (including its professionals and advisors) in connection with the performance of duties under this Agreement as well as the costs, expenses and liabilities of the members of the Plan Oversight Committee as permitted herein.

SECOND, to the Liquidation Trust Beneficiaries in accordance with the Plan.

Provided, prior to making any distributions, the Liquidation Trustee may retain the following amounts on reserve (the "Reserve"): (i) the holdback for Disputed Claims set forth above; (ii) the dollar face amount of duly filed final applications for compensation for services and reimbursement of expenses of professionals employed during the Case; (iii) the dollar face amount of any tax owing or governmental returns or fees; and (iv) the estimated expenses of administration of the Liquidation Trust and wind-down of the Debtor's estate in an amount not to exceed \$200,000 or such other amount as agreed to by the Liquidation Trustee and the Plan

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Oversight Committee or as may be ordered by the Bankruptcy Court (this clause (iv) shall be referred to as the “Wind-Down Reserve”). In the event the Liquidation Trustee determines that the Wind-Down Reserve shall exceed the dollar amount set forth herein in the exercise of the prudent and conservative administration of the Liquidation Trust in order to ensure that the Liquidation Trust is imbued with the necessary resources to fulfill its purpose, the Liquidation Trustee may seek agreement of the Plan Oversight Committee to an increased dollar amount therefor and, in the absence of such an agreement of the Plan Oversight Committee, may upon not less than 30 days’ notice to the Plan Oversight Committee, seek Bankruptcy Court approval of such an increased Wind-Down Reserve.

2. Distribution. Subject to the provisions of Section IV.D and E hereof and the Plan Documents, the Liquidation Trust shall effectuate an initial distribution to the Holders of Allowed Claims of all net cash from the liquidation of the Liquidation Trust Assets (including as cash for this purpose, all cash equivalents) as soon as practicable following the Effective Date of the Plan and in no event in more than thirty (30) days thereafter and from time to time at such additional intervals as determined by the Liquidation Trust in accordance with the terms of the Plan Documents.

F. Compliance with Laws. Any and all distributions of Liquidation Trust Assets shall be in compliance with applicable laws, including, but not limited to, applicable federal and state securities laws.

SECTION V SUCCESSOR TRUSTEE

A. Removal. The Liquidation Trustee may be removed by the Plan Oversight Committee (i) for cause by a majority vote of the Plan Oversight or (ii) by a unanimous vote of the Plan Oversight Committee if the Liquidation Trustee is removed for any other reason. Cause shall be limited to willful and intentional misconduct, breach of the terms of this Agreement determined by a Final Order of a court of competent jurisdiction, or defalcation in the conduct of the Liquidation Trustee’s fiduciary duties.

B. Resignation. The Liquidation Trustee may resign by giving not less than thirty (30) days’ prior written notice thereof to the Bankruptcy Court. Such resignation shall become effective on the earlier to occur of (i) the date specified in such notice and (ii) the selection of a successor and the acceptance by such successor of such appointment.

C. Acceptance of Appointment by Successor Trustee. Any successor Liquidation Trustee shall be chosen by the Plan Oversight Committee, subject to the terms hereof. Any successor Liquidation Trustee appointed hereunder shall execute an instrument accepting such appointment hereunder and shall file such acceptance with the Liquidation Trust records and Bankruptcy Court. If required pursuant to the terms hereof, a successor shall post a bond or provide evidence of insurance adequate to ensure the performance of the obligations of the successor hereunder. Thereupon, such successor Liquidation Trustee shall, without any further act, become vested with all the estate’s properties, rights, powers, trusts and duties of its predecessor in the Liquidation Trust with like effect as if originally named herein; provided, however, that a removed or resigning Liquidation Trustee shall, nevertheless, when requested in

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writing by the successor Liquidation Trustee, execute and deliver an instrument or instruments conveying and transferring to such successor Liquidation Trustee under the Liquidation Trust all the estates, properties, rights, powers, and trusts of such predecessor Liquidation Trustee.

SECTION VI **REPORTING**

A. Tax and Other Reports. As soon as practicable after the end of each calendar year or as reasonably requested by the Plan Oversight Committee, and as soon as practicable upon termination of the Liquidation Trust, the Liquidation Trustee shall submit to the Bankruptcy Court and Plan Oversight Committee a written report including: (i) financial statements of the Liquidation Trust at the end of such calendar year or period and the receipts and disbursements of the Liquidation Trust for such period; (ii) a description of any action taken by the Liquidation Trustee in the performance of its duties which materially and adversely affects the Liquidation Trust and of which notice has not previously been given to the Liquidation Trust Beneficiaries, and (iii) subject to Section VI.B, a separate statement for each Liquidation Trust Beneficiary setting forth the holder's share of items of income, gain, loss, deduction or credit and will instruct all such holders to report such items on their federal income tax returns. The Liquidation Trustee shall promptly submit additional reports to the Bankruptcy Court and Plan Oversight Committee whenever an adverse material event or change occurs which affects either the Liquidation Trust or the rights of the Liquidation Trust Beneficiaries hereunder.

B. Federal Income Tax.

1. **Grantor Trust Status.** Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the issuance of applicable Treasury Regulations, the receipt by the Liquidation Trustee of a private letter ruling if the Liquidation Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidation Trustee), the Liquidation Trustee shall file returns for the Liquidation Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a).

2. **Allocations of Liquidation Trust Taxable Income.** Subject to the provisions of Section VI.B.1 hereof, allocations of Liquidation Trust taxable income shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restriction on distributions described herein) if, immediately prior to such deemed distribution, the Liquidation Trust had distributed all of its other assets (valued for this purpose at their tax book value) to Liquidation Trust Beneficiaries (treating to the extent determined by the Liquidation Trustee in its sole discretion, any holder of a Disputed Claim, for this purpose, as a current Liquidation Trust Beneficiary entitled to distributions), taking into account all prior and concurrent distributions from the Liquidation Trust (including all distributions held in reserve pending the resolution of Disputed Claims). Similarly, taxable losses of the Liquidation Trust will be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Liquidation Trust Assets. The tax book value of the Liquidation Trust Assets for this purpose shall equal their fair market value on the Effective Date or, if later, the date such assets were acquired by the Liquidation Trust, adjusted in either case in accordance with tax accounting

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principles prescribed by the Internal Revenue Code, the regulations and other applicable administrative and judicial authorities and pronouncements.

C. **Other.** The Liquidation Trustee shall also file (or cause to be filed) any other statements, returns or disclosures relating to the Liquidation Trust, that are required to be filed by any governmental unit or under applicable law, guidelines, rules and regulations.

SECTION VII **TRANSFER OF BENEFICIARY'S INTERESTS**

A. **Transfer of Beneficial Interests.** The interests of the Liquidation Trust Beneficiaries in the Liquidation Trust, which are reflected only on the records of the Liquidation Trust maintained by the Liquidation Trustee shall be transferable after written notice to the Liquidation Trustee only: (a) pursuant to applicable laws of descent and distribution (in the case of a deceased individual Liquidation Trust Beneficiary); (b) by operation of law; or (c) by any other method that complies with applicable securities and tax laws and does not result in an adverse consequence to the Liquidation Trust. The Liquidation Trustee shall not be required to record any transfer in favor of any transferee which, in the sole discretion of the Liquidation Trustee, is or might be construed to be ambiguous or to create uncertainty as to the holder of the interest in the Liquidation Trust. Until a transfer is in fact recorded on the books and records maintained by the Liquidation Trustee for the purpose of identifying Liquidation Trust Beneficiaries, the Liquidation Trustee, whether or not in receipt of documents of transfer or other documents relating to the transfer, may nevertheless make distributions and send communications to Liquidation Trust Beneficiaries, as though it has no notice of any such transfer, and in so doing the Liquidation Trustee shall be exculpated, fully protected and incur no liability to any purported transferee or any other Entity.

SECTION VIII **MISCELLANEOUS PROVISIONS**

A. **Amendment; Waiver.** This Agreement may be amended or waived in a material manner with a majority vote of the Plan Oversight Committee (with the Liquidation Trustee breaking the vote in case of a tie, as applicable); provided, however, that no change shall be made to this Agreement that would adversely affect the federal income tax status of the Liquidation Trust as a "grantor trust" in accordance with Section VI.B.

B. **Intention of Parties to Establish Grantor Trust.** This Agreement is intended to create a grantor trust for United States federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as a grantor trust.

C. **Preservation of Privilege.** In connection with the rights, claims, and Causes of Action that constitute the Liquidation Trust Assets, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) transferred to the Liquidation Trust shall vest in the Liquidation Trust and its representatives, and the Debtor and the Liquidation Trustee are authorized to take all necessary actions to effectuate the transfer of such privileges. The Liquidation Trustee and Plan Oversight Committee shall be deemed to have a joint and common interest in implementation of

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the Liquidation Trust and liquidation of the Liquidation Trust Assets (including the prosecution of Causes of Action and objections to Claims) and, as such, communications among the Liquidation Trustee and Plan Oversight Committee regarding implementation of the Liquidation Trust shall be protected from disclosure, except to the extent the parties are in an adverse position with respect to any such issue.

D. Cooperation. The Debtor shall provide the Liquidation Trustee with copies of its books and records as the Liquidation Trustee shall reasonably require for the purpose of performing its duties and exercising its powers hereunder.

E. Laws as to Construction. This Agreement, and the administration of the Liquidation Trust, shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to rules governing the conflict of law. In the case of a conflict between the Plan Documents, the Plan Documents shall control in the following order: The Confirmation Order, the Plan and then this Agreement.

F. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law unless the Agreement, as modified, will no longer effectuate the intent of the parties hereto in all material respects.

G. Notices. Any notice or other communication hereunder shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if deposited, postage prepaid, in a post office or letter box addressed to the person for whom such notice is intended at such address as set forth below or such other address as filed with the Bankruptcy Court:

If to the Liquidation Trustee:

DEVELOPMENT SPECIALISTS, INC.
333 S. Grand Ave., Suite 4070
Los Angeles, CA 90071
Attn: Bradley Sharp
R. Brian Calvert
Tel: (213) 617-2717
Fax: (213) 617-2718
Email: bsharp@dsi.biz
bcalvert@dsi.biz

With a copy to:

WINSTON & STRAWN LLP
333 S. Grand Ave., 38th Floor
Los Angeles, CA 90071
Attn: Eric E. Sagerman, Esq.
Justin E. Rawlins, Esq.
Tel: (213) 615-1700
Fax: (213) 615-1750
Email: esagerman@winston.com
jrawlins@winston.com

YOUNG CONAWAY STARGATT &
TAYLOR, LLP
Rodney Square, 1 000 North King Street
Wilmington, Delaware 19801
Attn: Robert S. Brady, Esq.
Joseph M. Barry, Esq.

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Tel: (302) 571-6600
Fax: (302) 571-1253
Email: rbrady@ycst.com
jbarry@ycst.com

If to the Plan Oversight Committee:

Committee Member:

William D. King
williamdking@gmail.com

Committee Member:

Vikaran Ghei
Vik@holdcoadvisors.com

Committee Member:

George Shilowitz
Vik@holdcoadvisors.com

H. Notices if to a Liquidation Trust Beneficiary. Any notice or other communication hereunder shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if deposited, postage prepaid, in a post office or letter box addressed to the person for whom such notice is intended to the name and address set forth on the Debtor's Schedules or such Liquidation Trust Beneficiary's proof of claim, such other notice filed with the Bankruptcy Court and the Liquidation Trust or such other means reasonably calculated to apprise the Liquidation Trust Beneficiary.

I. Third-Party Beneficiary. There shall be no third-party beneficiaries of this Liquidation Trust except as named herein. The Plan Oversight Committee shall be the only express third-party beneficiary hereof and named herein.

J. Headings. The section headings contained in this Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or of any term or provision hereof.

K. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument. A facsimile copy of a signature page is the equivalent of an original signature page.

IN WITNESS WHEREOF, the parties hereto executed and acknowledged this Agreement as of the date first above written.

Execution Copy

DEBTOR:

BEVERLY HILLS BANCORP, INC.

By: William D. King
William D. King
Chair, Board of Directors

TRUSTEE:

By: DEVELOPMENT SPECIALISTS INC.

By: _____
Bradley D. Sharp, solely in his capacity as
Liquidation Trustee

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DEBTOR:


BEVERLY HILLS BANCORP, INC.

By: _____

William D. King
Chair, Board of Directors

TRUSTEE:

By: DEVELOPMENT SPECIALISTS INC.

By:  _____
Bradley D. Sharp, solely in his capacity as
Liquidation Trustee

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[Table of Contents](#)

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

FORM 10-Q

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

For the quarterly period ended December 31, 2014

or

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

For the transition period from _____ to _____

Commission File No. 001-00043

Motors Liquidation Company GUC Trust
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-6194071
(IRS Employer
Identification No.)

c/o Wilmington Trust Company,
as trust administrator and trustee
Attn: David A. Vanaskey, Jr., Vice President
Rodney Square North
1100 North Market Street
Wilmington, Delaware
(Address of principal executive offices)

19890-1615
(Zip Code)

(302) 636-6019
(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒ (Do not check if a smaller reporting company)

Smaller Reporting Company ☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☒ *

* The registrant is not required to file reports pursuant to Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934, but has filed all reports required pursuant to the no-action letter of the Securities and Exchange Commission to the registrant dated May 23, 2012.

[Table of Contents](#)

MOTORS LIQUIDATION COMPANY GUC TRUST
FORM 10-Q TABLE OF CONTENTS

	<u>Page</u>
PART I—FINANCIAL INFORMATION	
Item 1. Financial Statements	
Condensed Statements of Net Assets in Liquidation (Liquidation Basis), December 31, 2014 (unaudited) and March 31, 2014	1
Condensed Statements of Changes in Net Assets in Liquidation (Liquidation Basis), Three and Nine Months Ended December 31, 2014 and 2013 (unaudited)	2
Condensed Statements of Cash Flows (Liquidation Basis), Nine Months Ended December 31, 2014 and 2013 (unaudited)	3
Notes to Condensed Financial Statements (unaudited)	4
Item 2. Management's Discussion and Analysis	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk	41
Item 4. Disclosure Controls and Procedures	41
PART II—OTHER INFORMATION	
Item 1. Legal Proceedings	41
Item 1A. Risk Factors	43
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 3. Defaults Upon Senior Securities	44
Item 4. Mine Safety Disclosures	44
Item 5. Other Information	44
Item 6. Exhibits	44

[Table of Contents](#)

Motors Liquidation Company GUC Trust
 CONDENSED STATEMENTS OF NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)
 (Dollars in thousands)

	December 31, 2014	March 31, 2014
	<u>Unaudited</u>	
ASSETS		
Cash and Cash Equivalents	\$ 25,508	\$ 14,932
Marketable Securities	32,088	44,382
Accrued Dividends on Holdings of New GM Common Stock	3,465	—
Holdings of New GM Securities (Note 5)	843,834	1,114,078
Other Assets and Deposits	<u>514</u>	<u>1,502</u>
TOTAL ASSETS	905,409	1,174,894
LIABILITIES		
Accounts Payable and Other Liabilities	4,401	3,105
Liquidating Distributions Payable (Note 4)	6,033	42,111
Reserves for Residual Wind-Down Claims (Note 7)	26,431	28,698
Reserves for Expected Costs of Liquidation (Note 7)	<u>32,632</u>	<u>36,486</u>
TOTAL LIABILITIES	69,497	110,400
NET ASSETS IN LIQUIDATION (Note 3)	<u><u>\$ 835,912</u></u>	<u><u>\$1,064,494</u></u>

See Accompanying Notes to Condensed Financial Statements.

[Table of Contents](#)

Motors Liquidation Company GUC Trust
 CONDENSED STATEMENTS OF CHANGES IN NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)
 (UNAUDITED)
 (Dollars in thousands)

	<u>Three Months Ended December 31,</u>		<u>Nine Months Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net Assets in Liquidation, beginning of period	\$ 750,038	\$ 2,077,458	\$ 1,064,494	\$ 1,390,181
Increase (decrease) in net assets in liquidation:				
Net (additions to) reductions in reserves for Expected				
Costs of Liquidation (Note 7)	(3,200)	(646)	(7,335)	7,563
Liquidating distributions (Note 4)	2,090	(1,067,130)	(208,110)	(1,167,938)
Net change in fair value of holdings of New GM				
Securities	83,540	353,679	(29,371)	968,670
Dividends and interest income	3,444	16	16,234	56
Income tax (provision) benefit (Note 8)	—	(32,183)	—	132,662
Net increase (decrease) in net assets in liquidation	<u>85,874</u>	<u>(746,264)</u>	<u>(228,582)</u>	<u>(58,987)</u>
Net Assets in Liquidation, end of period	<u>\$ 835,912</u>	<u>\$ 1,331,194</u>	<u>\$ 835,912</u>	<u>\$ 1,331,194</u>

See Accompanying Notes to Condensed Financial Statements.

[Table of Contents](#)

Motors Liquidation Company GUC Trust
 CONDENSED STATEMENTS OF CASH FLOWS (LIQUIDATION BASIS) (UNAUDITED)
 (Dollars in thousands)

	Nine Months Ended December 31,	
	2014	2013
Cash flows from (used in) operating activities		
Cash receipts from dividends and interest	\$ 12,678	\$ 50
Cash paid for professional fees, governance costs and other administrative costs	(9,449)	(16,194)
Cash paid for Residual Wind-Down Claims	(2,011)	(1,451)
Cash receipts for refund due others	379	—
Cash paid for distributions	(3,528)	(581)
Net cash flows used in operating activities	(1,931)	(18,176)
Cash flows from (used in) investing activities		
Cash used to purchase marketable securities	(66,302)	(97,020)
Cash from maturities and sales of marketable securities	78,597	124,081
Net cash flows from investing activities	12,295	27,061
Cash flows from financing activities		
Cash from sale of New GM Securities for distribution	212	28
Net cash flows from financing activities	212	28
Net increase in cash and cash equivalents	10,576	8,913
Cash and cash equivalents, beginning of period	14,932	1,010
Cash and cash equivalents, end of period	<u>\$ 25,508</u>	<u>\$ 9,923</u>

The GUC Trust has not presented a reconciliation from net income to cash flow from operations. As an entity in liquidation, the GUC Trust does not have continuing operations that result in the measurement of net income as that term is used by generally accepted accounting principles to measure results of operations.

See Accompanying Notes to Condensed Financial Statements.

Table of Contents

Motors Liquidation Company GUC Trust Notes to Condensed Financial Statements December 31, 2014

1. Description of Trust and Reporting Policies

The Motors Liquidation Company GUC Trust ("GUC Trust") is a successor to Motors Liquidation Company (formerly known as General Motors Corp.) ("MLC") for the purposes of Section 1145 of the United States Bankruptcy Code ("Bankruptcy Code"). The GUC Trust holds, administers and directs the distribution of certain assets pursuant to the terms and conditions of the Amended and Restated Motors Liquidation Company GUC Trust Agreement (the "GUC Trust Agreement"), dated as of June 11, 2012 and as amended from time to time, and pursuant to the Second Amended Joint Chapter 11 Plan (the "Plan"), dated March 18, 2011, of MLC and its debtor affiliates (collectively, along with MLC, the "Debtors"), for the benefit of holders of allowed general unsecured claims against the Debtors ("Allowed General Unsecured Claims").

The GUC Trust was formed on March 30, 2011, as a statutory trust under the Delaware Statutory Trust Act, for the purposes of implementing the Plan and distributing the GUC Trust's distributable assets. Wilmington Trust Company serves as trustee and trust administrator of the GUC Trust (in such capacity, and not in its individual capacity, the "GUC Trust Administrator"), and FTI Consulting, Inc. serves as trust monitor of the GUC Trust (in such capacity, and not in its individual capacity, the "GUC Trust Monitor"). The Plan generally provides for the distribution of certain shares of common stock ("New GM Common Stock") of the new General Motors Company, formerly known as NGMCO, Inc. ("New GM") and any associated Dividend Cash (as defined below), and certain warrants for the purchase of shares of such stock (the "New GM Warrants," and, together with the New GM Common Stock, the "New GM Securities") to holders of Allowed General Unsecured Claims pro rata by the amount of such claims. In addition, the Plan provides that each holder of an Allowed General Unsecured Claim will obtain, in the form of GUC Trust Units (as defined below), a contingent right to receive, on a pro rata basis, additional shares of New GM Common Stock (and associated Dividend Cash) and New GM Warrants (if and to the extent such New GM Common Stock and New GM Warrants are not required for the satisfaction of previously Disputed General Unsecured Claims (as defined in Note 2), Term Loan Avoidance Action Claims (as defined in Note 2) or liquidation for the payment of the expenses and liabilities of the GUC Trust) and certain cash, if any, remaining at the dissolution of the GUC Trust.

The GUC Trust exists solely for the purpose of resolving claims, distributing New GM Securities (and associated Dividend Cash) and winding down the affairs of MLC, all in accordance with a plan of liquidation of MLC approved by the Bankruptcy Court. Accordingly, the GUC Trust has prepared the accompanying financial statements on the liquidation basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the liquidation basis of accounting as prescribed by the Financial Accounting Standards Board (FASB) Accounting Standards Codification, assets are stated at their estimated net realizable value, which is the non-discounted amount of cash into which an asset is expected to be converted during the liquidation period, while liabilities continue to be recognized at the amount required by other U.S. GAAP, and are not remeasured to reflect any anticipation that an entity will be legally released from an obligation. Additionally, under the liquidation basis of accounting, a reserve is established for estimated costs expected to be incurred during the liquidation period. Such costs are accrued when there is a reasonable basis for estimation. As described below, beginning in the quarter ended June 30, 2014, an accrual is made for estimated income or cash expected to be received over the liquidation period to the extent that a reasonable basis for estimation exists. These estimates are periodically reviewed and adjusted as appropriate. The valuation of assets at net realizable value, the accrual for dividends on the GUC Trust's holdings of New GM Common Stock expected to be received over the liquidation period, reserves for residual wind-down claims and reserves for expected liquidation costs represent estimates, are based on present facts and circumstances known to the GUC Trust Administrator, and are subject to change.

As described above, the beneficiaries of the GUC Trust are future holders and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and future and current holders of GUC Trust Units ("Trust Beneficiaries"). As Disputed General Unsecured Claims are resolved and allowed and thereby become Allowed General Unsecured Claims, the holders thereof become entitled to receive liquidating distributions of New GM Securities (and the related Dividend Cash) and GUC Trust Units pro rata by the amount of such Claims and, upon such occurrence, the GUC Trust incurs an obligation to distribute such securities and cash. Accordingly, liquidating distributions payable are recorded (at the fair value of such New GM Securities and the related Dividend Cash) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential Term Loan Avoidance Action Claims were to arise (and would become allowed) in the manner described in Note 2, liquidating distributions payable would be recorded for the New GM Securities and the related Dividend Cash (at fair value) that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence. Prior to the resolution and

allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims or potential Term Loan Avoidance Action Claims. Rather, the beneficial interests of Trust Beneficiaries in the residual assets of the GUC Trust are reflected in Net Assets in Liquidation of the GUC Trust in the accompanying financial statements.

Table of Contents

The accompanying (a) condensed statement of net assets in liquidation at March 31, 2014, which has been derived from audited financial statements, and (b) the unaudited interim condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and footnotes required by U.S. GAAP for complete financial statements. The GUC Trust believes all adjustments, normal and recurring in nature, considered necessary for a fair presentation have been included. The changes in net assets in liquidation for the nine months ended December 31, 2014 are not necessarily indicative of the changes in net assets that may be expected for the full year. The GUC Trust believes that, although the disclosures contained herein are adequate to prevent the information presented from being misleading, the accompanying interim condensed financial statements should be read in conjunction with the GUC Trust's financial statements for the year ended March 31, 2014 included in Form 10-K filed by the GUC Trust with the Securities and Exchange Commission on May 22, 2014.

The preparation of condensed financial statements in conformity with U.S. GAAP requires the GUC Trust Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and are subject to change.

Changes to U.S. GAAP are made by the FASB in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification. The GUC Trust considers the applicability and impact of all ASU's. ASU's not noted herein were assessed and determined to be not applicable. During the quarter ended June 30, 2014, the GUC Trust adopted Accounting Standards Update No. 2013-07, "Liquidation Basis of Accounting". Such standard requires that income or cash expected to be received over the liquidation period be estimated and accrued to the extent that a reasonable basis for estimation exists. The effect of adoption of such standard was not material to the GUC Trust's financial statements. As of December 31, 2014, the GUC Trust has accrued approximately \$3.6 million for (a) dividends of approximately \$3.5 million expected to be received by the GUC Trust on its holdings of New GM Common Stock and (b) approximately \$94,000 expected to be earned on marketable securities over the estimated remaining liquidation period of the GUC Trust. Such accrued dividends consist of dividends of \$0.30 per share declared by New GM in January 2015 payable to common stockholders of record as of March 11, 2015. No accrual has been made with respect to any additional dividends that may be declared by New GM in the future, because the GUC Trust believes that a reasonable basis for estimation of such potential dividends does not exist at this time.

2. Plan of Liquidation

On March 31, 2011, the date the Plan became effective (the "Effective Date"), there were approximately \$29,771 million in Allowed General Unsecured Claims. In addition, as of the Effective Date, there were approximately \$8,154 million in disputed general unsecured claims ("Disputed General Unsecured Claims"), which reflects liquidated disputed claims and a Bankruptcy Court ordered distribution reserve for unliquidated disputed claims, but does not reflect potential Term Loan Avoidance Action Claims. The total aggregate amount of general unsecured claims, both allowed and disputed, asserted against the Debtors, inclusive of the potential Term Loan Avoidance Action Claims, was approximately \$39,425 million as of the Effective Date.

Pursuant to the GUC Trust Agreement, holders of Disputed General Unsecured Claims become entitled to receive a distribution of New GM Securities from the GUC Trust if, and to the extent that, such Disputed General Unsecured Claims become Allowed General Unsecured Claims. Under the GUC Trust Agreement, the GUC Trust Administrator has the authority to file objections to such Disputed General Unsecured Claims and such claims may be prosecuted through alternative dispute resolution proceedings, including mediation and arbitration ("ADR Proceedings"), if appropriate. As of December 31, 2014, there were approximately \$39.5 million in Disputed General Unsecured Claims (including \$10 million in Disputed General Unsecured Claims which were previously disallowed by the Bankruptcy Court but were subject to pending appeals), all of which were subject to pending objections filed by the GUC Trust. In addition, as of December 31, 2014, the GUC Trust held as reserves for Disputed General Unsecured Claims approximately \$40 million in claim amount that is not associated with any particular claim but which has been set aside by the GUC Trust Administrator as a general claim contingency. See "— Allowed and Disputed Claims" below.

To the extent that all or a portion of a Disputed General Unsecured Claim is deemed invalid—or "disallowed"—by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is disallowed is not entitled to a distribution from the GUC Trust (subject to any appeal rights of the claimant). However, to the extent that a Disputed General Unsecured Claim is fully resolved, and such resolution results in all or a portion of the original Disputed General Unsecured Claim being deemed valid—or "allowed"—by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is allowed will be considered an Allowed General Unsecured Claim on the Effective Date (such claims, "Resolved Disputed Claims").

Only one avoidance action, captioned Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A. et al., Adv. Pro. No. 09-00504 (Bankr. S.D.N.Y. July 31, 2009) (the “Term Loan Avoidance Action”), was commenced prior to the statutory deadline for commencing such actions. The Term Loan Avoidance Action was commenced by the Official

Table of Contents

Committee of Unsecured Creditors of Motors Liquidation Company (the “Committee”), and seeks the return of approximately \$1.5 billion that had been transferred by the Debtors (with funds advanced after the commencement of the Debtors’ chapter 11 cases by the United States Treasury and Export Development Canada (together, the “DIP Lenders”)) to a consortium of prepetition lenders pursuant to the terms of the order of the Bankruptcy Court. On December 15, 2011, in accordance with the Plan, upon the dissolution of MLC, the Term Loan Avoidance Action was transferred to the Avoidance Action Trust (as defined below). To the extent that Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trustee and trust administrator of the Avoidance Action Trust (the “Avoidance Action Trust Administrator”), is successful in obtaining a judgment against the defendant(s) to the Term Loan Avoidance Action, Allowed General Unsecured Claims will arise in the amount of any transfers actually avoided (that is, disgorged) pursuant thereto (such general unsecured claims “Term Loan Avoidance Action Claims,” and together with Resolved Disputed Claims, the “Resolved Allowed Claims”).

It is still unclear whether any amounts actually avoided pursuant to the Term Loan Avoidance Action would be for the benefit of holders of Allowed General Unsecured Claims. The Committee has taken the position that (a) except for the reimbursement of certain costs and expenses of the Avoidance Action Trust, the DIP Lenders are not entitled to any proceeds of the Term Loan Avoidance Action and have no interests in the trust established for the action under the Plan (the “Avoidance Action Trust”) and (b) except for the reimbursement of certain costs and expenses of the Avoidance Action Trust payable to the DIP Lenders, the holders of Allowed General Unsecured Claims have the exclusive right to receive any and all proceeds of the Term Loan Avoidance Action, and are the exclusive beneficiaries of the Avoidance Action Trust with respect thereto.

As described in Part II, Item 1, Legal Proceedings, litigation with respect to these issues is ongoing, and the rights to any recoveries on the Term Loan Avoidance Action are still disputed. Pursuant to the Plan, however, no funds reclaimed from the pre-petition lenders will be transferred to or otherwise benefit the GUC Trust or be distributed to holders of GUC Trust Units.

GUC Trust Distributable Assets

Pursuant to the terms of the Plan, the Bankruptcy Court authorized the distribution of 150 million shares of New GM Common Stock issued by New GM, warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at \$10.00 per share (“New GM Series A Warrants”), and warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at \$18.33 per share (“New GM Series B Warrants”). Record ownership of the New GM Securities was held by MLC for the benefit of the GUC Trust until the dissolution of MLC on December 15, 2011, at which time record ownership was transferred to the GUC Trust.

As of December 31, 2014, the GUC Trust has received dividends on the New GM Common Stock it has held aggregating \$17.2 million. New GM has also declared a dividend of \$0.30 per share to holders of New GM Common Stock of record as of March 11, 2015. Such dividends and any future declared dividends on New GM Common Stock are required to be applied to the same purpose as the New GM Common Stock to which such dividends relate. If shares of New GM Common Stock are distributed to holders of subsequently Resolved Allowed Claims and GUC Trust Units, then the dividends relating to those shares will also be distributed to such holders. If, however, shares of New GM Common Stock are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the costs and liabilities of the GUC Trust, then, in that case, the dividends relating to those shares will be applied to such costs and liabilities of the GUC Trust and (just like the cash proceeds from the sale of the shares of New GM Common Stock) will be maintained as Other Administrative Cash (as defined below). Because such dividends are applied to the same purposes as the associated New GM Common Stock, references in this Form 10-Q to New GM Common Stock and New GM Securities that have been set aside from distribution, reserved or sold should be understood to include the dividends (if any) relating to such New GM Common Stock, unless expressly indicated otherwise. The amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust is referred to as Dividend Cash.

Funding for GUC Trust Costs of Liquidation

The GUC Trust has incurred and will continue to incur certain costs to liquidate the trust assets and implement the Plan. On or about the Effective Date, pursuant to the Plan, MLC contributed approximately \$52.7 million to the GUC Trust to be held and maintained by the GUC Trust Administrator (the “Administrative Fund”) for the purpose of paying certain fees and expenses (including certain tax obligations) incurred by the GUC Trust (including fees of the GUC Trust Administrator and the GUC Trust Monitor and the fees and expenses for professionals retained by the GUC Trust), other than the Reporting Costs, as defined below (“Wind-Down Costs”). As of December 31, 2014, the remaining Administrative Fund aggregated \$8.4 million (consisting of cash and cash equivalents and marketable securities). Of that amount, approximately \$8.2 million has been separately designated for the satisfaction of certain identified costs and liabilities of the GUC Trust, and such amounts may not

be used for the payment of other Wind-Down Costs. The remaining \$0.2 million of the Administrative Fund is available for other Wind-Down Costs (principally the payment of GUC Trust professionals), which funds must be exhausted prior to the use of any Other Administrative Cash for such purposes. Cash or investments from the Administrative Fund, if any, which remain at the winding up and conclusion of the GUC Trust must be returned to the DIP Lenders.

Table of Contents

The GUC Trust Agreement authorized the GUC Trust to liquidate approximately \$5.7 million of New GM Securities (the “Initial Reporting Cash”) shortly after the Effective Date for the purposes of funding certain fees and expenses of the GUC Trust (the “Reporting Costs”), including those directly or indirectly relating to (i) reports to be prepared and filed by the GUC Trust pursuant to applicable rules, regulations and interpretations of the Securities and Exchange Commission, (ii) the transfer, registration for transfer and certification of GUC Trust Units, and (iii) the application by the Committee to the Internal Revenue Service for a private letter ruling regarding the tax treatment of the GUC Trust and the holders of Allowed General Unsecured Claims in respect to the distribution of New GM Securities. The GUC Trust Agreement provides that the Administrative Fund may not be utilized to satisfy any Reporting Costs.

The GUC Trust Agreement provides that, if the GUC Trust Administrator determines that the Administrative Fund is not sufficient to satisfy the current or projected Wind-Down Costs or the Initial Reporting Cash is not sufficient to satisfy the current or projected Reporting Costs, the GUC Trust Administrator, with the approval of the GUC Trust Monitor, is authorized to set aside New GM Securities from distribution for these purposes. The GUC Trust Administrator may then liquidate such “set aside” New GM Securities to fund the Wind-Down Costs and/or Reporting Costs with the required approval of the Bankruptcy Court. New GM Securities that are set aside and/or sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units, and the cash proceeds of any such sale (including related Dividend Cash) will be classified as “Other Administrative Cash” under the GUC Trust Agreement. Although any such liquidation of set aside New GM Securities will be reflected in the financial statements of the GUC Trust at the time of liquidation, the setting aside of New GM Securities, including Dividend Cash, itself is not reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust. Separate from this process of setting aside New GM Securities to satisfy unfunded projected costs and expenses of the GUC Trust, as a matter of financial reporting, the GUC Trust records a reserve in its Statement of Net Assets in Liquidation (the source of funding of which is not addressed therein) for all expected costs of liquidation for which there is a reasonable basis for estimation. For this reason, among others, there is not a direct relationship between the amount of such reserve reflected in the Statement of Net Assets in Liquidation and the value of New GM Securities that are set aside for current or projected costs and expenses of the GUC Trust. Adjustments to the Reserve for Expected Costs of Liquidation as reported in the Statement of Net Assets in Liquidation are recorded only when there is a reasonable basis for estimation of the expected incurrence of additional costs or a reduction in expected costs. For more information regarding the Reserves for Expected Costs of Liquidation reflected in the Statement of Net Assets in Liquidation, see Note 7.

The Bankruptcy Court previously approved in March 2012, and December 2012, the sale of New GM Securities to fund the then current and projected costs and expenses of the GUC Trust. In March 2012, the Bankruptcy Court order also authorized the sale of further New GM Securities aggregating \$13.7 million for the purpose of funding certain fees, costs and expenses of the Avoidance Action Trust and the transfer of the sales proceeds to the Avoidance Action Trust (such sales proceeds were so transferred in May 2012). Sales of New GM Securities to fund projected Reporting Costs and Wind-Down Costs aggregated approximately \$50.2 million, including the Initial Reporting Cash (which amounts comprised part of the GUC Trust’s Other Administrative Cash) during the years ended March 31, 2013 and 2012. Such securities sold aggregated 902,228 shares of New GM Common Stock, 820,205 New GM Series A Warrants and 820,205 New GM Series B Warrants. There have been no subsequent sales of securities to fund Wind-Down Costs and Reporting Costs.

As of December 31, 2014, Other Administrative Cash aggregated \$6.0 million. To the extent that any of the Other Administrative Cash is not ultimately used to fund costs and expenses of the GUC Trust and is held by the GUC Trust at the time of its dissolution, such remaining Other Administrative Cash will be distributed by the GUC Trust to holders of the GUC Trust Units.

As of December 31, 2014, New GM Securities with an aggregate fair market value as of that date of \$68.4 million and related Dividend Cash of \$1.1 million have been set aside for projected GUC Trust fees, costs and expenses to be incurred beyond 2014, including \$8.2 million set aside for projected income taxes on dividends received on holdings of New GM Common Stock as described below in “Funding for Potential Tax Liabilities on Dispositions of New GM Securities and Dividends on New GM Common Stock”. Accordingly, such New GM Securities are currently not available for distribution to the beneficiaries of the GUC Trust Units.

On January 14, 2015, the GUC Trust Administrator filed a motion seeking authority from the Bankruptcy Court to liquidate set aside New GM Securities and use set aside Dividend Cash (in an aggregate amount of approximately \$11.5 million) to fund anticipated administrative and reporting fees, costs and expenses of the GUC Trust for the calendar year 2015 (the “2015 Liquidation Motion”). On January 29, 2015, the Bankruptcy Court approved the 2015 Liquidation Motion. While the GUC Trust Administrator has not yet exercised its authority to liquidate set aside New GM Securities or use set aside Dividend

Cash, it currently plans to exercise this authority in February 2015.

Table of Contents

Funding for Potential Tax Liabilities on Dispositions of New GM Securities and Dividends on New GM Common Stock

The GUC Trust is subject to U.S. federal income tax on realized net gains from the distribution and sale of shares of New GM Common Stock and New GM Warrants (such taxes, “Taxes on Distribution”). The GUC Trust is also subject to U.S. federal income tax on dividends received on New GM Common Stock held by the GUC Trust (such taxes, “Dividend Taxes”). The GUC Trust Agreement provides that the Administrative Fund may not be utilized to satisfy any Taxes on Distribution or Dividend Taxes. As such, the GUC Trust Administrator is authorized, with the approval of the GUC Trust Monitor, to set aside from distribution New GM Securities, the liquidated proceeds of which, along with the related Dividend Cash, would be sufficient to satisfy any potential Taxes on Distribution or Dividend Taxes. The New GM Securities that are set aside for Dividend Taxes are included in the set-aside for Wind-Down Costs described above in “Funding for GUC Trust Costs of Liquidation”. The GUC Trust Administrator may then liquidate such “set aside” New GM Securities to fund the Taxes on Distribution or Dividend Taxes with the approval of the GUC Trust Monitor, but, with respect to Taxes on Distributions only, without the necessity of obtaining approval of the Bankruptcy Court. New GM Securities that are set aside and subsequently sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units, and the cash proceeds of any such sale, along with the related Dividend Cash, will be classified as “Other Administrative Cash” under the GUC Trust Agreement. New GM Securities that have been so set aside are included in Holdings of New GM Securities in the accompanying Statements of Net Assets in Liquidation. In the event such set-aside New GM Securities were sold to fund Taxes on Distribution or Dividend Taxes, the proceeds of such sale would be reflected in Cash and Cash Equivalents and/or Marketable Securities until expended to pay Taxes on Distribution or Dividend Taxes. While the set-aside New GM Securities and the related Dividend Cash are not available for distribution, there is no corresponding liability or reserve related to such set-aside assets reflected in the Statements of Net Assets in Liquidation or any of the other financial statements of the GUC Trust.

During the quarter ended December 31, 2014, the GUC Trust Administrator reviewed the current and potential Taxes on Distribution. As a result of such review, the GUC Trust Administrator determined that New GM Securities with an aggregate fair market value (as of December 31, 2014) of \$271.2 million and related Dividend Cash of \$4.4 million should be set aside for potential Taxes on Distribution based on (1) the GUC Trust’s method for calculating potential gains on distributions or sales of New GM Securities (reduced by future deductible expenses at December 31, 2014) and (2) the GUC Trust’s method for converting the potential tax liability to the number of securities to be set aside. Such New GM Securities are not currently available for distribution to the beneficiaries of GUC Trust Units. The GUC Trust Administrator intends to continue to reevaluate the numbers of New GM Securities set aside on a quarterly basis.

As previously disclosed, during the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the position that beneficial ownership for a substantial majority of New GM Securities was transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date, instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that the transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. The new tax position has not been sustained on examination by the Internal Revenue Service as of the date hereof. However, the GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals, that it is more likely than not that the new tax position will be sustained on examination by the Internal Revenue Service based on the technical merits of the position. Accordingly, this new tax position has been recognized in the current and deferred income tax liabilities and the income tax provision in the GUC Trust’s financial statements since the quarter ended September 30, 2013.

Following the GUC Trust’s determination to utilize the new tax position set forth above, the GUC Trust filed its U.S. federal income tax returns for the years ended March 31, 2014 and 2013 with the Internal Revenue Service using such new tax position. Such tax returns were accompanied by requests for prompt determination of tax liability pursuant to Section 505(b) of the Bankruptcy Code and, on August 11, 2014, the statutory notification period set forth in Section 505(b) of the Bankruptcy Code with respect to the GUC Trust’s U.S. federal income tax return for the year ended March 31, 2014 expired. Accordingly, the tax liabilities set forth in the GUC Trust’s U.S. federal income tax returns for the years ended March 31, 2014 and 2013 are no longer subject to examination by the Internal Revenue Service. However, remaining capital loss carryovers of \$185.4 million as of March 31, 2014 that were generated in those years, from the new tax position, along with net operating loss carryovers of \$84.5 million as of March 31, 2014, could be subject to examination by the Internal Revenue Service in

subsequent years when those losses are utilized.

In contrast to the GUC Trust's financial statements, as a conservative measure, the calculation of the "set aside" of New GM Securities for potential Taxes on Distribution utilizes the prior tax position rather than the new tax position to the extent that the GUC Trust's liability for Taxes on Distribution has not been finally determined in accordance with Section 505(b) of the Bankruptcy Code or the new tax position has not been sustained on examination by the Internal Revenue Service.

Accordingly, the potential tax liability for the GUC Trust's U.S. federal income tax returns for the year ending March 31, 2015 and subsequent years is calculated, for

Table of Contents

purposes of the “set aside” of New GM Securities for potential Taxes on Distribution, using the prior tax position rather than the new tax position. In addition, the “set aside” calculation does not recognize any reductions related to remaining net operating loss carryovers or capital loss carryovers for losses on distributions or sales of New GM Securities that are attributable to the March 31, 2014 tax year or prior tax years, until such carryovers are utilized and such utilization is finally determined in accordance with Section 505(b) of the Bankruptcy Code or the new tax position has been sustained on examination by the Internal Revenue Service.

Residual Wind-Down Claims and Costs

Upon the dissolution of the Debtors, which occurred on December 15, 2011, the GUC Trust became responsible for resolving and satisfying (to the extent allowed) all remaining disputed administrative expenses, priority tax claims, priority non-tax claims and secured claims (the “Residual Wind-Down Claims”). On December 15, 2011, under the Plan, the Debtors transferred to the GUC Trust an amount of cash necessary (the “Residual Wind-Down Assets”) to satisfy the ultimate allowed amount of such Residual Wind-Down Claims (including certain reasonable litigation defense costs related to the Term Loan Avoidance Action (the “Avoidance Action Defense Costs”)), as estimated by the Debtors, and the costs, fees and expenses relating to satisfying and resolving the Residual Wind-Down Claims (the “Residual Wind-Down Costs”). The Residual Wind-Down Assets initially aggregated approximately \$42.8 million (which amount consisted of approximately \$40.0 million in cash, including approximately \$1.4 million designated for the payment of Avoidance Action Defense Costs, and the transferred benefit of approximately \$2.8 million in prepaid expenses). Should the Residual Wind-Down Costs and the Residual Wind-Down Claims be less than the Residual Wind-Down Assets, any excess funds will be returned to the DIP Lenders. If, at any time, the GUC Trust Administrator determines that the Residual Wind-Down Assets are not adequate to satisfy the Residual Wind-Down Claims (including the actual amount of Avoidance Action Defense Costs) and Residual Wind-Down Costs, such costs will be satisfied by Other Administrative Cash. If there is no remaining Other Administrative Cash, the GUC Trust Administrator is authorized to, with GUC Trust Monitor approval, set aside and, with Bankruptcy Court approval, sell New GM Securities to cover the shortfall. To the extent that New GM Securities are set aside and sold to obtain funding to complete the wind-down of the Debtors, such securities will not be available for distribution to the beneficiaries of the GUC Trust. Therefore, the amount of Residual Wind-Down Claims and Residual Wind-Down Costs could reduce the assets of the GUC Trust available for distribution. Although any such sale of set-aside New GM Securities would be reflected in the financial statements of the GUC Trust in the period of sale, the setting aside of New GM Securities and related Dividend Cash itself would not be reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust. After the GUC Trust has concluded its affairs, any funds remaining that were obtained from the sale of New GM Securities to fund the wind-down process or the resolution and satisfaction of the Residual Wind-Down Claims will be distributed to the holders of the GUC Trust Units.

The amount of Avoidance Action Defense Costs incurred to date exceeds the corresponding cash of \$1.4 million received by the GUC Trust from MLC on the Dissolution Date by approximately \$3.0 million. As a result, new Residual Wind-Down Claims have arisen in the amount of such excess. It is expected that additional Avoidance Action Defense Costs will be incurred for which additional Residual Wind-Down Claims will arise to be paid from the other remaining Residual Wind-Down Assets and, following the depletion of such assets, the Administrative Fund (to the extent of any excess amounts remaining in the Administrative Fund from the funds separately designated for the satisfaction of certain costs and liabilities of the GUC Trust), Other Administrative Cash or the sale of New GM Securities. As of December 31, 2014, \$28.9 million in Residual Wind-Down Assets were held by the GUC Trust, which are recorded in cash and cash equivalents and marketable securities (aggregating approximately \$28.8 million) and other assets and deposits (approximately \$0.1 million) in the accompanying Condensed Statement of Net Assets in Liquidation. By comparison, there were approximately \$0.9 million in Residual Wind-Down Claims against such assets as of December 31, 2014, subject to increase for new Residual Wind-Down Claims that are expected to arise for Avoidance Action Defense Costs.

In addition to the Residual Wind-Down Assets, the GUC Trust also received on the Dissolution Date approximately \$3.4 million in cash from MLC for the purposes of funding (1) \$1.4 million in respect of certain costs, fees and expenses payable under the Plan to the indenture trustees and fiscal and paying agents for the previously outstanding debt of MLC, or the Indenture Trustee / Fiscal and Paying Agent Costs, and (2) \$2.0 million in respect of Reporting Costs. The funds received were credited to the reserve for expected costs of liquidation. Any unused portion of the funds designated for the Indenture Trustee / Fiscal and Paying Agent Costs must be returned to the DIP Lenders and will not be available for distribution to the holders of GUC Trust Units at the winding up and conclusion of the GUC Trust. As of December 31, 2014, funds designated for the Indenture Trustee / Fiscal and Paying Agents Costs held by the GUC Trust approximated \$0.4 million and are recorded in cash and cash equivalents in the accompanying Condensed Statement of Net Assets in Liquidation.

3. Net Assets in Liquidation

Description

Under the GUC Trust Agreement and the Plan, as described more fully in Note 1, the beneficiaries of the GUC Trust are future and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and

Table of Contents

future and current holders of GUC Trust Units. Certain assets of the GUC Trust are reserved for funding the expected costs of liquidation and potential tax liabilities and are currently not available to the Trust Beneficiaries. Other assets of the GUC Trust, primarily Holdings of New GM Securities, as described in Notes 1 and 5, are available to be distributed to the Trust Beneficiaries (“GUC Trust Distributable Assets”) in accordance with the Plan and the GUC Trust Agreement. The amounts of net assets in liquidation presented in the accompanying Condensed Statements of Net Assets in Liquidation at December 31, 2014 and March 31, 2014, correspond to the amounts of GUC Trust Distributable Assets as of December 31, 2014 and March 31, 2014, after certain adjustments.

Trust Units

As described in Note 1, each holder of an Allowed General Unsecured Claim will retain a contingent right to receive, on a pro rata basis, additional shares of New GM Common Stock and New GM Warrants (if and to the extent such shares of New GM Common Stock and New GM Warrants are not required for the satisfaction of previously Disputed General Unsecured Claims or Term Loan Avoidance Action Claims, or liquidation for the payment of the expenses or tax liabilities of the GUC Trust) and certain cash, if any, remaining at the dissolution of the GUC Trust. The GUC Trust issues units representing such contingent rights (“GUC Trust Units”) at the rate of one GUC Trust Unit per \$1,000 of Allowed General Unsecured Claims to each holder of an Allowed General Unsecured Claim, subject to rounding pursuant to the GUC Trust Agreement, in connection with the initial recognition of each Allowed General Unsecured Claim.

The GUC Trust makes quarterly liquidating distributions to holders of GUC Trust Units to the extent that (i)(a) certain previously Disputed General Unsecured Claims asserted against the Debtors’ estates or potential Term Loan Avoidance Action Claims are either disallowed or are otherwise resolved favorably to the GUC Trust (thereby reducing the amount of GUC Trust assets reserved for distribution in respect of such asserted or potential claims) or (b) certain Excess GUC Trust Distributable Assets (as defined in the GUC Trust Agreement) that were previously set aside from distribution are released in the manner permitted under the GUC Trust Agreement, and (ii) as a result of the foregoing, the amount of Excess GUC Trust Distributable Assets (as defined in the GUC Trust Agreement) as of the end of the relevant quarter exceeds thresholds set forth in the GUC Trust Agreement.

The following presents the changes during the three months ended December 31, 2014 in the number of GUC Trust Units outstanding or for which the GUC Trust was obligated to issue:

	<u>Trust Units</u>
Outstanding or issuable at September 30, 2014	31,853,702
Issued during the period	—
Less: Issuable at beginning of period (1)	(—)
Add: Issuable at end of period (1)	—
Outstanding or issuable at December 31, 2014 (2)	<u><u>31,853,702</u></u>

- (1) The number of GUC Trust Units issuable at any time represents GUC Trust Units issuable in respect of Allowed General Unsecured Claims that were newly allowed during the fiscal quarter.
- (2) The number of GUC Trust Units outstanding at any time represents GUC Trust Units issued in respect of Allowed General Unsecured Claims that were allowed in prior periods, including GUC Trust Units held by the GUC Trust for the benefit of (a) holders of Allowed General Unsecured Claims who had not yet supplied information required by the GUC Trust in order to effect the initial distribution to which they are entitled and (b) governmental entities that are precluded by applicable law from receiving distributions of GUC Trust Units and New GM Securities.

Allowed and Disputed Claims

The total cumulative pro rata liquidating distributions ultimately received by Trust Beneficiaries is dependent upon the current amount of Allowed General Unsecured Claims and final resolution of outstanding Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims (as described in Note 2). Disputed General Unsecured Claims at December 31, 2014 reflect claim amounts at their originally filed amounts, a court ordered distribution “set aside” for certain claims filed without a claim amount and other adjustments as ordered by the court or permitted by the Plan. The Disputed General Unsecured Claims may settle at amounts that differ significantly from these amounts and at amounts that differ significantly from the historical pattern at which claims have been settled and allowed in proportion to claims resolved and disallowed. As described in Note 1, prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan

Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims or potential Term Loan Avoidance Action Claims. Liquidating distributions payable are recorded (at the fair value of New GM Securities to be distributed) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential

Table of Contents

Term Loan Avoidance Action Claims were to arise (and would become allowed) in the manner described in Note 2, liquidating distributions payable would be recorded for the New GM Securities (at fair value) that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence.

The following table presents a summary of the Allowed and Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims for the three months ended December 31, 2014:

(in thousands)	Allowed General Unsecured Claims	Disputed General Unsecured Claims	Term Loan Avoidance Action Claims	Maximum Amount of Unresolved Claims (1)	Total Claim Amount (2)
Total, September 30, 2014	\$ 31,853,630	\$ 79,500	\$1,500,000	\$1,579,500	\$33,433,130
New Allowed General Unsecured Claims	—	—	—	—	—
Disputed General Unsecured Claims resolved or disallowed	—	—	—	—	—
Total, December 31, 2014	<u>\$ 31,853,630</u>	<u>\$ 79,500</u>	<u>\$1,500,000</u>	<u>\$1,579,500</u>	<u>\$33,433,130</u>

- (1) Maximum Amount of Unresolved Claims represents the sum of Disputed General Unsecured Claims and Term Loan Avoidance Action Claims.
- (2) Total Claim Amount represents the sum of Allowed General Unsecured Claims and Maximum Amount of Unresolved Claims.

4. Liquidating Distributions

Liquidating distributions in the three months ended December 31, 2014 consisted of the following:

(in thousands)	Fair Value
Distributions during the three months ended December 31, 2014	\$ 240,640
Less: Liquidating distributions payable at September 30, 2014	(248,763)
Add: Liquidating distributions payable at December 31, 2014	6,033
Total	<u>\$ (2,090)</u>

Liquidating distributions during the nine months ended December 31, 2014, consisted of the following:

(in thousands)	Fair Value
Distributions during the nine months ended December 31, 2014	\$244,188
Less: Liquidating distributions payable at March 31, 2014	(42,111)
Add: Liquidating distributions payable at December 31, 2014	6,033
Total	<u>\$208,110</u>

The distributions during the three and nine months ended December 31, 2014 consisted of (1) excess distributions and (2) distributions to holders of Allowed General Unsecured Claims who previously failed to fulfill informational requirements for distribution established in accordance with the GUC Trust Agreement, but subsequently successfully fulfilled such information requirements.

Distributions during the three months ended December 31, 2014 aggregate to an increase in net assets in liquidation during the period primarily due to a decline in the fair value of New GM Securities included in liquidating distributions payable at September 30, 2014 to their fair value on the date of the excess distribution on or about November 12, 2014.

The GUC Trust was obligated at December 31, 2014 to distribute 79,796 shares of New GM Stock, 72,441 of New GM Series A Warrants, and 72,441 of New GM Series B Warrants in the aggregate to certain holders of GUC Trust Units and certain holders of Allowed General Unsecured Claims who had not yet satisfied certain informational requirements necessary to receive these securities. In addition, as of December 31, 2014, cash of \$0.2 million was then distributable as follows: (a) for Dividend Cash associated with the New GM Common Stock that the GUC Trust was obligated to distribute at December 31,

2014, (b) to governmental entities which are precluded by applicable law from receiving distributions of New GM Securities, and (c) for distributions in lieu of fractional shares and warrants.

[Table of Contents](#)

5. Holdings of New GM Securities

At December 31, 2014, the Holdings of New GM Securities, at fair value, consisted of the following:

	Number	Fair Value (in thousands)
New GM Common Stock	11,533,513	\$ 402,635
New GM Series A Warrants	10,484,773	262,958
New GM Series B Warrants	10,484,773	178,241
Total		<u>\$ 843,834</u>

As described in Note 4, as of December 31, 2014, the GUC Trust had accrued liquidating distributions payable aggregating \$6.0 million, consisting of \$5.8 million in respect of New GM Securities and cash of \$0.2 million then distributable. As a result, the numbers of New GM Securities reflected above include shares and warrants for which liquidating distributions were then pending. As of December 31, 2014, these securities for which distributions were then pending aggregated 79,796 shares of New GM Common Stock, 72,441 Series A Warrants and 72,441 Series B Warrants.

As of December 31, 2014, the number of common stock shares and warrants in the table above also includes New GM Securities aggregating \$68.4 million (excluding related Dividend Cash) reserved, or set aside, for projected GUC Trust fees, costs and expenses to be incurred beyond 2014 (including \$8.1 million for projected Dividend Taxes) and \$271.2 million (excluding related Dividend Cash) of New GM Securities reserved, or set aside, for potential Taxes on Distribution. As a result, as of December 31, 2014, the numbers of New GM Securities in the table above include an aggregate of 4,641,667 shares of New GM Common Stock, 4,219,669 New GM Series A Warrants, and 4,219,669 New GM Series B Warrants which have been so set aside.

Set forth below are the aggregate number and fair value of all such shares and warrants which are pending distribution, or are set aside and are not available for distribution at December 31, 2014.

	Number	Fair Value (in thousands)
New GM Common Stock	4,721,463	\$ 164,826
New GM Series A Warrants	4,292,110	107,646
New GM Series B Warrants	4,292,110	72,966
Total		<u>\$ 345,438</u>

6. Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. The GUC Trust's Cash Equivalents, Marketable Securities, Holdings of New GM Securities and Liquidating Distributions Payable are presented as provided by this hierarchy.

Level 1—In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets and liabilities that the GUC Trust has the ability to access.

Level 2—Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3—Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability. The GUC Trust had no assets or liabilities that are measured with Level 3 inputs at December 31, 2014 and March 31, 2014.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value

measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The GUC Trust's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Table of Contents

The GUC Trust also holds other financial instruments not measured at fair value on a recurring basis, including Accounts Payable and Other Liabilities. The fair value of these liabilities approximates the carrying amounts in the accompanying Statements of Net Assets in Liquidation due to the short maturity of such instruments.

The following table presents information about the GUC Trust's assets and liabilities measured at fair value on a recurring basis at December 31, 2014 and March 31, 2014, and the valuation techniques used by the GUC Trust to determine those fair values.

(in thousands)	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash Equivalents:				
Money market funds	\$ 10,079	\$ —	\$ —	\$ 10,079
Marketable Securities:				
Municipal commercial paper and demand notes	—	10,921	—	10,921
Corporate commercial paper	—	21,167	—	21,167
Holdings of New GM Securities:				
New GM Common Stock	402,635	—	—	402,635
New GM Warrants	441,199	—	—	441,199
Total Assets	<u>\$ 853,913</u>	<u>\$ 32,088</u>	<u>\$ —</u>	<u>\$ 886,001</u>
Liabilities:				
Liquidating distributions payable	<u>\$ 6,033</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,033</u>

(in thousands)	March 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash Equivalents:				
Money market funds	\$ 8,953	\$ —	\$ —	\$ 8,953
Marketable Securities:				
Municipal commercial paper and demand notes	—	18,005	—	18,005
Corporate commercial paper	—	26,377	—	26,377
Holdings of New GM Securities:				
New GM Common Stock	526,533	—	—	526,533
New GM Warrants	587,545	—	—	587,545
Total Assets	<u>\$ 1,123,031</u>	<u>\$ 44,382</u>	<u>\$ —</u>	<u>\$ 1,167,413</u>
Liabilities:				
Liquidating distributions payable	<u>\$ 42,111</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 42,111</u>

The following are descriptions of the valuation methodologies used for assets and liabilities measured at fair value:

- Due to its short-term, liquid nature, the fair value of cash equivalents approximates its carrying value.
- Holdings of New GM Securities are valued at closing prices reported on the active market on which the securities are traded.
- Marketable securities include municipal commercial paper and variable demand notes and corporate commercial paper. Municipal variable demand notes trade daily at par value and, therefore, their fair value is equal to par value. Due to their short term maturities, the fair value of municipal and corporate commercial paper approximates their carrying value.
- Liquidating distributions payable are valued at closing prices of New GM Securities reported on the active market on which the securities are traded.

The GUC Trust's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no such transfers during the three or nine months ended December 31, 2014 and the year ended March 31, 2014.

[Table of Contents](#)

7. Reserves for Expected Costs of Liquidation and Residual Wind-Down Claims

The following is a summary of the activity in the reserves for expected costs of liquidation for the three and nine months ended December 31, 2014 and 2013:

Three months ended December 31, 2014						
(in thousands)	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
Balance, September 30, 2014	\$ 22,042	\$ 9,663	\$ 408	\$ —	\$ 1,234	\$ 33,347
Plus additions to reserves	2,952	248	—	—	—	3,200
Less liquidation costs incurred:						
Trust Professionals	(1,997)	(431)	—	—	(4)	(2,432)
Trust Governance	(899)	(451)	(18)	—	—	(1,368)
Other Administrative Expenses	(12)	(103)	—	—	—	(115)
Balance, December 31, 2014	<u>\$ 22,086</u>	<u>\$ 8,926</u>	<u>\$ 390</u>	<u>\$ —</u>	<u>\$ 1,230</u>	<u>\$ 32,632</u>
Nine months ended December 31, 2014						
(in thousands)	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
Balance, March 31, 2014	\$ 22,529	\$ 12,235	\$ 464	\$ —	\$ 1,258	\$ 36,486
Plus additions to (reductions in) reserves	7,629	(294)	—	—	—	7,335
Less liquidation costs incurred:						
Trust Professionals	(5,324)	(1,406)	—	—	(28)	(6,758)
Trust Governance	(2,728)	(1,354)	(74)	—	—	(4,156)
Other Administrative Expenses	(20)	(255)	—	—	—	(275)
Balance, December 31, 2014	<u>\$ 22,086</u>	<u>\$ 8,926</u>	<u>\$ 390</u>	<u>\$ —</u>	<u>\$ 1,230</u>	<u>\$ 32,632</u>
Three months ended December 31, 2013						
(in thousands)	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
Balance, September 30, 2013	\$ 26,468	\$ 14,272	\$ 494	\$ 588	\$ 1,285	\$ 43,107
Plus additions to reserves	578	68	—	—	—	646
Less liquidation costs incurred:						
Trust Professionals	(1,551)	(675)	—	(588)	(10)	(2,824)
Trust Governance	(973)	(450)	(23)	—	—	(1,446)
Other Administrative Expenses	(13)	(107)	—	—	—	(120)
Balance, December 31, 2013	<u>\$ 24,509</u>	<u>\$ 13,108</u>	<u>\$ 471</u>	<u>\$ —</u>	<u>\$ 1,275</u>	<u>\$ 39,363</u>

Table of Contents

(in thousands)	Nine months ended December 31, 2013					
	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
Balance, March 31, 2013	\$ 38,043	\$ 20,442	\$ 499	\$ 898	\$ 1,631	\$ 61,513
Less reductions in reserves	(3,485)	(4,078)	—	—	—	(7,563)
Less liquidation costs incurred:						
Trust Professionals	(7,033)	(1,628)	—	(898)	(356)	(9,915)
Trust Governance	(2,977)	(1,351)	(28)	—	—	(4,356)
Other Administrative Expenses	(39)	(277)	—	—	—	(316)
Balance, December 31, 2013	<u>\$ 24,509</u>	<u>\$ 13,108</u>	<u>\$ 471</u>	<u>\$ —</u>	<u>\$ 1,275</u>	<u>\$ 39,363</u>

During the three months ended December 31, 2014, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs (for which there is a reasonable basis for estimation) increased by \$3.0 million and \$0.2 million, respectively. During the nine months ended December 31, 2014, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs (for which there is a reasonable basis for estimation) increased by \$7.6 million and decreased by \$0.3 million, respectively. During the three months ended December 31, 2013, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs (for which there is a reasonable basis for estimation) increased by \$578,000 and \$68,000, respectively. During the nine months ended December 31, 2013, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs decreased by \$3.5 million and \$4.1 million, respectively. Such revisions in the estimates were recorded as additions to (reductions in) the reserves for expected costs of liquidation in such periods. The GUC Trust has recorded reserves for expected costs of liquidation that represent amounts expected to be incurred over the estimated remaining liquidation period of the GUC Trust for which there was a reasonable basis for estimation as of December 31, 2014.

The amount of liquidation costs that will ultimately be incurred depends both on that time period and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement. Significant uncertainty remains both as to that time period and as to the extent of those activities. As of December 31, 2014, the recorded reserves for expected costs of liquidation reflect estimated costs for a remaining liquidation period extending through December 31, 2016, which has been estimated predominantly on a probability-weighted basis as permitted under U.S. GAAP and which the GUC Trust believes is the most appropriate measurement basis in the circumstances. Where an outcome is estimated to be likely, the likely outcome has been used as the best estimate and no weight has been given to the unlikely outcome. The remaining liquidation period is dependent predominantly on the estimate of the remaining period of time for resolution of the Term Loan Avoidance Action, as well as certain additional estimated time as necessary to wind down the GUC Trust. It is possible that future developments in the Term Loan Avoidance Action could extend the current estimate of such remaining period of time for resolution and, therefore, extend the estimated remaining liquidation period of the GUC Trust beyond December 31, 2016. In addition, certain liquidation costs that are expected to be prepaid by the GUC Trust upon its dissolution have also been estimated and accrued. It is reasonably possible that the GUC Trust's estimates regarding the costs and remaining liquidation period could change in the near term.

As described in Part II, Item 1, Legal Proceedings, the GUC Trust is participating, as an interested party, in litigation involving certain General Motors vehicle recalls. While the impact of such litigation on the remaining liquidation period of the GUC Trust is not subject to reasonable estimation at this time, it is possible that such litigation could extend the remaining liquidation period of the GUC Trust beyond December 31, 2016.

The following is a summary of the activity in the reserves for Residual Wind-Down Claims for the three months ended December 31, 2014 and 2013:

(in thousands)	2014	2013
Balance, beginning of period	\$27,419	\$29,437
Less claims allowed during the period	(988)	(97)
Balance, end of period	<u>\$26,431</u>	<u>\$29,340</u>

Table of Contents

The following is a summary of the activity in the reserves for Residual Wind-Down Claims for the nine months ended December 31, 2014 and 2013:

(in thousands)	2014	2013
Balance, beginning of period	\$28,698	\$30,855
Less claims allowed during the period	(2,267)	(1,515)
Balance, end of period	<u>\$26,431</u>	<u>\$29,340</u>

8. Income Tax (Provision) Benefit

The income tax (expense) benefit in the Condensed Statements of Changes in Net Assets in Liquidation for the three and nine months ended December 31, 2014 and 2013 was determined by computing the current and deferred tax provision or benefit for the interim periods using the GUC Trust's statutory tax rate of 39.6% that became effective on April 1, 2013. There was no current tax provision or benefit in any of such periods due to cumulative net operating and capital losses and no income taxes have been paid by the GUC Trust.

The components of the income tax (provision) benefit in the Condensed Statements of Changes in Net Assets in Liquidation for the three and nine months ended December 31, 2014 and 2013 are as follows:

(in thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
Current	\$ —	\$ —	\$ —	\$ —
Deferred	—	(32,183)	—	132,662
Total	<u>\$ —</u>	<u>\$ (32,183)</u>	<u>\$ —</u>	<u>\$ 132,662</u>

Deferred taxes in the accompanying condensed statement of net assets in liquidation at December 31, 2014 are comprised of the following components:

Deferred tax assets:	
Reserves for expected costs of liquidation	\$ 10,990
Net operating and capital loss carryovers	108,720
Gross deferred tax assets	119,710
Less: Valuation allowance	(79,762)
Deferred tax asset, net of valuation allowance	39,948
Deferred tax liabilities:	
Fair value in excess of tax basis of holdings of New GM Securities	(38,539)
Other	(1,409)
Gross deferred tax liabilities	(39,948)
Net deferred tax liability	<u>\$ —</u>

For the years ended March 31, 2014 and 2013, the GUC Trust filed its U.S. federal income tax returns taking the position that beneficial ownership for a substantial majority of New GM Securities transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. The GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals, that it is more likely than not that the new tax position in the amounts reflected in the GUC Trust's income tax returns, will be sustained on examination by the Internal Revenue Service, based on the technical merits of the position. Although the GUC Trust's tax liability with respect to its federal income tax returns for the year ended March 31, 2014 and prior years are no longer subject to examination by the Internal Revenue

Service as a result of the application of Section 505(b) of the Bankruptcy Code, this

Table of Contents

new tax position, as of the date hereof, has not been sustained on examination by the Internal Revenue Service. Accordingly, remaining capital loss carryovers of \$185.4 million as of March 31, 2014, from the new tax position, along with net operating loss carryovers of \$84.5 million as of March 31, 2014, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized.

A full valuation allowance against net deferred tax assets aggregating \$79.8 million was established as of December 31, 2014 due to uncertainty as to whether the deferred tax assets are realizable. Such valuation allowance was decreased by \$32.7 million and increased by \$8.6 million from the full valuation allowance against net deferred tax assets established as of September 30, 2014 and March 31, 2014, respectively. The valuation allowance against deferred tax assets of \$103.9 million that was established in the quarter ended September 30, 2013, was reversed during the quarter ended December 31, 2013. Such reversal was due to anticipated taxable gains exceeding deductible items primarily as a result of utilization of net operating loss carryovers in the quarter ended December 31, 2013. Such net operating loss carryovers were utilized as a result of the generation of taxable gains from the sale and distribution of New GM Securities during the quarter. Realization of the net deferred tax assets is dependent upon the generation of taxable gains upon the distribution or sale of New GM Securities in the future, which is not determinable prior to occurrence, or the receipt of future dividends on New GM Common Stock held by the GUC Trust for which a reasonable basis for estimation does not exist at this time.

As of December 31, 2014, the GUC Trust has net operating losses from the current year and carryforwards from prior years aggregating \$85.2 million and capital losses from the current year and carryforwards from prior years aggregating \$189.3 million (resulting in a deferred tax asset of \$108.7 million) after giving effect to the new tax position with respect to the tax basis of New GM Securities described above.

9. Related Party Transactions

In addition to serving as GUC Trust Administrator, Wilmington Trust Company continues to serve as trustee pursuant to the indentures for certain series of previously outstanding debt of MLC. Wilmington Trust Company has received and will continue to receive certain customary fees in amounts consistent with Wilmington Trust Company's standard rates for such service. The Bankruptcy Court previously approved the creation of a segregated fund for the purposes of funding such fees for Wilmington Trust Company, as well as the other indenture trustees and fiscal and paying agents for previously outstanding debt of MLC. There were no such fees for Wilmington Trust Company in the three and nine months ended December 31, 2014 and 2013.

In addition, Wilmington Trust Company has entered into certain arrangements with the GUC Trust pursuant to which it or its affiliates have previously received, and may in the future receive, reasonable and customary fees and commissions for services other than services in the capacity of GUC Trust Administrator. Such arrangements include the provision of custodial, investment advisory and brokerage services to the GUC Trust. The fees and commissions charged by Wilmington Trust Company and its affiliates pursuant to these arrangements are consistent with the standard fees and commissions charged by Wilmington Trust Company to unrelated third-parties in negotiated transactions. During the three and nine months ended December 31, 2014, the total amount of such fees and commissions was approximately \$5,000 and \$17,000, respectively. During the three and nine months ended December 31, 2013, the total amount of such fees and commissions was approximately \$12,000 and \$49,000, respectively.

[Table of Contents](#)

Item 2. Management's Discussion and Analysis

The following addresses material changes in the net assets in liquidation of the Motors Liquidation Company GUC Trust, or the GUC Trust, for its third fiscal quarter ended December 31, 2014. It is intended to be read in conjunction with the condensed financial statements of the GUC Trust included in Item 1 above, which we refer to as the financial statements. For additional information about the purpose and administrative operations of the GUC Trust, see the disclosure in the notes to the financial statements filed with this Form 10-Q and in the Form 10-K filed by the GUC Trust with the Securities and Exchange Commission on May 22, 2014. A glossary of defined terms used in this Form 10-Q is provided under the heading "Glossary" below.

Overview

The GUC Trust is a successor to Motors Liquidation Company (which dissolved on December 15, 2011), or MLC, for the purposes of Section 1145 of title 11 of the United States Code, or the Bankruptcy Code. The GUC Trust was initially formed on March 30, 2011, for the purposes of implementing the Second Amended Joint Chapter 11 Plan, or the Plan, of MLC and its affiliated debtors-in-possession, or the Debtors, which was filed with the United States Bankruptcy Court for the Southern District of New York, or the Bankruptcy Court, on March 18, 2011. The Plan subsequently became effective on March 31, 2011, or the Effective Date, and, on April 18, 2013, the Bankruptcy Court entered an order granting the GUC Trust's request for entry of a final decree administratively closing each of the Debtors' chapter 11 cases other than the chapter 11 case of MLC.

Functions and Responsibilities of the GUC Trust

The functions and responsibilities of the GUC Trust are governed by the Plan and the Amended and Restated Motors Liquidation Company GUC Trust Agreement, dated as of June 11, 2012, as subsequently amended, or the GUC Trust Agreement. The GUC Trust is administered by Wilmington Trust Company, not in its individual capacity but solely in its capacity as trust administrator and trustee, or the GUC Trust Administrator. As set forth in the GUC Trust Agreement, the activities of the GUC Trust Administrator are overseen by FTI Consulting, Inc., solely in its capacity as trust monitor of the GUC Trust, or the GUC Trust Monitor. Although the GUC Trust has no officers, directors or employees, the GUC Trust Administrator is authorized by the GUC Trust Agreement to engage professionals and other service providers to assist the GUC Trust Administrator in the administration of the GUC Trust. Accordingly, the GUC Trust and GUC Trust Administrator rely on receiving accurate information, reports and other representations from such professionals and service providers and from the GUC Trust Monitor.

Among its other duties and obligations, the GUC Trust is obligated pursuant to the Plan and the GUC Trust Agreement (i) to distribute the assets comprising the corpus of the GUC Trust to satisfy the general unsecured claims against the Debtors that are allowed pursuant to the Plan, or the Allowed General Unsecured Claims, (ii) to prosecute and resolve objections to the general unsecured claims against the Debtors that are disputed at a given time, or Disputed General Unsecured Claims, (iii) to take all necessary actions to administer the wind-down of the affairs of the Debtors, and (iv) to resolve and satisfy (to the extent allowed) the Residual Wind-Down Claims (as defined below) assumed by the GUC Trust.

Distributions and Distributable Assets of the GUC Trust

The principal assets comprising the corpus of the GUC Trust are (i) shares of common stock of General Motors Company, or the New GM Common Stock, and any associated Dividend Cash (as defined below), (ii) warrants to acquire shares of New GM Common Stock at an exercise price of \$10.00 per share, expiring July 10, 2016, or the New GM Series A Warrants, and (iii) warrants to acquire shares of New GM Common Stock at an exercise price of \$18.33 per share, expiring July 10, 2019, or the New GM Series B Warrants. The New GM Series A Warrants and the New GM Series B Warrants are referred to collectively as the New GM Warrants, and the New GM Common Stock and the New GM Warrants are referred to collectively as the New GM Securities.

The Plan generally provides for the distribution of New GM Securities (and any associated Dividend Cash) to holders of Allowed General Unsecured Claims pro rata by the amount of such claims. In that regard, the Plan provides that each holder of an Allowed General Unsecured Claim will obtain, in addition to an initial distribution of New GM Securities (and any associated Dividend Cash) in such numbers as described below, a contingent right to receive, on a pro rata basis, additional shares of New GM Common Stock (and any associated Dividend Cash) and New GM Warrants (only if and to the extent such New GM Common Stock and New GM Warrants are not required to satisfy new Allowed General Unsecured Claims or to

fund the liquidation and administrative costs or income tax liabilities of the GUC Trust) and cash, if any, available for distribution to the holders of such rights. Such rights are represented by units of beneficial interests in the GUC Trust, or GUC Trust Units, distributed to holders of Allowed General Unsecured Claims in proportion to the amount of their claims, subject to certain rounding rules set forth in the Plan and the GUC Trust Agreement.

As of December 31, 2014, the GUC Trust has received dividends on the New GM Common Stock it held as of the respective record dates of \$0.30 per share (each quarter) aggregating approximately \$17.2 million. New GM has also declared a dividend of

Table of Contents

\$0.30 per share to holders of New GM Common Stock of record as of March 11, 2015. Such dividends and any future declared dividends on New GM Common Stock are required to be applied to the same purpose as the New GM Common Stock to which such dividends relate. If shares of New GM Common Stock are distributed to holders of subsequently allowed Disputed General Unsecured Claims, allowed Term Loan Avoidance Action Claims, or GUC Trust Units, then the dividends relating to those shares will also be distributed to such holders. If, however, shares of New GM Common Stock are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the costs and liabilities of the GUC Trust, then, in that case, the dividends relating to those shares will be applied to such costs and liabilities of the GUC Trust and (just like the cash proceeds from the sale of the shares of New GM Common Stock) will be maintained in Other Administrative Cash (as defined below under the heading “—Funding for the GUC Trust’s Liquidation and Administrative Costs”). Because such dividends are applied to the same purpose as the New GM Common Stock, references in this Form 10-Q to New GM Common Stock and New GM Securities that have been set aside from distribution, reserved or sold should be understood to include the dividends (if any) relating to such New GM Common Stock, unless expressly indicated otherwise. The amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust is referred to as Dividend Cash.

Pursuant to the GUC Trust Agreement, the GUC Trust is required to make quarterly distributions to the holders of Allowed General Unsecured Claims that were allowed during the immediately preceding fiscal quarter. Under the terms of the Plan, and subject to rounding under the Plan, the GUC Trust Agreement and the rules of the applicable clearing system, each \$1,000 in amount of such new Allowed General Unsecured Claims is currently entitled to receive (upon delivery of any information required by the GUC Trust) an initial distribution of 4.31 shares of New GM Common Stock, 3.92 New GM Series A Warrants and 3.92 New GM Series B Warrants, as well as one GUC Trust Unit. Such initial distribution includes a pro rata share of New GM Securities that have been distributed as Excess GUC Trust Distributable Assets (as defined below) in respect of GUC Trust Units since the Effective Date of the Plan. Quarterly distributions are made to holders of newly Allowed General Unsecured Claims as promptly as practicable after the first day of the fiscal quarter following the periods ending each March 31, June 30, September 30 and December 31, during the life of the GUC Trust.

In addition to the foregoing, the GUC Trust is required to make quarterly distributions in respect of GUC Trust Units if Excess GUC Trust Distributable Assets at the end of the preceding fiscal quarter exceed certain thresholds set forth in the Trust Agreement. Such distributions in respect of GUC Trust Units, if any, are made as promptly as practicable after the periods ending each March 31, June 30, September 30 and December 31. Excess GUC Trust Distributable Assets means (i) New GM Securities (only if and to the extent such New GM Securities (a) are not required for the satisfaction of new Allowed General Unsecured Claims and (b) have not been set aside from distribution to fund potential liquidation and administrative costs or income tax liabilities of the GUC Trust (as described below under “Net Assets in Liquidation—New GM Securities Set Aside from Distribution”), (ii) Dividend Cash associated with such New GM Securities, and (iii) Other Administrative Cash available, if any, for distribution to the holders of GUC Trust Units.

Funding for the GUC Trust’s Liquidation and Administrative Costs

As of the Effective Date, pursuant to the Plan, MLC funded approximately \$52.7 million in cash to the GUC Trust, or the Administrative Fund, to be held and maintained by the GUC Trust Administrator for the purpose of paying certain fees and expenses incurred by the GUC Trust (including the fees of the GUC Trust Administrator and the GUC Trust Monitor, the fees and expenses of other professionals retained by the GUC Trust, and certain tax obligations), which are referred to as the Wind-Down Costs. The United States Department of the Treasury and the Governments of Canada and Ontario (through Export Development Canada), which are referred to collectively as the DIP Lenders, maintain a lien on the Administrative Fund which relates to certain funds advanced at the commencement of the Debtors’ insolvency proceedings. Consequently, pursuant to the GUC Trust Agreement, any cash or investments from the Administrative Fund which remain at the winding up and conclusion of the GUC Trust must be returned to the DIP Lenders. As of December 31, 2014, approximately \$8.4 million remained in the Administrative Fund and is recorded in cash and cash equivalents and marketable securities. Of that amount, approximately \$8.2 million has been separately designated for the satisfaction of certain identified costs and liabilities of the GUC Trust, and such amounts may not be used for the payment of other Wind-Down Costs. The remaining \$0.2 million of the Administrative Fund is available for other Wind-Down Costs (principally the payment of GUC Trust professionals), which funds must be exhausted prior to the use of any Other Administrative Cash for such purposes. As described above, any cash or investments in the Administrative Fund that remain at the winding up and conclusion of the GUC Trust must be returned to the DIP Lenders.

The GUC Trust Agreement provides that the Administrative Fund may not be utilized to fund certain specified costs, fees and expenses, which are referred to as Reporting Costs, including those directly or indirectly relating to (i) reports to be

prepared and filed by the GUC Trust pursuant to applicable rules, regulations and interpretations of the Securities and Exchange Commission, or the SEC, (ii) the transfer, registration for transfer and certification of GUC Trust Units, (iii) the application by the Committee to the Internal Revenue Service for a private letter ruling regarding the tax treatment of the GUC Trust and the holders of Allowed General Unsecured Claims in respect to the distribution of New GM Securities, and (iv) certain legal proceedings relating to the Term Loan

Table of Contents

Avoidance Action. In addition, the Administrative Fund cannot be used to fund any current or projected tax liabilities of the GUC Trust, other than those included in the Administrative Fund budget. However, the GUC Trust Agreement does provide the GUC Trust Administrator with the authority to set aside from distribution and sell New GM Securities to fund such Reporting Costs and projected tax liabilities (other than those included in the budget), with the approval of the Bankruptcy Court and/or the GUC Trust Monitor, in each case as described below.

The GUC Trust Agreement affords the GUC Trust Administrator, with the approval of the GUC Trust Monitor, the authority to set aside from distribution New GM Securities in numbers sufficient to satisfy (i) any current or projected Wind-Down Costs of the GUC Trust that exceed the amounts budgeted or were not budgeted in the Administrative Fund, including federal income taxes incurred in respect of dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust, which are referred to as Dividend Taxes, (ii) any current or projected Reporting Costs that exceed the then currently available funds, or (iii) any current or projected Taxes on Distribution (as defined below). This process is not related to, and is separate from, the process of recognizing current and deferred income tax liabilities, as well as reserves for expected costs of liquidation in the Statement of Net Assets in Liquidation as a matter of financial reporting, which is only required for expected costs of liquidation for which there is a reasonable basis for estimation under applicable accounting standards. See “—Critical Accounting Policies and Estimates—Reserves for Expected Costs of Liquidation” and “—Income Taxes” below.

The GUC Trust Administrator may liquidate New GM Securities that have been set aside from distribution to fund (with the required approval of the Bankruptcy Court) the current or projected Wind-Down Costs (including Dividend Taxes) or Reporting Costs of the GUC Trust and (with the required approval of only the GUC Trust Monitor) current and projected Taxes on Distribution of the GUC Trust. The cash proceeds of such sales, and the marketable securities in which such cash proceeds are invested, are referred to as Other Administrative Cash. Pursuant to the GUC Trust Agreement, any cash or marketable securities constituting Other Administrative Cash that remain at the winding up and conclusion of the GUC Trust will be distributed to the holders of GUC Trust Units. The Bankruptcy Court has previously, in March 2012, and again in December 2012, approved the sale of New GM Securities to fund certain accrued and projected Wind-Down Costs which were in excess of the amounts budgeted in the Administrative Fund for such costs, and certain projected Reporting Costs. During the years ended March 31, 2013 and 2012, sales of New GM Securities to fund such Wind-Down Costs and Reporting Costs aggregated approximately \$50.2 million, including approximately \$5.7 million expressly authorized by the GUC Trust Agreement to be liquidated shortly after the Effective Date for the purposes of funding certain Reporting Costs, which is referred to as the Initial Reporting Cash, and no such sales have subsequently occurred. As of December 31, 2014, approximately \$6.0 million remained in Other Administrative Cash and was recorded in cash and cash equivalents and marketable securities in the Condensed Statement of Net Assets in Liquidation as of December 31, 2014.

On January 14, 2015, the GUC Trust Administrator filed a motion seeking authority from the Bankruptcy Court to liquidate set aside New GM Securities and use set aside Dividend Cash (in an aggregate amount of approximately \$11.5 million) to fund anticipated administrative and reporting fees, costs and expenses of the GUC Trust for the calendar year 2015, or the 2015 Liquidation Motion. On January 29, 2015, the Bankruptcy Court approved the 2015 Liquidation Motion. While the GUC Trust Administrator has not yet exercised its authority to liquidate set aside New GM Securities or use set aside Dividend Cash, it currently plans to exercise this authority in February 2015.

Residual Wind-Down Claims

In addition to resolving Disputed General Unsecured Claims, the GUC Trust Administrator is required to resolve and satisfy (to the extent allowed) certain disputed administrative expenses, priority tax claims, priority non-tax claims, and secured claims against the Debtors, or the Residual Wind-Down Claims. Upon the dissolution and winding up of MLC on December 15, 2011, or the Dissolution Date, the GUC Trust assumed responsibility for the resolution and satisfaction (to the extent allowed) of such Residual Wind-Down Claims. At that time, MLC transferred to the GUC Trust assets, or the Residual Wind-Down Assets, in an amount sufficient, based upon the Debtors’ reasonable estimates, to satisfy the Residual Wind-Down Claims and the costs, fees and expenses related to satisfying and resolving the Residual Wind-Down Claims, or the Residual Wind-Down Costs. The Residual Wind-Down Assets so transferred approximated \$42.8 million consisting of approximately \$40.0 million in cash (including approximately \$1.4 million for the payment of certain defense costs related to the Term Loan Avoidance Action, or Avoidance Action Defense Costs) and the transferred benefit of approximately \$2.8 million in prepaid expenses. As of December 31, 2014, the amount of Avoidance Action Defense Costs incurred to date exceeds the corresponding cash received by the GUC Trust from MLC on the Dissolution Date by approximately \$3.0 million. As a result, new Residual Wind-Down Claims have arisen in the amount of such excess. As described in Part II, Item 1, Legal Proceedings, litigation with respect to the Term Loan Avoidance Action is ongoing, and it is expected that additional Avoidance Action Defense Costs will be incurred for which additional Residual Wind-Down Claims will arise, to be paid from

the remaining Residual Wind-Down Assets and, following the depletion of such assets, the Administrative Fund (to the extent of any excess amounts remaining in the Administrative Fund from the funds separately designated for the satisfaction of certain costs and liabilities of the GUC Trust), Other Administrative Cash or the sale of New GM Securities.

Table of Contents

Pursuant to the GUC Trust Agreement and the Plan, the Residual Wind-Down Assets are to be administered in accordance with the GUC Trust Agreement and Plan and are to be used to satisfy and resolve the Residual Wind-Down Claims (including Avoidance Action Defense Costs) and to fund the Residual Wind-Down Costs. Any unused portions of the Residual Wind-Down Assets must be returned to the DIP Lenders and will not be available for distribution to the holders of GUC Trust Units at the winding up and conclusion of the GUC Trust. If, collectively, the actual amounts of Residual Wind-Down Claims allowed (including Avoidance Action Defense Costs in excess of the corresponding cash of \$1.4 million received by the GUC Trust from MLC on the Dissolution Date) and the Residual Wind-Down Costs exceed the Residual Wind-Down Assets, the GUC Trust Administrator may be required to set aside from distribution and sell additional New GM Securities to fund the shortfall. Any such sale of securities would reduce the numbers of New GM Securities available for distribution to holders of GUC Trust Units.

As of December 31, 2014, Residual Wind-Down Assets aggregating \$28.9 million were held by the GUC Trust and were recorded in cash and cash equivalents and marketable securities (aggregating approximately \$28.8 million) and other assets and deposits (approximately \$0.1 million) in the Condensed Statement of Net Assets in Liquidation as of December 31, 2014. A corresponding amount in the aggregate is recorded in the reserve for Residual Wind-Down Claims, reserves for expected costs of liquidation and accounts payable and accrued liabilities in the Condensed Statement of Net Assets in Liquidation as of December 31, 2014. By comparison, there were approximately \$0.9 million in Residual Wind-Down Claims against such assets as of December 31, 2014, subject to increase for new Residual Wind-Down Claims that are expected to arise with respect to Avoidance Action Defense Costs.

Other Assets Received from MLC on the Dissolution Date

In addition to the Residual Wind-Down Assets, the GUC Trust also received on the Dissolution Date approximately \$3.4 million in cash from MLC, which amount included: (i) approximately \$2.0 million designated for Reporting Costs and (ii) approximately \$1.4 million designated for reimbursements to indenture trustees and fiscal and paying agents under the Debtors prepetition debt issuances for costs associated with, among other things, administering distributions to registered holders of the debtors' prepetition debt issuances, or Indenture Trustee / Fiscal and Paying Agents Costs. Any unused portion of such funds designated for Indenture Trustee / Fiscal and Paying Agents Costs must be returned to the DIP Lenders and will not be available for distribution to the holders of GUC Trust Units at the winding up and conclusion of the GUC Trust. As of December 31, 2014, funds designated for the Indenture Trustee / Fiscal and Paying Agents Costs of \$0.4 million were held by the GUC Trust and are recorded in cash and cash equivalents in the Condensed Statement of Net Assets in Liquidation as of December 31, 2014. A corresponding amount was recorded in the reserves for expected costs of liquidation in the Condensed Statement of Net Assets in Liquidation as of December 31, 2014. None of the approximately \$2.0 million in funds designated for Reporting Costs remained as of December 31, 2014.

Income Tax Liabilities for Certain Capital Gains and Dividends on New GM Common Stock

Upon the dissolution and winding up of MLC on the Dissolution Date, record ownership of all undistributed New GM Securities was transferred to the GUC Trust. Using the value of the New GM Securities as of that date, the tax basis per share or warrant of the New GM Securities on the Dissolution Date was \$19.87 for the New GM Common Stock, \$11.38 for the New GM Series A Warrants and \$7.88 for the New GM Series B Warrants. Prior to the year ended March 31, 2013, such tax basis was used in the Company's U.S. federal income tax return to determine the taxable gain or loss on the disposition of New GM Securities since their transfer. For the years ended March 31, 2014 and 2013, the GUC Trust has filed its U.S. federal income tax returns taking the position that beneficial ownership for a substantial majority of New GM Securities transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. The GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals, that it is more likely than not that the new tax position in the amounts reflected in the GUC Trust's income tax returns will be sustained on examination by the Internal Revenue Service, based on the technical merits of the position. Although the GUC Trust's tax liability in respect of its federal income tax returns for the year ended March 31, 2014 and prior years are no longer subject to examination by the Internal Revenue Service as a result of the application of Section 505(b) of the Bankruptcy Code, this new tax position, as of the date hereof, has not been sustained on examination by the Internal Revenue Service. Accordingly,

remaining capital loss carryovers of \$185.4 million as of March 31, 2014, from the new tax position, along with net operating loss carryovers of \$84.5 million as of March 31, 2014, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized.

The GUC Trust incurs income tax liabilities on any net capital gains realized upon the disposition of New GM Securities to holders of Allowed General Unsecured Claims or GUC Trust Units or by the sale of New GM Securities (unless such net capital gains

Table of Contents

are offset by deductible operating losses), which are referred to as Taxes on Distribution. The GUC Trust also incurs income tax liabilities on interest income and dividends received on New GM Common Stock held by the GUC Trust (such income tax liabilities on dividends received on New GM Common Stock are referred to as Dividend Taxes). The GUC Trust records any current taxes payable from such realized gains (net of accumulated capital and net operating losses) and interest income and dividends (net of deductible expenses and accumulated net operating losses) and a deferred tax liability at the end of each quarter for all of the New GM Securities that it then holds, where the market prices of such New GM Securities exceed their tax basis. Where the market prices of the New GM Securities held at quarter end are less than their tax basis, a deferred tax asset with a corresponding valuation allowance is recorded, resulting in no net deferred tax asset at such quarter end. A full valuation allowance is recorded under such circumstances, because realization of the deferred tax asset is uncertain (in that it is dependent upon the generation of taxable gains upon the sale or distribution of New GM Securities in the future, which is not determinable prior to occurrence, or upon the receipt of future dividends on the GUC Trust's holdings of New GM Common Stock, for which a reasonable basis for estimation does not exist at this time). Because the amount of any deferred tax liability recorded at any quarter end is largely dependent upon the market prices of the New GM Securities held at such quarter end, fluctuations in such market prices will result in fluctuations in the deferred tax liability recorded in the Statement of Net Assets in Liquidation and in the income tax provision or benefit recorded in the Statement of Changes in Net Assets in Liquidation for such quarter. See "Critical Accounting Policies and Estimates—Income Taxes" below.

Term Loan Avoidance Action

On July 31, 2009, the Committee commenced a legal action against certain prepetition lenders of the Debtors, styled as Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A. et al. (Adv. Pro. No. 09-00504 (Bankr. S.D.N.Y. July 31, 2009)), which is referred to as the Term Loan Avoidance Action. The Term Loan Avoidance Action seeks the return of approximately \$1.5 billion that had been transferred to a consortium of prepetition lenders of the Debtors, pursuant to the court order approving the debtor-in-possession loans made by the DIP Lenders to MLC. On the Dissolution Date, the Term Loan Avoidance Action was transferred to a trust established for the purpose of holding and prosecuting the Term Loan Avoidance Action, or the Avoidance Action Trust. The rights to substantially all of the recoveries on the Term Loan Avoidance Action through the Avoidance Action Trust, if any, are currently under dispute, with both the DIP Lenders and the Committee, on behalf of the holders of Allowed General Unsecured Claims, claiming to be the proper beneficiaries of such proceeds. If the DIP Lenders are deemed to be proper beneficiaries of the proceeds of the Term Loan Avoidance Action, then the bulk of any amounts reclaimed from prepetition lenders will be distributed to the DIP Lenders; and if the Committee, on behalf of the holders of Allowed General Unsecured Claims, are deemed to be proper beneficiaries of the proceeds of the Term Loan Avoidance Action, then the bulk of any amounts reclaimed from prepetition lenders will be distributed directly to the holders of Allowed General Unsecured Claims. Accordingly, regardless of the outcome of such proceedings, pursuant to the Plan no amounts reclaimed from the prepetition lenders will be transferred to the GUC Trust, and no such amounts will be distributed to holders of GUC Trust Units in respect of such GUC Trust Units.

If Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trustee and trust administrator of the Avoidance Action Trust, which is referred to as the Avoidance Action Trust Administrator, is successful in its prosecution of the Term Loan Avoidance Action, any amounts recovered by the Avoidance Action Trust will, pursuant to the Plan, give rise to Allowed General Unsecured Claims on behalf of the prepetition lenders from which such amounts were recovered (as beneficiaries of the GUC Trust), which we also refer to as Term Loan Avoidance Action Claims. (As used in this Form 10-Q, the amounts of "Disputed General Unsecured Claims" do not include any potential Term Loan Avoidance Action Claims.) Unless and until Term Loan Avoidance Action Claims arise, the potential holders of such claims will not be entitled to receive a distribution from the GUC Trust. However, if and to the extent that such Term Loan Avoidance Action Claims do arise, the holders of such claims will be entitled to receive a distribution from the GUC Trust. As noted above, pursuant to the Plan no funds reclaimed from the prepetition lenders will be transferred to the GUC Trust or be distributed to holders of GUC Trust Units in respect of such GUC Trust Units. Accordingly, in the event of the successful prosecution of the Term Loan Avoidance Action by the Avoidance Action Trust, a holder of a GUC Trust Unit that does not hold a corresponding Allowed General Unsecured Claim (because such holder received the GUC Trust Unit as a subsequent transferee and not in a direct distribution from the GUC Trust in satisfaction of an Allowed General Unsecured Claim) will potentially have its recovery diluted through the incurrence of Term Loan Avoidance Action Claims by the GUC Trust, without receiving the benefit of any cash recovered pursuant to the Term Loan Avoidance Action. Moreover, because the ownership of the beneficial interests in the Avoidance Action Trust is currently under dispute, even a holder of a GUC Trust Unit that also holds a corresponding Allowed General Unsecured Claim may not benefit from any funds recovered under the Term Loan Avoidance Action.

Pursuant to the Plan, the GUC Trust is obligated to satisfy reasonable Avoidance Action Defense Costs, subject to the right of the GUC Trust to seek disgorgement in accordance with the terms of the Plan. As described under the heading "—

Residual Wind-Down Claims” above, the amount of Avoidance Action Defense Costs incurred to date exceeds the amount of Residual Wind-Down Assets received from MLC which was designated for this purpose by approximately \$3.0 million. As a result, new Residual Wind-Down Claims have arisen in the amount of such excess. As described in Part II, Item 1, Legal Proceedings, litigation with respect to the Term Loan Avoidance Action is ongoing, and it is expected that additional Avoidance Action Defense Costs will be incurred for which additional Residual Wind-Down Claims will arise, to be paid from the other remaining Residual Wind-Down Assets and,

Table of Contents

following the depletion of such assets, the Administrative Fund (to the extent of any excess amounts remaining in the Administrative Fund from the funds separately designated for the satisfaction of certain costs and liabilities of the GUC Trust), Other Administrative Cash or the sale of New GM Securities.

Recent Trading Prices of New GM Securities

As described above, the principal assets comprising the corpus of the GUC Trust are shares of the New GM Common Stock and the New GM Series A Warrants and New GM Series B Warrants to purchase such common stock. As a result, fluctuations in the market value of the New GM Common Stock (and related fluctuation in market value of the New GM Warrants) will increase or reduce the GUC Trust's net assets in liquidation accordingly. In addition, fluctuations in the market value of the New GM Securities in relation to the tax basis of such securities will affect the amount of net deferred tax liabilities, if any, that are recorded in the Statement of Net Assets in Liquidation. See "Functions and Responsibilities of the GUC Trust—Income Tax Liabilities for Certain Capital Gains and Dividends on New GM Common Stock" above.

The New GM Common Stock and New GM Warrants are listed on the New York Stock Exchange. As of December 31, 2014, the closing trading price of shares of New GM Common Stock was \$34.91 (as compared to \$31.94 as of September 30, 2014 and \$34.42 as of March 31, 2014); the closing trading price of New GM Series A Warrants was \$25.08 (as compared to \$22.38 as of September 30, 2014 and \$24.84 as of March 31, 2014); and the closing trading price of New GM Series B Warrants was \$17.00 (as compared to \$14.4604 as of September 30, 2014 and \$17.41 as of March 31, 2014), in each case as reported by Bloomberg Finance L.P. The GUC Trust Units are not listed on any securities exchange.

The following table shows the intraday high and low trading prices of the New GM Common Stock for each of the previous four fiscal quarters, as reported by Bloomberg Finance L.P.:

<u>Fiscal Quarter</u>	<u>High</u>	<u>Low</u>
Ended March 31, 2014	\$41.0599	\$33.573
Ended June 30, 2014	\$37.18	\$31.70
Ended September 30, 2014	\$38.15	\$31.67
Ended December 31, 2014	\$35.45	\$28.82

The following table shows the intraday high and low trading prices of the New GM Series A Warrants for each of the previous four fiscal quarters, as reported by Bloomberg Finance L.P.:

<u>Fiscal Quarter</u>	<u>High</u>	<u>Low</u>
Ended March 31, 2014	\$31.31	\$24.30
Ended June 30, 2014	\$27.33	\$22.33
Ended September 30, 2014	\$28.48	\$22.09
Ended December 31, 2014	\$25.53	\$19.56

The following table shows the intraday high and low trading prices of the New GM Series B Warrants for each of the previous four fiscal quarters, as reported by Bloomberg Finance L.P.:

<u>Fiscal Quarter</u>	<u>High</u>	<u>Low</u>
Ended March 31, 2014	\$23.2916	\$16.59
Ended June 30, 2014	\$19.25	\$14.80
Ended September 30, 2014	\$20.19	\$14.25
Ended December 31, 2014	\$17.50	\$12.07

Critical Accounting Policies and Estimates

Liquidation Basis of Accounting

The GUC Trust was created for the purposes described in Note 1 ("Description of Trust and Reporting Policies") to the financial statements and has a finite life. As a result, the GUC Trust has prepared its financial statements on the liquidation basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the liquidation basis of accounting as prescribed by the Financial Accounting Standards Board (FASB) Accounting

Standards Codification, assets are stated at their estimated net realizable value, which is the non-discounted amount of cash into which an asset is expected to be converted during liquidation, while liabilities continue to be recognized at the amount required by other U.S. GAAP, and are not

Table of Contents

remeasured to reflect any anticipation that an entity will be legally released from an obligation. Additionally, under the liquidation basis of accounting, a reserve is established for estimated costs expected to be incurred during liquidation. Such costs are accrued when there is a reasonable basis for estimation. As described below under the heading “—New Accounting Standard,” beginning in the quarter ended June 30, 2014, an accrual is made for estimated income or cash expected to be received over the liquidation period to the extent that a reasonable basis for estimation exists. These estimates are periodically reviewed and adjusted as appropriate. As described below under the headings “—Holdings of New GM Securities and Dividends Received on New GM Common Stock” and “—Reserves for Expected Costs of Liquidation,” it is reasonably possible that estimates for such accrued dividends and expected costs of liquidation could change in the near term.

The valuation of assets at net realizable value, reserves for Residual Wind-Down Claims, reserves for expected liquidation costs and accrual for dividends expected to be received on the GUC Trust’s holdings of New GM Common Stock represent estimates, based on present facts and circumstances known to the GUC Trust Administrator, and are subject to change.

As described in Note 1 to the financial statements, the GUC Trust beneficiaries are future holders and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and future and current holders of GUC Trust Units. As Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims are resolved and allowed and thereby become Allowed General Unsecured Claims, the holders thereof become entitled to receive liquidating distributions of New GM Securities (including the related Dividend Cash) and GUC Trust Units pro rata by the amount of such Claims and, upon such occurrence, the GUC Trust incurs an obligation to distribute such securities. Accordingly, liquidating distributions payable are recorded (at the fair value of such New GM Securities) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential Term Loan Avoidance Action Claims were to arise (and would become allowed) in the manner described in Note 2 to the financial statements, liquidating distributions payable would be recorded for the New GM Securities (at fair value), along with the related Dividend Cash, that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence. Prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims). Rather, the beneficial interests of GUC Trust beneficiaries in the residual assets of the GUC Trust are reflected in Net Assets in Liquidation of the GUC Trust in the financial statements.

Under the liquidation basis of accounting, the GUC Trust presents two principal financial statements: a Statement of Net Assets in Liquidation and a Statement of Changes in Net Assets in Liquidation. In addition, although not required under the liquidation basis of accounting, the GUC Trust also presents a Statement of Cash Flows, in accordance with the requirements of the GUC Trust Agreement.

Holdings of New GM Securities and Dividends Received on New GM Common Stock

Holdings of New GM Securities represent the GUC Trust’s holdings of New GM Securities held for future distribution in respect of Allowed General Unsecured Claims and the GUC Trust Units, and include amounts set aside from distribution to fund potential administrative costs and income tax liabilities (including both Dividend Taxes and Taxes on Distribution) as described below under “Net Assets in Liquidation—New GM Securities Set Aside from Distribution.” The securities held consist of shares of New GM Common Stock and New GM Warrants. The GUC Trust has valued its holdings in the securities at their fair value based on quoted closing market prices as of the last trading day of the fiscal period.

Beginning in the quarter ended June 30, 2014, estimated dividends expected to be received on holdings of New GM Common Stock are accrued under the liquidation basis of accounting to the extent that a reasonable basis for estimation exists. As of December 31, 2014, dividends of approximately \$3.5 million have been accrued relating to dividends of \$0.30 per share declared by New GM in January 2015 payable to common stockholders of record as of March 11, 2015. No accrual has been made with respect to any additional dividends that may be declared by New GM in the future, because the GUC Trust believes that a reasonable basis for estimation of such potential dividends does not exist at this time. It is reasonably possible that the GUC Trust’s estimates regarding potential dividends for which there is a reasonable basis of estimation could change in the near term. Prior to the quarter ended June 30, 2014, dividends were recorded as received (or accrued as of the record date for any declared but unpaid dividend).

Such dividends and any additional declared dividends on New GM Common Stock are required to be applied to the same purpose as the New GM Common Stock to which such dividends relate. If shares of New GM Common Stock are distributed

to holders of newly Allowed General Unsecured Claims (including Term Loan Avoidance Action Claims) and GUC Trust Units, then the dividends relating to those shares will also be distributed to such holders. If, however, shares of New GM Common Stock are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the costs and liabilities of the GUC Trust, then, in that case, the dividends relating to those shares would be applied to such costs and liabilities of the GUC Trust and (just like the cash proceeds from the sale of the shares of New GM Common Stock) would be maintained in Other Administrative Cash. Because such dividends

Table of Contents

are applied to the same purpose as the New GM Common Stock, references to New GM Common Stock and New GM Securities that have been set aside from distribution, reserved or sold should be understood to include the dividends (if any) relating to such New GM Common Stock, unless expressly indicated otherwise. The amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust is referred to as Dividend Cash.

Marketable Securities

Marketable securities consist of short term investments in corporate commercial paper and municipal government commercial paper and variable demand notes. The GUC Trust has valued these securities at fair value based on carrying value for municipal and corporate commercial paper where carrying value approximates fair value and par value for variable demand notes where par value equals fair value.

Reserves for Residual Wind-Down Claims and Residual Wind-Down Costs

Upon the dissolution of MLC, which occurred on December 15, 2011, the GUC Trust became responsible for resolving and satisfying (to the extent allowed) all remaining Residual Wind-Down Claims. On the date of dissolution of the Debtors, the Debtors transferred to the GUC Trust Residual Wind-Down Assets in an amount necessary to satisfy the ultimate allowed amount of such Residual Wind-Down Claims (including certain Avoidance Action Defense Costs) and the Residual Wind-Down Costs, as estimated by the Debtors. Should the Residual Wind-Down Costs and the Residual Wind-Down Claims be less than the Residual Wind-Down Assets, any excess funds will be returned to the DIP Lenders. If, collectively, the actual amounts of Residual Wind-Down Claims (including certain Avoidance Action Defense Costs) allowed and the Residual Wind-Down Costs exceed the Residual Wind-Down Assets, the GUC Trust Administrator may be required to set aside from distribution and sell additional New GM Securities to fund the shortfall. Any such sale of securities would reduce the numbers of New GM Securities (and related Dividend Cash) available for distribution to holders of GUC Trust Units.

Reserves for Expected Costs of Liquidation

Under the liquidation basis of accounting, the GUC Trust is required to estimate and accrue the costs associated with implementing the Plan and distributing the GUC Trust's distributable assets. These costs, described as Wind-Down Costs and Reporting Costs in Note 2 ("Plan of Liquidation") to the financial statements, consist principally of professional fees, costs of governance, and other administrative expenses. These amounts may vary significantly due to, among other things, the time and effort required to complete all distributions under the Plan. The GUC Trust has recorded reserves for expected costs of liquidation that represent estimated costs to be incurred over the remaining liquidation period of the GUC Trust for which there is a reasonable basis for estimation. The amount of liquidation costs that will ultimately be incurred depends both on the period of time and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement. Significant uncertainty remains both as to that time period and as to the extent of those activities. As of December 31, 2014, such remaining liquidation period extends through December 31, 2016 and has been estimated predominantly on a probability-weighted basis, which the GUC Trust believes is the most appropriate measurement basis under the circumstances. Where an outcome is estimated to be likely, the likely outcome has been used as the best estimate and no weight has been given to the unlikely outcome. The remaining liquidation period is dependent predominantly on the estimate of the remaining period of time for resolution of the Term Loan Avoidance Action, as well as certain additional estimated time as necessary to wind down the GUC Trust. It is possible that future developments in the Term Loan Avoidance Action could extend the current estimate of such remaining period of time for resolution and, therefore, extend the estimated remaining liquidation period of the GUC Trust beyond December 31, 2016. As described in Part II, Item 1, Legal Proceedings, the GUC Trust is participating, as an interested party, in litigation involving certain General Motors vehicle recalls. While the impact of such litigation on the remaining liquidation period of the GUC Trust is not subject to reasonable estimation at this time, it is possible that such litigation could extend the remaining liquidation period of the GUC Trust beyond December 31, 2016. It is reasonably possible that the GUC Trust's estimates regarding the costs and remaining liquidation period could change in the near term.

As the GUC Trust incurs such costs, the reserves are released to offset the costs incurred and a liability to the service provider is recognized as an accounts payable or accrued expense until paid. In addition, because the GUC Trust only records reserves for expected costs for which there is a reasonable basis for estimation under applicable generally accepted accounting principles, additional costs may be identified from time to time for which additional reserves must be recorded. As such costs are identified, the GUC Trust records an increase to its reserves and charges such increase as an addition to such reserves in the Statement of Changes in Net Assets in Liquidation.

The process of recording reserves for expected costs of liquidation as a matter of financial reporting is separate and distinct from the process by which New GM Securities are set aside from distribution for the purposes of funding projected costs of liquidation. Such projected costs are generally estimated on a more conservative (i.e., more inclusive) basis and include contingencies that are not

Table of Contents

permitted to be accrued in reserves for expected costs of liquidation under applicable accounting standards. For a more complete description of the process of setting aside New GM Securities to fund projected costs and potential liabilities of the GUC Trust, see “Functions and Responsibilities of the GUC Trust—Funding for the GUC Trust’s Liquidation and Administrative Costs” above and “Net Assets in Liquidation—New GM Securities Set Aside from Distribution” below.

Income Taxes

The GUC Trust is considered to be a “Disputed Ownership Fund” pursuant to Treasury Regulation Section 1.468B-9. Because all of the assets that have been transferred to the GUC Trust are passive investments, the GUC Trust will be taxed as a Qualified Settlement Fund (or QSF) pursuant to Treasury Regulation Section 1.468B-9(c)(1)(ii). The QSF tax status of the GUC Trust has been approved by the Internal Revenue Service in a private letter ruling issued on March 2, 2011. In general, a QSF is considered to be a C Corporation but pays Federal income tax using trust income tax rates on its modified gross income. Modified gross income includes gross income pursuant to Internal Revenue Code Section 61 less administrative expenses, certain losses from the sale, exchange or worthlessness of property, and net operating losses. In general, a Disputed Ownership Fund taxed as a QSF does not recognize gross income on assets transferred to it; therefore, the GUC Trust has not recognized gross income on the transfer of assets from MLC.

The GUC Trust is currently expected to generate gross income in the form of interest and dividend income (including dividends received on its holdings of New GM Common Stock) and recognize gains and/or losses upon its disposition of shares of New GM Common Stock and New GM Warrants which it now holds, which will be reduced by administrative expenses and any accumulated net operating and capital losses, to compute modified gross income. As the GUC Trust is taxable for Federal income tax purposes, a current income tax liability or asset, if any, is recognized for estimated taxes payable or receivable for the year. Deferred tax liabilities and assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting. Deferred tax assets are reviewed for recoverability and valuation allowances are provided as necessary.

The GUC Trust is not subject to state income taxes under current law. Accordingly, no current or deferred state income tax liabilities and assets are recorded.

The GUC Trust recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position, review of available evidence and consultation with GUC Trust professionals. The GUC Trust’s tax liability with respect to its federal income tax returns for the year ended March 31, 2014 and all prior years are no longer subject to examination as a result of the application of Section 505(b) of the Bankruptcy Code. However, remaining net operating loss carryovers of \$84.5 million and capital loss carryovers of \$185.4 million as of March 31, 2014, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized. As of December 31, 2014, there are no known items which would result in a significant accrual for uncertain tax positions.

The process of recognizing deferred tax assets and liabilities and any current income taxes payable as a matter of financial reporting is separate and distinct from the process by which New GM Securities are set aside from distribution for the purposes of funding potential income tax liabilities. Such potential income tax liabilities are generally estimated on a more conservative (i.e., more inclusive) basis and include amounts of potential income tax liabilities beyond the amounts that are permitted to be recorded under applicable accounting standards. For a more complete description of the process of setting aside New GM Securities to fund projected costs and potential income tax liabilities of the GUC Trust, see “Functions and Responsibilities of the GUC Trust—Funding for the GUC Trust’s Liquidation and Administrative Costs” above and “Net Assets in Liquidation—New GM Securities Set Aside from Distribution” below.

The income tax provision or benefit for the three and nine months ended December 31, 2014 and 2013 was determined by computing the deferred tax provision using the enacted statutory rate of 39.6% that went into effect for the GUC Trust’s fiscal year beginning on April 1, 2013. There was no current tax provision in any period. An annual effective tax rate is not determinable because the GUC Trust’s only significant sources of income are gains on dispositions of New GM Securities, which are not determinable until realized, and potential future dividends to be received on holdings of New GM Common Stock for which a reasonable basis for estimation does not exist at this time.

Use of Estimates

The preparation of financial statements on a liquidation basis in conformity with U.S. GAAP requires the use of estimates and assumptions that affect reported amounts of assets and liabilities. These estimates are subject to known and unknown risks, uncertainties and other factors that could materially impact the amounts reported and disclosed in the financial statements and related footnotes. Significant estimates include the anticipated amounts and timing of future cash flows for expected dividends to be received on holdings of New GM Common Stock, expected liquidation costs, Residual Wind-Down Claims and Costs, and fair value of marketable securities. Actual results could differ from those estimates.

Table of Contents

New Accounting Standard

During the quarter ended June 30, 2014, the GUC Trust adopted Accounting Standards Update No. 2013-07, “Liquidation Basis of Accounting.” Such standard requires that income or cash expected to be received over the liquidation period be estimated and accrued to the extent that a reasonable basis for estimation exists. The effect of adoption of such standard was not material to the GUC Trust’s financial statements. As of December 31, 2014, the GUC Trust has accrued approximately \$3.6 million for (a) dividends of \$3.5 million expected to be received by the GUC Trust on its holdings of New GM Common Stock and (b) \$94,000 expected to be earned on marketable securities over the estimated remaining liquidation period of the GUC Trust. Such accrued dividends consist of dividends of \$0.30 per share declared by New GM in January 2015 payable to common stockholders of record as of March 11, 2015. No accrual has been made with respect to any additional dividends that may be declared by New GM in the future, because the GUC Trust believes that a reasonable basis for estimation of such potential dividends does not exist at this time.

Statement of Changes in Net Assets in Liquidation

During the three months ended December 31, 2014, net assets in liquidation increased by approximately \$85.9 million, from approximately \$750.0 million to approximately \$835.9 million, principally as a result of an increase in the fair value of holdings of New GM Securities since September 30, 2014. During the nine months ended December 31, 2014, net assets in liquidation decreased by approximately \$228.6 million, from approximately \$1,064.5 million to approximately \$835.9 million, principally as a result of liquidating distributions of \$208.1 million and a decrease in the fair value of holdings of New GM Securities since March 31, 2014 of \$29.4 million. As noted above in “Recent Trading Prices of New GM Securities,” the closing trading price of New GM Common Stock, as well as the New GM Series A and New GM Series B Warrants increased between September 30, 2014 and December 31, 2014. While the closing trading prices of the New GM Common Stock and New GM Series A Warrants increased between March 31, 2014 and December 31, 2014, the closing trading price of the New GM Common Stock, as well as the New GM Series A and New GM Series B Warrants, declined from March 31, 2014 to the date of the excess distribution on or about November 12, 2014. Such declines, along with the decline in the closing trading price of the New GM Series B Warrants from March 31, 2014 to December 31, 2014, resulted in the decrease in the fair value of holdings of New GM Securities during the nine months ended December 31, 2014.

The changes in net assets in liquidation for the three and nine months ended December 31, 2014 also reflected the impact of net additions of approximately \$3.2 million and \$7.3 million, respectively, to the reserves for expected costs of liquidation during the three and nine months ended December 31, 2014. As described below in more detail in “Liquidation and Administrative Costs,” such additions to the reserves for expected costs of liquidation resulted primarily from increases in expected Wind-Down Costs.

The changes in net assets in liquidation for the three and nine months ended December 31, 2014 also reflect approximately \$3.4 million and \$16.2 million, respectively, of interest and dividend income, consisting almost entirely of dividends received or accrued on the New GM Common Stock. Such dividends on New GM Common Stock will be distributed to holders of newly Allowed General Unsecured Claims (including Term Loan Avoidance Action Claims, if any) and GUC Trust Units in respect of the shares of New GM Common Stock that they receive, unless such dividends are in respect of shares of New GM Common Stock that are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the GUC Trust’s costs of liquidation, tax liabilities or shortfalls in the Residual Wind-Down Assets. In such case, such dividends in respect of shares of New GM Common Stock that are sold will be maintained in Other Administrative Cash.

There was no income tax provision or benefit during the three and nine months ended December 31, 2014 as a result of the establishment of a full valuation allowance against net deferred tax assets at each of December 31, September 30 and March 31, 2014, due to uncertainty as to whether the deferred tax assets are realizable. See “Functions and Responsibilities of the GUC Trust—Income Tax Liabilities for Certain Capital Gains and Dividends on New GM Common Stock” above and Note 8 (“Income Tax (Provision) Benefit”), to the financial statements.

Liquidation and Administrative Costs

As discussed above under “Critical Accounting Policies and Estimates,” under the liquidation basis of accounting, the GUC Trust was required upon its establishment to record reserves in respect of its expected costs associated with implementing the Plan and distributing the GUC Trust’s distributable assets. These costs consist principally of professional fees, governance costs and other liquidation and administrative costs.

Under U.S. GAAP, these reserves may be established only to the extent there is a reasonable basis for their estimation. From time to time, as additional costs are identified and for which there is reasonable basis for estimation, the GUC Trust records an increase to its reserves for expected costs of liquidation and charges such increase as an addition to reserves for expected costs of liquidation in the Statement of Changes in Net Assets in Liquidation. As costs are actually incurred by the GUC Trust, such costs reduce the previously recorded reserves for expected costs of liquidation by the amount of such incurred costs, with no further effect on the Statement of Changes in Net Assets in Liquidation.

Table of Contents

The GUC Trust's reserves for liquidation and administrative costs (recorded in conformity with U.S. GAAP) are allocable into the following categories:

- reserve for expected Wind-Down Costs, corresponding to expenditures to be made out of the Administrative Fund and, following the depletion of the Administrative Fund, Other Administrative Cash (see "Functions and Responsibilities of the GUC Trust—Funding for the GUC Trust's Liquidation and Administrative Costs");
- reserve for expected Reporting Costs, corresponding to expenditures to be made out of Other Administrative Cash (see "Functions and Responsibilities of the GUC Trust—Funding for the GUC Trust's Liquidation and Administrative Costs");
- reserve for Indenture Trustee / Fiscal and Paying Agent Costs, corresponding to expenditures to be made out of the cash received by the GUC Trust from MLC on the Dissolution Date (see "Functions and Responsibilities of the GUC Trust—Other Assets Received from MLC on the Dissolution Date");
- reserve for Avoidance Action Defense Costs, corresponding to expenditures to be made out of Residual Wind-Down Assets and, following the depletion of such assets, the Administrative Fund with respect to any excess amounts remaining from the funds separately designated for the satisfaction of certain costs and liabilities of the GUC Trust, or Other Administrative Cash (see "Functions and Responsibilities of the GUC Trust—Residual Wind-Down Claims" and "Functions and Responsibilities of the GUC Trust—Term Loan Avoidance Action"); and
- reserve for Residual Wind-Down Costs, corresponding (in addition to expenditures to satisfy and resolve Residual Wind-Down Claims) to expenditures to be made out of Residual Wind-Down Assets and, following the depletion of the Residual Wind-Down Assets, Other Administrative Cash (see "Functions and Responsibilities of the GUC Trust—Residual Wind-Down Claims").

As described in greater detail under "Functions and Responsibilities of the GUC Trust" above and "Liquidity and Capital Resources" below, unused portions of certain of the assets associated with the foregoing reserves are required to be returned to the DIP Lenders upon the winding up and dissolution of the GUC Trust. Therefore, such assets are not available to fund costs of liquidation and administration or income tax liabilities of the GUC Trust, and are also not available for distribution to the holders of Allowed General Unsecured Claims or GUC Trust Units. See "Functions and Responsibilities of the GUC Trust—Funding for the GUC Trust's Liquidation and Administrative Costs," "Functions and Responsibilities of the GUC Trust—Residual Wind-Down Claims" and "Functions and Responsibilities of the GUC Trust—Other Assets Received from MLC on the Dissolution Date."

As of December 31, 2014, the GUC Trust had approximately \$32.6 million in reserves for liquidation and administrative costs that are estimated to be incurred through the winding up and conclusion of the GUC Trust, compared to approximately \$33.3 million in reserves as of September 30, 2014. The following table summarizes in greater detail the changes in such reserves during the three months ended December 31, 2014:

	Three months ended December 31, 2014					
	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
(in thousands)						
Balance, September 30, 2014	\$ 22,042	\$ 9,663	\$ 408	\$ —	\$ 1,234	\$ 33,347
Plus additions to reserves	2,952	248	—	—	—	3,200
Less liquidation costs incurred:						
Trust Professionals	(1,997)	(431)	—	—	(4)	(2,432)
Trust Governance	(899)	(451)	(18)	—	—	(1,368)
Other Administrative Expenses	(12)	(103)	—	—	—	(115)
Balance, December 31, 2014	<u>\$ 22,086</u>	<u>\$ 8,926</u>	<u>\$ 390</u>	<u>\$ —</u>	<u>\$ 1,230</u>	<u>\$ 32,632</u>

Reserves were increased approximately \$3.2 million during the three months ended December 31, 2014, in order to reflect an increase in expected Wind-Down Costs of \$3.0 million and an increase in expected Reporting Costs of \$0.2 million. The increase in expected Wind-Down Costs during the three months ended December 31, 2014 is primarily associated with increased expected legal costs resulting from the GUC Trust's participation as an interested party in legal proceedings related to New GM vehicle recalls, as well as an increase in expected costs associated with an increase in the expected remaining life

of the GUC Trust during the quarter ended December 31, 2014. The increase in expected Reporting Costs during the three months ended December 31, 2014 is primarily associated with an increase in expected costs resulting from the increase in the expected remaining life of the GUC Trust, partly offset by a decrease in revised estimates of ongoing costs of services provided by GUC Trust professionals. In comparison, reserves were increased approximately \$646,000 during the three months ended December 31, 2013, in order to reflect an increase in expected

Table of Contents

Wind-Down Costs of approximately \$578,000 and an increase in expected Reporting Costs of approximately \$68,000. The increase in expected Wind-Down Costs during the three months ended December 31, 2013 was primarily associated with an increase in revised estimates of ongoing costs necessary to conduct the wind-down activities of the GUC Trust. The increase in expected Reporting Costs during the three months ended December 31, 2013, was primarily associated with an increase in revised estimates of ongoing costs of services provided by GUC Trust professionals.

Reserves were increased approximately \$7.3 million during the nine months ended December 31, 2014, in order to reflect an increase in expected Wind-Down Costs of \$7.6 million and a decrease in expected Reporting Costs of \$0.3 million. The increase in expected Wind-Down Costs during the nine months ended December 31, 2014 is primarily associated with increased expected legal costs resulting from the GUC Trust's participation as an interested party in legal proceedings related to New GM vehicle recalls, as well as increases in revised estimates of ongoing costs necessary to conduct the wind-down activities of the GUC Trust and increases in expected costs resulting from the increase in the expected remaining life of the GUC Trust during the quarter ended December 31, 2014. The decrease in expected Reporting Costs during the nine months ended December 31, 2014, is primarily associated with a reduction in revised estimates of ongoing costs of services provided by GUC Trust professionals, largely offset by an increase in expected costs resulting from the increase in the expected remaining life of the GUC Trust. In comparison, reserves were reduced approximately \$7.6 million during the nine months ended December 31, 2013, in order to reflect a \$3.5 million decrease in expected Wind-Down Costs and a \$4.1 million decrease in expected Reporting Costs. The decrease in expected Wind-Down Costs during the nine months ended December 31, 2013, was primarily associated with the settlement of litigation associated with Disputed General Unsecured Claims resulting in reduced expected litigation costs, as well as a reduction in revised estimates of ongoing costs necessary to conduct the wind-down activities of the GUC Trust. The decrease in expected Reporting Costs during the nine months ended December 31, 2013 was primarily associated with a reduction in revised estimates of ongoing costs of services provided by GUC Trust professionals, as well as increased visibility into expected Reporting Costs primarily as a result of completing the first full year of SEC reporting requirements for the year ended March 31, 2013.

Total reserves were reduced by the amount of liquidation and administrative costs incurred during the three and nine months ended December 31, 2014. Trust professional costs incurred during the three and nine months ended December 31, 2014 were approximately \$2.4 million and \$6.8 million, respectively, as compared to approximately \$2.8 million and \$9.9 million, respectively, for the three and nine months ended December 31, 2013. The decrease of \$0.4 million from three-month period to period was due primarily to decreases in Reporting Costs and Avoidance Action Defense Costs charged to the reserve, partially offset by increases in Wind-Down Costs. The decrease of \$3.1 million from nine-month period to period was due primarily to decreases in Wind-Down Costs, Reporting Costs, Residual Wind-Down Costs and Avoidance Action Defense Costs charged to the reserve. Trust Governance Costs incurred during the three and nine months ended December 31, 2014 were approximately \$1.4 million and \$4.2 million, respectively, as compared to \$1.4 million and \$4.4 million, respectively, for the three and nine months ended December 31, 2013. The decrease of approximately \$0.2 million from the comparable nine-month periods was primarily due to decreased fees and reimbursable expenses for the GUC Trust Administrator and GUC Trust Monitor. Other administrative costs during the three and nine months ended December 31, 2014 were approximately \$115,000 and \$275,000, respectively, compared to approximately \$120,000 and \$316,000, respectively, for the three and nine months ended December 31, 2013. Such costs represented miscellaneous fees and costs of the GUC Trust. For additional information regarding the components of each category of costs, see "Functions and Responsibilities of the GUC Trust—Funding for the GUC Trust's Liquidation and Administrative Costs," "Functions and Responsibilities of the GUC Trust—Residual Wind-Down Claims" and "Functions and Responsibilities of the GUC Trust—Other Assets Received from MLC Trust on the Dissolution Date."

The foregoing reserves represent future costs of the GUC Trust for which there was a reasonable basis for estimation as of December 31, 2014 and, therefore, are recorded under the liquidation basis of accounting in accordance with U.S. GAAP. It is reasonably possible, however, that additional costs will be incurred, for which there was not a reasonable basis for estimation as of December 31, 2014. In particular, as of December 31, 2014, the recorded reserves for expected costs of liquidation reflect estimated costs for a remaining liquidation period extending through December 2016, which date is predominantly the result of the estimate of the period of time required for resolution of the Term Loan Avoidance Action, as well as certain additional estimated time as necessary to wind down the GUC Trust, and assumes an extension of the current scheduled dissolution date of the GUC Trust. This end date of the remaining liquidation period has been estimated predominantly on a probability-weighted basis as permitted under U.S. GAAP and which the GUC Trust believes is the most appropriate measurement basis in the circumstances. Where an outcome is estimated to be likely, the likely outcome has been used as the best estimate and no weight has been given to the unlikely outcome. In addition, certain liquidation costs that are expected to be prepaid by the GUC Trust upon its dissolution have also been estimated and accrued. It is possible that future developments in the Term Loan Avoidance Action could extend the current estimate of the remaining period of time required

for resolution and, therefore, extend the estimated remaining liquidation period of the GUC Trust beyond December 31, 2016.

As described in Part II, Item 1, Legal Proceedings, the GUC Trust is participating, as an interested party, in litigation involving certain General Motors vehicle recalls. While the impact of such litigation on the remaining liquidation period of the GUC Trust is not subject to reasonable estimation at this time, it is possible that such litigation could extend the remaining liquidation period of the GUC Trust beyond December 31, 2016.

Table of Contents

The amount of liquidation costs that will ultimately be incurred depends both on the length of the remaining liquidation period and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement. Significant uncertainty remains both as to that time period and as to the extent of those activities. It is reasonably possible that the GUC Trust's estimates regarding the remaining liquidation period and the expected costs of liquidation will change in the near term.

If the funds available for each of the foregoing categories of costs are not sufficient to satisfy any of the costs in that category, the GUC Trust will be required to sell a portion of its holdings of New GM Securities in order to meet its additional obligations for those costs. Any such sales of New GM Securities will result in a lesser number of New GM Securities available for distribution to holders of GUC Trust Units.

The process of recognizing reserves for expected costs of liquidation as a matter of financial reporting is separate and distinct from the process by which New GM Securities are set aside from distribution for the purposes of funding projected costs of liquidation, which are generally made on a more conservative (i.e., more inclusive) basis and include contingencies that are not permitted to be recognized under applicable accounting standards. As described in further detail below, certain New GM Securities (and related Dividend Cash) have already been set aside from distribution for the purposes of meeting such additional obligations. However, the amounts set aside from distribution are neither reflected in nor a part of the financial statements included elsewhere in this Form 10-Q because the process of setting aside such assets is not related to the process of recording, as a matter of financial reporting in the Statement of Net Assets in Liquidation, reserves for expected costs of liquidation or current and deferred income tax liabilities. See "Critical Accounting Policies and Estimates—Income Taxes" and "Critical Accounting Policies and Estimates—Reserves for Expected Costs of Liquidation" above and "Net Assets in Liquidation—New GM Securities Set Aside from Distribution" below.

For additional information regarding the reserves described above, see Note 2 ("Plan of Liquidation") and Note 7 ("Reserves for Expected Costs of Liquidation and Residual Wind-Down Claims") to the financial statements.

Net Assets in Liquidation

Disputed Claims

During the three months ended December 31, 2014, no Disputed General Unsecured Claims were resolved by the GUC Trust Administrator.

The following table provides additional detail regarding claims resolution status at December 31, 2014:

	Allowed General Unsecured Claims	Disputed General Unsecured Claims	Term Loan Avoidance Action Claims	Maximum Amount of Unresolved Claims (1)	Total Claims Amount (2)
(in thousands) As of December 31, 2014	<u>\$31,853,630</u>	<u>\$ 79,500</u>	<u>\$ 1,500,000</u>	<u>\$1,579,500</u>	<u>\$33,433,130</u>

(1) Maximum Amount of Unresolved Claims represents the sum of Disputed General Unsecured Claims and Term Loan Avoidance Action Claims.

(2) Total Claim Amount represents the sum of Allowed General Unsecured Claims and Maximum Amount of Unresolved Claims.

Table of Contents

Distributable Assets

The table below summarizes the activity in the New GM Securities and Dividend Cash that comprise the GUC Trust's distributable assets, including the amounts of New GM Securities distributed through or distributable as of December 31, 2014, as well as the numbers of New GM Securities and amount of Dividend Cash available for distribution to holders of GUC Trust Units as of December 31, 2014:

	<u>New GM Common Stock</u>	<u>New GM Series A Warrants</u>	<u>New GM Series B Warrants</u>	<u>Dividend Cash</u>
Distributable Assets as of Effective Date (March 31, 2011)	150,000,000	136,363,635	136,363,635	\$ —
Dividends Received on New GM Common Stock	—	—	—	17,218,099
Prior Distributions (1)	(137,294,837)	(124,813,728)	(124,813,728)	(3,358,887)
Prior Sales to Fund GUC Trust Costs and Avoidance Action Trust Funding Obligation	<u>(1,171,650)</u>	<u>(1,065,134)</u>	<u>(1,065,134)</u>	<u>—</u>
Holdings of New GM Securities as of December 31, 2014 (2)	11,533,513	10,484,773	10,484,773	13,859,212
Less: Distributions Payable at December 31, 2014 (1), (3)	(79,796)	(72,441)	(72,441)	(114,751)
Add: Distributions Payable to Holders of GUC Trust Units as of December 31, 2014	43,971	39,976	39,976	52,765
Less: Amounts Set Aside from Distribution to Fund Projected GUC Trust Costs	(824,595)	(749,604)	(749,604)	(989,514)
Less: Amounts Set Aside from Distribution to Fund Projected Dividend Taxes	(110,904)	(100,821)	(100,821)	(133,085)
Less: Amounts Set Aside from Distribution to Fund Potential Taxes on Distribution	<u>(3,706,168)</u>	<u>(3,369,244)</u>	<u>(3,369,244)</u>	<u>(4,447,402)</u>
Distributable Assets as of December 31, 2014 (4)	<u>6,856,021</u>	<u>6,232,639</u>	<u>6,232,639</u>	<u>\$ 8,227,225</u>

- (1) The numbers of New GM Securities shown as distributed or distributable include sales for (a) cash distributions to governmental entities to the extent such governmental entities have requested such sales and demonstrated to the satisfaction of the GUC Trust Administrator that such governmental entities are precluded by applicable law from receiving distributions of New GM Securities and (b) fractional numbers of New GM Securities, in lieu of which the GUC Trust is required pursuant to the GUC Trust Agreement to distribute cash, subject to certain minimum thresholds.
- (2) Holdings of New GM Securities reflect the numbers of New GM Securities used to determine Holdings of New GM Securities in the Statement of Net Assets in Liquidation. See Note 5 ("Holdings of New GM Securities") to the financial statements.
- (3) Distributions Payable are in respect of (a) Allowed General Unsecured Claims that were allowed in prior fiscal periods, but for which the holders of such claims had not yet supplied information required by the GUC Trust in order to effect the distribution to which they are entitled and (b) excess distributions payable to holders of GUC Trust Units.
- (4) Distributable Assets reflects the numbers of New GM Securities and amount of Dividend Cash shown as "GUC Trust Distributable Assets" on the report included as Exhibit 99.1 to the Form 8-K filed by the GUC Trust with the SEC on January 20, 2015. Such New GM Securities and associated Dividend Cash have been set aside for potential distribution in respect of current Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims as of December 31, 2014. To the extent such claims are resolved in favor of the GUC Trust, those numbers of New GM Securities and amount of associated Dividend Cash set aside may become available for distribution to holders of GUC Trust Units in future periods. The numbers of New GM Securities set out above as "Distributable Assets" do not, however, directly relate to Net Assets in Liquidation or any other number appearing in our financial statements prepared in accordance with U.S. GAAP.

As described above under the heading “—Disputed Claims,” as of December 31, 2014, there were approximately \$31.9 billion in Allowed General Unsecured Claims. In respect of such claims, the GUC Trust had previously distributed, or was obligated to distribute as of December 31, 2014, in the aggregate, 137,374,633 shares of New GM Common Stock, 124,886,169 New GM Series A Warrants and 124,886,169 New GM Series B Warrants. These numbers include 43,971 shares of New GM Common Stock, 39,976 New GM Series A Warrants and 39,976 New GM Series B Warrants that were distributable to holders of GUC Trust Units in respect of Excess GUC Trust Distributable Assets as of December 31, 2014.

Table of Contents

During the three months ended December 31, 2014, no New GM Securities were sold to fund liquidation and administrative costs of the GUC Trust.

New GM Securities Set Aside from Distribution

Overview of New GM Securities Set Aside from Distribution

In addition to distributions and liquidations of New GM Securities, which are reflected as reductions to the GUC Trust net assets in its financial statements, the GUC Trust also, from time to time, sets aside New GM Securities for potential future liquidation to fund projected liquidation, administrative and reporting costs, as well as potential income tax liabilities, including both Dividend Taxes and Taxes on Distribution. The New GM Securities that are set aside from distribution by the GUC Trust are not deducted from the net assets in liquidation of the GUC Trust in its financial statements unless and until such New GM Securities are liquidated. The New GM Securities set aside from distribution are segregated by the GUC Trust for such specific purposes and are not available for distribution to holders of GUC Trust Units or other claimants unless and to the extent that the GUC Trust later determines that the New GM Securities are no longer needed to fund those specific purposes.

This process is not related to, and is separate from, the process of recording current and deferred income tax liabilities and reserves for expected costs of liquidation in the Statement of Net Assets in Liquidation. As a matter of financial reporting, income tax liabilities and reserves for expected costs of liquidation must be determined in accordance with generally accepted accounting principles applicable to the GUC Trust. By contrast, the estimates of projected costs and potential liabilities for which the GUC Trust may set aside New GM Securities are generally made on a more conservative (i.e., more inclusive) basis and include contingencies and amounts of potential income tax liabilities that are not permitted to be recognized under applicable accounting standards. See “Critical Accounting Policies and Estimates—Income Taxes” and “Critical Accounting Policies and Estimates—Reserves for Expected Costs of Liquidation” above.

As of December 31, 2014, the distributable assets of the GUC Trust included 6,856,021 shares of New GM Common Stock, 6,232,639 New GM Series A Warrants and 6,232,639 New GM Series B Warrants, with an aggregate fair value of approximately \$501.6 million, as well as Dividend Cash of \$8.2 million, after deducting the numbers of New GM Securities and amount of Dividend Cash (i) set aside from distribution to fund additional projected liquidation, administrative and reporting costs and potential income tax liabilities of the GUC Trust (as described below under the headings “—‘Set Aside’ Calculations Relating to Projected Liquidation and Administrative Costs, Including Dividend Taxes” and “—‘Set Aside’ Calculations Relating to Potential Taxes on Distribution”) and (ii) set aside for distributions payable in respect of Allowed General Unsecured Claims that were allowed in prior fiscal periods, but for which the holders of such claims had not yet supplied information required by the GUC Trust in order to effect the distributions to which they are entitled. Such New GM Securities and Dividend Cash have been set aside for potential distribution in respect of current Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims. To the extent such claims are resolved in favor of the GUC Trust, those numbers of New GM Securities and amount of Dividend Cash set aside may become available for distribution to holders of GUC Trust Units in future periods.

“Set Aside” Calculations Relating to Projected Liquidation and Administrative Costs, Including Dividend Taxes

The GUC Trust Administrator reevaluates, on a quarterly basis, the numbers of New GM Securities needed to be set aside from distribution for purposes of funding projected liquidation and administrative costs, including Dividend Taxes. This determination is made on a basis different than that used to calculate reserves for financial statement purposes. The current methodology for calculating such set asides converts estimates of projected liquidation, administrative and reporting costs into the numbers of New GM Securities to be set aside from distribution by dividing such estimates by the trailing twelve month average closing prices for the New GM Securities. In addition, the numbers of New GM Securities to be set aside from distribution are reduced for dividends on New GM Common Stock received by the GUC Trust that are associated with the set-aside New GM Common Stock by dividing such dividends by the trailing twelve month average closing prices for the New GM Securities and subtracting such calculated numbers of New GM Securities from the numbers of set-aside New GM Securities. A corresponding amount of Dividend Cash associated with the set-aside New GM Securities are also set aside from distribution.

For the quarter ended December 31, 2014, as a result of the standard quarterly reevaluations described above, the numbers of New GM Securities and amount of Dividend Cash set aside from distribution to fund projected liquidation, administrative and reporting costs of the GUC Trust were increased by 34,210 shares of New GM Common Stock, 31,096

New GM Series A Warrants, 31,096 New GM Series B Warrants and \$0.3 million in Dividend Cash from those previously set aside as of September 30, 2014. These overall increases were primarily related to a decrease in the trailing twelve month average closing prices of New GM Securities during the period, as well as an increase in estimated Dividend Taxes relating to the receipt of dividends on New GM Common Stock during the period (which are required under the GUC Trust Agreement to be paid from the proceeds of sale of New GM Securities included in Excess GUC Trust Distributable Assets), partially offset by a reduction in projected liquidation, administrative and reporting costs. Accordingly, as of December 31, 2014, the GUC Trust had set aside from distribution, in the aggregate, 935,499

Table of Contents

shares of New GM Common Stock, 850,425 New GM Series A Warrants, 850,425 New GM Series B Warrants and Dividend Cash of \$1.1 million, with an aggregate fair value of \$69.6 million, for the purposes of funding future projected liquidation, administrative and reporting costs of the GUC Trust, including Dividend Taxes of \$8.2 million. Such amounts were sufficient to fully fund projected liquidation and administrative costs of the GUC Trust, as estimated by the GUC Trust Administrator, at December 31, 2014.

With respect to projected Dividend Taxes, no additional set aside of New GM Securities has been made as of December 31, 2014, due to uncertainty associated with a number of variables, including but not limited to (a) the likelihood of the payment of, and timing of, any potential future dividends, (b) the amount per share of any potential future dividend, and (c) the number of shares of New GM Common Stock that will be held by the GUC Trust as of the record date of any potential future dividends. To the extent that the GUC Trust Administrator determines that the level of uncertainty associated with any of the aforementioned variables has sufficiently decreased, the GUC Trust Administrator reserves the right, at its discretion and without advance notice, to increase or decrease the set aside for Wind-Down Costs in an amount sufficient to cover all estimated Dividend Taxes associated with all then anticipated potential future dividends. In such event, and assuming that, for the remainder of the estimated life of the GUC Trust (as estimated for other set aside purposes), New GM continues to pay quarterly dividends at the current rate per share and the number of shares of New GM Common Stock held by the GUC Trust as at December 31, 2014 does not decrease, and based upon the GUC Trust's current applicable income tax rate and the market value of New GM Securities at December 31, 2014, there could be, as a conservative measure, up to a further \$30.7 million of New GM Securities required to be set aside. The dollar value of New GM Securities comprising such additional set aside would vary if, for example, no dividend is paid by New GM for one or more future quarters, the rate per share of any dividend that is actually paid by New GM in future periods increases or decreases, the applicable income tax rate changes, the life of the GUC Trust is longer or shorter than that assumed, or if (as is likely) the number of shares of New GM Common Stock held by the GUC Trust declines over its remaining life and the market value of the New GM Securities increases or decreases.

"Set Aside" Calculations Relating to Potential Taxes on Distribution

In addition to reevaluating the numbers of New GM Securities to be set aside from distribution to fund projected liquidation and administrative costs, including Dividend Taxes, the GUC Trust Administrator also reevaluates, on a quarterly basis, the numbers of New GM Securities needed to be set aside from distribution to fund potential income tax liabilities on realized gains and future gains from the disposition of New GM Securities, which are referred to as Taxes on Distribution. The current methodology for calculating such set asides estimates potential Taxes on Distribution by applying the applicable U.S. federal income tax rate to estimates of potential capital gains, which are arrived at by comparing the highest closing price for the New GM Securities since December 15, 2011, against the tax basis of the New GM Securities on December 15, 2011 (based on the date of transfer of record ownership of the New GM Securities to the GUC Trust from MLC). The set aside calculation methodology then converts the estimate of potential Taxes on Distribution into the numbers of New GM Securities to be set aside from distribution by dividing such estimate by the trailing twelve month average closing prices of the New GM Securities. In addition, the numbers of New GM Securities to be set aside from distribution are reduced for dividends on New GM Common Stock received by the GUC Trust that are associated with the set-aside New GM Common Stock by dividing such dividends by the trailing twelve month average closing prices for the New GM Securities and subtracting such calculated numbers of New GM Securities from the numbers of set-aside New GM Securities. A corresponding amount of Dividend Cash associated with the set-aside New GM Securities is also set aside from distribution.

The GUC Trust's calculations of the numbers of New GM Securities needed to be set aside from distribution to fund such potential Taxes on Distribution are made using a different methodology than that used to calculate deferred tax liabilities for financial statement purposes. In estimating potential Taxes on Distribution, the "set aside" calculation estimates potential capital gains as the difference between (a) the tax basis of the New GM Securities on December 15, 2011 and (b) the highest closing price of such New GM Securities since December 15, 2011. By contrast, in calculating deferred tax liabilities for purposes of financial reporting, under applicable generally accepted accounting principles, the GUC Trust calculates estimated capital gains as the difference between (a) the tax basis of the New GM Securities for financial reporting (based on the date of transfer of beneficial ownership of the New GM Securities to the GUC Trust from MLC) and (b) the closing price of such New GM Securities as of the last trading date of the most recent fiscal quarter.

For the quarter ended December 31, 2014, as a result of the standard quarterly reevaluations described above, the numbers of New GM Securities and amount of Dividend Cash set aside from distribution to fund projected Taxes on Distribution of the GUC Trust were reduced by 80,361 shares of New GM Common Stock, 73,055 New GM Series A Warrants and 73,055 New GM Series B Warrants and increased by \$1.0 million in Dividend Cash from those previously set aside at September 30, 2014. These overall reductions in the numbers of New GM Securities primarily resulted from a

reduction in the projected Taxes on Distribution, partially offset by a decrease in the trailing twelve month average closing prices of New GM Securities during the period. The overall increase in set aside Dividend Cash was primarily related to the receipt of dividends on New GM Stock held by the GUC Trust during the period, which are associated with the set aside New GM Common Stock. Accordingly, as of December 31, 2014, the GUC Trust had set aside from distribution, in the aggregate, 3,706,168 shares of New GM Common Stock, 3,369,244 New GM Series A Warrants,

Table of Contents

3,369,244 New GM Series B Warrants and Dividend Cash of \$4.4 million, with an aggregate fair value of \$275.6 million, for the purposes of funding potential Taxes on Distribution of the GUC Trust. Such amounts were sufficient to fully fund potential Taxes on Distribution of the GUC Trust, as estimated by the GUC Trust Administrator at December 31, 2014.

The “set aside” calculation for potential Taxes on Distribution as of December 31, 2014 is set forth below:

	<u>New GM Common Stock</u>	<u>New GM Series A Warrants</u>	<u>New GM Series B Warrants</u>	<u>Total</u>	<u>Calculation Reference</u>
Holdings of New GM Securities as of December 31, 2014	11,533,513	10,484,773	10,484,773		
Tax basis of New GM Securities (1)	\$ 19.87	\$ 11.38	\$ 7.88		
Highest closing price since December 15, 2011 (2)	<u>\$ 41.53</u>	<u>\$ 31.97</u>	<u>\$ 23.858</u>		
Estimated potential taxable gain per New GM Security	<u>\$ 21.66</u>	<u>\$ 20.59</u>	<u>\$ 15.978</u>		
Aggregate estimated potential taxable gain (in thousands)	<u>\$ 249,816</u>	<u>\$ 215,881</u>	<u>\$ 167,526</u>	<u>\$633,223</u>	
Capital gains and net operating losses since March 31, 2014 (in thousands) (3)				85,710	
Additional expected tax deductible costs of liquidation (in thousands)				<u>(27,753)</u>	
Estimated potential taxable income (in thousands)				\$691,180	
Tax rate				<u>39.6%</u>	
Estimated potential tax liabilities (in thousands)				\$273,707	A
Average closing price for trailing twelve months (4)	\$ 34.57	\$ 24.89	\$ 17.00		B
Ratio to set aside (5)	100%	91%	91%		
Value per New GM Security, based on ratio to set aside	\$ 34.57	\$ 22.63	\$ 15.46		C
Percentage allocable to each class of New GM Security	48%	31%	21%	100%	D = C/ (sum of C)
Amount to be set aside, as allocated to each class of New GM Security (in thousands)	\$ 130,239	\$ 85,242	\$ 58,226	\$273,707	E = D*A
Number of New GM Securities to be set aside	3,767,383	3,424,894	3,424,894		F = E/B
Reduction for Dividend Cash attributable to set aside New GM Securities	<u>(61,215)</u>	<u>(55,650)</u>	<u>(55,650)</u>		G = H*D/B
	3,706,168	3,369,244	3,369,244		
Closing price at December 31, 2014	<u>\$ 34.91</u>	<u>\$ 25.08</u>	<u>\$ 17.00</u>		
Fair value of New GM Securities set aside at December 31, 2014, exclusive of Dividend Cash (in thousands)	\$ 129,382	\$ 84,501	\$ 57,277	\$271,160	
Add: Dividend Cash set aside at December 31, 2014 (in thousands) (6)	<u>\$ 4,447</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,447</u>	H
Fair value of New GM Securities and Dividend Cash set aside at					

December 31, 2014 (in
thousands) (7)

\$ 133,829

\$ 84,501

\$ 57,277

\$275,607

Table of Contents

- (1) Uses the date of transfer of record ownership of the New GM Securities to the GUC Trust from MLC on December 15, 2011, for purposes of determining the tax basis thereof.
- (2) The highest closing prices for the New GM Common Stock, the New GM Series A Warrants and the New GM Series B Warrants occurred on December 17, 2013.
- (3) The capital gains and net operating losses since March 31, 2014 reflect taxable capital gains on distributions of New GM Securities using the tax basis of the New GM Securities described in (1) above. Operating losses exclude dividends received on New GM Common Stock held by the GUC Trust for which potential Dividend Taxes are reflected in the set aside for purposes of funding projected liquidation and administrative costs. Remaining capital and net operating loss carryovers through March 31, 2014 are subject to examination by the Internal Revenue Service and, therefore, are excluded.
- (4) The average closing prices for the New GM Common Stock, the New GM Series A Warrants and the New GM Series B Warrants for the period January 1, 2014 through December 31, 2014.
- (5) The “ratio to set aside” is calculated by dividing the number of New GM Securities of each class authorized for distribution under the Plan (i.e., 150,000,000 shares of New GM Common Stock and 136,363,635 of each series of New GM Warrants) by the number of shares of New GM Common Stock authorized for distribution under the Plan.
- (6) Represents dividends received on New GM Common Stock held by the GUC Trust associated with the number of set-aside shares of New GM Common Stock.
- (7) As of December 31, 2014, the fair value of New GM Securities set aside to fund Taxes on Distribution was higher than estimates of potential Taxes on Distribution. This is because the fair value of such New GM Securities was based on current closing prices that were higher than the trailing twelve month average closing prices used in converting the estimate of potential Taxes on Distribution into the number of New GM Securities to be set aside.

It is the view of the GUC Trust Administrator, after consultation with the GUC Trust Monitor and other professionals retained by the GUC Trust, that the calculation methodologies described above, on the basis of which New GM Securities are set aside from distribution, generally estimate the projected liquidation and administrative costs and potential tax liabilities of the GUC on a conservative basis. Accordingly, it is the view of the GUC Trust Administrator and the GUC Trust Monitor that the New GM Securities currently set aside from distribution to fund such costs and liabilities would be sufficient, upon liquidation, to satisfy such obligations of the GUC Trust as of the date of this Form 10-Q. However, there can be no assurance that the numbers of New GM Securities set aside will be sufficient to fund such costs and liabilities as they are actually incurred, in particular if the market price of

Table of Contents

the New GM Securities falls below the trailing twelve month average closing prices used to convert the GUC Trust's estimates of such projected costs and potential liabilities into numbers of GUC Trust Securities to be set aside as opposed to being higher, as described above. In addition, there can be no assurance that, as a result of future evaluations, additional numbers of New GM Securities will not need to be set aside or sold to fund additional costs and liabilities, beyond those that are currently included in the GUC Trust's estimates, in particular as a result of fluctuations in the market price of the New GM Securities and changes in the GUC Trust's estimates of projected costs and potential liabilities, including the possible increase in estimates of projected Dividend Taxes described under "—'Set Aside' Calculations Relating to Projected Liquidation and Administrative Costs, Including Dividend Taxes" above. See "Liquidity and Capital Resources" below.

GUC Trust Units

The table below details the changes in the number of GUC Trust Units outstanding or issuable during the three months ended December 31, 2014:

	<u>GUC Trust Units</u>
Outstanding or issuable at September 30, 2014 (1), (2)	31,853,702
Issued during the three months ended December 31, 2014	—
Less: Issuable at September 30, 2014 (1)	(—)
Add: Issuable at December 31, 2014 (1)	—
Outstanding or issuable at December 31, 2014 (1), (2)	<u>31,853,702</u>

- (1) The number of GUC Trust Units issuable at any time represents GUC Trust Units issuable in respect of Allowed General Unsecured Claims that were newly allowed during the fiscal quarter
- (2) The number of GUC Trust Units outstanding at any time represents GUC Trust Units issued in respect of Allowed General Unsecured Claims that were allowed in prior periods, including GUC Trust Units held by the GUC Trust for the benefit of (a) holders of Allowed General Unsecured Claims who had not yet supplied information required by the GUC Trust in order to effect the initial distribution to which they are entitled and (b) governmental entities that are precluded by applicable law from receiving distributions of GUC Trust Units and New GM Securities.

Liquidity and Capital Resources

The GUC Trust's sources of liquidity are principally the funds it holds for the payment of liquidation and administrative costs, and to a significantly lesser degree, the earnings on such funds invested by it. The GUC Trust holds such funds as cash and cash equivalents and also invests such funds in marketable securities, primarily corporate commercial paper and municipal commercial paper and demand notes, as permitted by the Plan and the GUC Trust Agreement.

During the nine months ended December 31, 2014, the GUC Trust's holdings of cash and cash equivalents increased approximately \$10.6 million from approximately \$14.9 million to approximately \$25.5 million. The increase was due primarily to dividends received on holdings of New GM Common Stock of \$12.6 million and proceeds from the maturity and sale of marketable securities in excess of reinvestments of \$12.3 million, offset in part by cash paid for liquidation and administrative costs of \$9.4 million, cash paid for distributions of \$3.5 million and cash paid for Residual Wind-Down Claims of \$2.0 million.

During the nine months ended December 31, 2014, the funds invested by the GUC Trust in marketable securities decreased approximately \$12.3 million, from approximately \$44.4 million to approximately \$32.1 million. The decrease was due primarily to reduced re-investments of cash in marketable securities in order to fund cash needs during the period. The GUC Trust earned approximately \$52,000 in interest income on such investments during the period.

As of December 31, 2014, the GUC Trust held approximately \$57.6 million in cash and cash equivalents and marketable securities. Of that amount, approximately \$37.6 million (comprising approximately \$28.8 million of the remaining Residual Wind-Down Assets, approximately \$8.4 million of the remaining Administrative Fund and approximately \$0.4 million in remaining funds designated for the Indenture Trustee / Fiscal and Paying Agent Costs), is required by the GUC Trust Agreement to be returned, upon the winding-up of the GUC Trust, to the DIP Lenders to the extent such funds are not utilized to satisfy designated Wind-Down Costs, Residual Wind-Down Claims (including Avoidance Action Defense Costs), Residual Wind-Down Costs and Indenture Trustee/Fiscal Paying Agent Costs. Of the \$8.4 million of cash and cash equivalents and marketable securities remaining in the Administrative Fund, approximately \$8.2 million has been separately designated for the

satisfaction of certain identified costs and liabilities of the GUC Trust, and such amounts may not be used for the payment of other Wind-Down Costs, and \$0.2 million is available for other Wind-Down Costs (principally the payment of GUC Trust professionals), which funds must be exhausted prior to the use of any Other Administrative Cash for such purposes. Such amounts will not at any time be available for distribution to the holders of the GUC

Table of Contents

Trust Units. In addition, of the amount of cash and cash equivalents held by the GUC Trust at December 31, 2014, approximately \$13.8 million relates to Dividend Cash. As described above, Dividend Cash will be distributed to holders of newly Allowed General Unsecured Claims (including Term Loan Avoidance Action Claims) and GUC Trust Units in respect of New GM Common Stock that they receive, unless such dividends are in respect of shares of New GM Common Stock that are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the GUC Trust's liquidation and administrative costs, income tax liabilities or shortfalls in Residual Wind-Down Assets. The balance of cash and cash equivalents and marketable securities of approximately \$6.2 million is available for the payment of certain reporting and administrative costs of the GUC Trust, and would be available in the future for distribution to the holders of the GUC Trust Units, if not otherwise used to satisfy those GUC Trust obligations. See "Functions and Responsibilities of the GUC Trust" above.

In addition to funds held for payment of costs of liquidation and administration and Dividend Cash, the GUC Trust also holds New GM Securities, a portion of which the GUC Trust Administrator is permitted to set aside from distribution and to sell with the approval of the Bankruptcy Court or Trust Monitor, as applicable, in order to fund additional costs and income tax liabilities (including both Dividend Taxes and Taxes on Distribution) as they become due. As of December 31, 2014, the aggregate fair value of the New GM Securities held by the GUC Trust, excluding securities set aside for liquidating distributions payable as of that date, was approximately \$838.0 million. As of December 31, 2014, the GUC Trust Administrator had further set aside from distribution New GM Securities with an aggregate fair market value of approximately \$68.4 million and related Dividend Cash of \$1.1 million to fund projected liquidation and administrative costs, including Dividend Taxes, and New GM Securities with an aggregate fair market value of approximately \$271.2 million and related Dividend Cash of \$4.4 million to fund potential Taxes on Distribution. See "Net Assets in Liquidation—Distributable Assets" above.

There is no assurance that additional numbers of New GM Securities will not be required to be set aside from distribution and sold to fund additional costs and income tax liabilities, beyond what the GUC Trust Administrator has already set aside. Any sales of New GM Securities that occur to fund such obligations will result in a lesser amount of New GM Securities available for distribution to holders of GUC Trust Units. In addition, as described above under the headings "Functions and Responsibilities of the GUC Trust—Residual Wind-Down Claims" and "Functions and Responsibilities of the GUC Trust—Other Assets Received from MLC on the Dissolution Date," a portion of the GUC Trust's assets are currently segregated pursuant to the GUC Trust Agreement for the satisfaction of Residual Wind-Down Claims and certain other specified costs. If such assets are insufficient to satisfy the Residual Wind-Down Claims or fund such other specified costs for any reason, the GUC Trust Administrator will similarly be required to set aside from distribution and sell additional New GM Securities in order to fund such shortfall.

As described above, on January 29, 2015, the Bankruptcy Court approved the 2015 Liquidation Motion. While the GUC Trust Administrator has not yet exercised its authority to liquidate set aside New GM Securities or use set aside Dividend Cash, it currently plans to exercise this authority in February 2015.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements about the assets, financial condition and prospects of the GUC Trust. Actual results could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including, without limitation, the resolution of the Disputed General Unsecured Claims, the outcome of and the ultimate recovery on the Term Loan Avoidance Action, any related incurrence of Allowed General Unsecured Claims, the GUC Trust's incurrence of professional fees, tax liabilities and other expenses in connection with administration of the GUC Trust, economic conditions, changes in tax and other governmental rules and regulations applicable to the GUC Trust, fluctuations in the market price of the New GM Securities and other risks, as well as various risks and uncertainties associated with New GM, as described in New GM's periodic and current reports filed under the Securities Exchange Act of 1934, as amended. Some of these risks and uncertainties are beyond the ability of the GUC Trust to control, and in many cases, risks and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements cannot be predicted. When used in this Form 10-Q, the words "believes," "estimates," "plans," "expects," "intends," and "anticipates" and similar expressions are intended to identify forward-looking statements.

Glossary

The capitalized terms used in this Form 10-Q are summarized below. For additional information on any of the matters relating to such terms, see the disclosure in the notes to the financial statements filed with this Form 10-Q and in the Form 8-K

filed by the GUC Trust with the Securities and Exchange Commission on June 12, 2012.

“2015 Liquidation Motion” means the motion filed on January 14, 2015 by the GUC Trust Administrator seeking authority from the Bankruptcy Court to liquidate set aside New GM Securities and use set aside Dividend Cash in an aggregate amount of approximately \$11.5 million to fund anticipated administrative and reporting fees, costs and expenses of the GUC Trust for the calendar year 2015.

Table of Contents

“Administrative Agent” means JPMorgan Chase Bank, N.A. in its capacity as administrative agent for various lenders party to the Term Loan.

“Administrative Fund” means the cash contributed to the GUC Trust to be held and maintained by the GUC Trust Administrator for the purpose of paying the Wind-Down Costs.

“ADR Proceedings” means alternative dispute resolution proceedings, including mediation and arbitration.

“Allowed General Unsecured Claims” means the general unsecured claims against the Debtors that are allowed at any given time.

“Avoidance Action Defense Costs” means certain reasonable costs, fees and expenses which the GUC Trust is obligated to satisfy relating to defending the Term Loan Avoidance Action, subject to the right of the GUC Trust to seek disgorgement in accordance with the terms of the Plan.

“Avoidance Action Trust” means the trust established under the Plan for the purpose of holding and prosecuting the Term Loan Avoidance Action.

“Avoidance Action Trust Administrator” means Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trustee and trust administrator of the Avoidance Action Trust.

“Bankruptcy Code” means title 11 of the United States Code.

“Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of New York.

“Certified Question” means the threshold question certified by the Second Circuit to the Delaware Court with respect to the Term Loan Avoidance Action.

“Closing Date” means July 10, 2009, the date on which the sale of substantially all of the assets of Old GM pursuant to the MSPA was completed.

“Committee” means the Official Committee of Unsecured Creditors of the Debtors appointed by the Office of the United States Trustee in the chapter 11 cases of the Debtors.

“Debtors” means MLC and its affiliated debtors and debtors-in-possession.

“Delaware Court” means Delaware Supreme Court.

“DIP Lenders” means the United States Department of Treasury and the Governments of Canada and Ontario, through Export Development Canada.

“Disputed General Unsecured Claims” means the general unsecured claims against the Debtors that are disputed at a given time and does not include any potential Term Loan Avoidance Action Claims.

“Dissolution Date” means December 15, 2011, the date that MLC filed a Certificate of Dissolution with the Secretary of State of Delaware and was dissolved.

“Dividend Cash” means the amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust.

“Dividend Taxes” means federal income taxes incurred in respect of dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust.

“Effective Date” means March 31, 2011, the date that the Plan became effective.

Table of Contents

“Excess GUC Trust Distributable Assets” means (i) New GM Securities and Dividend Cash associated with such New GM Securities (only if and to the extent such New GM Securities (a) are not required for the satisfaction of new Allowed General Unsecured Claims and (b) have not been set aside from distribution to fund projected liquidation, administrative and reporting costs, Dividend Taxes or Taxes on Distribution of the GUC Trust) and (ii) Other Administrative Cash available, if any, for distribution to the holders of GUC Trust Units.

“GUC Trust” means the Motors Liquidation Company GUC Trust.

“GUC Trust Administrator” means Wilmington Trust Company, not in its individual capacity but solely in its capacity as trust administrator and trustee of the GUC Trust.

“GUC Trust Agreement” means the Amended and Restated Motors Liquidation Company GUC Trust Agreement, dated as of June 11, 2012, as subsequently amended.

“GUC Trust Monitor” means FTI Consulting, Inc., solely in its capacity as trust monitor of the GUC Trust.

“GUC Trust Units” means the units of beneficial interests in the GUC Trust distributed to holders of Allowed General Unsecured Claims in proportion to the amount of their claims subject to certain rounding rules set forth in the Plan and the GUC Trust Agreement. Each GUC Trust Unit represents the contingent right to receive a pro rata share of the Excess GUC Trust Distributable Assets.

“Ignition Switch Actions” means the various actions (including putative class actions) filed by various plaintiffs against New GM seeking compensatory and other damages for economic losses allegedly resulting from the Ignition Switch Recall, or the underlying condition of the subject vehicles.

“Ignition Switch Recall” means the ignition-switch-related recalls initiated by New GM.

“Indenture Trustee / Fiscal and Paying Agent Costs” means certain costs, fees and expenses payable under the Plan to the indenture trustees and fiscal and paying agents for the previously outstanding debt of MLC.

“Initial Reporting Cash” means the proceeds of approximately \$5.7 million from the sale by the GUC Trust of New GM Securities shortly after the Effective Date, expressly authorized by the GUC Trust Agreement for the purposes of funding Reporting Costs.

“MDL Court” means, with respect to case number 14-MD-2543 (JMF), the United States District Court for the Southern District of New York.

“MDL Proceeding” means the actions that have been transferred to and consolidated under the case number 14-MD-2543 (JMF) and are pending before the MDL Court, including certain Subject Recall-Related Actions.

“MLC” means Motors Liquidation Company, which dissolved on December 15, 2011.

“MSPA” means the Master Sale and Purchase Agreement dated as of July 10, 2009, by and among Old GM, certain of its debtor subsidiaries and NGMCO, Inc., as amended.

“New GM” means General Motors Company, together with its consolidated subsidiaries.

“New GM Common Stock” means the common stock of General Motors Company, including with respect to New GM Common Stock that has been set aside from distribution, reserved or sold, any Dividend Cash related to such New GM Common Stock.

“New GM Securities” means the New GM Common Stock (including with respect to New GM Common Stock that has been set aside from distribution, reserved or sold, any Dividend Cash related to such New GM Common Stock), and the New GM Warrants.

“New GM Series A Warrants” means the warrants to acquire shares of New GM Common Stock at an exercise price of

\$10.00 per share, expiring July 10, 2016.

“New GM Series B Warrants” means the warrants to acquire shares of New GM Common Stock at an exercise price of \$18.33 per share, expiring July 10, 2019.

Table of Contents

“New GM Warrants” means the New GM Series A Warrants and the New GM Series B Warrants.

“Old GM” means MLC, formerly known as General Motors Corporation.

“Other Administrative Cash” means the cash proceeds from the sale of any New GM Securities that have been set aside from distribution to fund the current or projected liquidation, reporting and other administrative costs or income tax liabilities of the GUC Trust, plus any Dividend Cash related to any New GM Common Stock so sold.

“Other Economic Loss Actions” means the various actions (including putative class actions) filed by various plaintiffs against New GM seeking compensatory and other damages for economic losses allegedly resulting from recalls of vehicles initiated by New GM (other than the Ignition Switch Recall), or the underlying condition of those vehicles.

“Personal Injury Actions” means the various actions (including putative class actions) filed by various plaintiffs against New GM seeking compensatory and other damages for personal injury and other claims allegedly arising from accidents that occurred as a result of the underlying condition of the vehicles subject to the recalls initiated by New GM.

“Plan” means the Debtors’ Second Amended Joint Chapter 11 Plan, filed with the Bankruptcy Court on March 18, 2011.

“QSF” means Qualified Settlement Fund under applicable regulations of the United States Department of Treasury.

“Recall-Related Actions” means, collectively, the Ignition Switch Actions, the Other Economic Loss Actions and the Personal Injury Actions.

“Reporting Costs” means fees, costs and expenses of the GUC Trust directly or indirectly relating to (i) reports to be prepared and filed by the GUC Trust pursuant to applicable rules, regulations and interpretations of the SEC, (ii) the transfer, registration for transfer and certification of GUC Trust Units, (iii) the application by the Committee to the Internal Revenue Service for a private letter ruling regarding the tax treatment of the GUC Trust and the holders of Allowed General Unsecured Claims in respect of the distribution of New GM Securities and (iv) certain legal proceedings relating to the Term Loan Avoidance Action.

“Residual Wind-Down Assets” means the funds remaining of the approximately \$42.8 million in cash and prepaid expenses transferred by MLC to the GUC Trust on the Dissolution Date to satisfy the Residual Wind-Down Claims and Residual Wind-Down Costs (which amount consisted of approximately \$40.0 million in cash, including approximately \$1.4 million for Avoidance Action Defense Costs, and the transferred benefit of approximately \$2.8 million in prepaid expenses).

“Residual Wind-Down Claims” means all disputed administrative expense claims, priority tax claims, priority non-tax claims, and secured claims against the Debtors that were remaining as of the Dissolution Date.

“Residual Wind-Down Costs” means certain costs, fees and expenses relating to resolving the Residual Wind-Down Claims.

“Sale Order” means the Sale Order and Injunction entered by the Bankruptcy Court on July 5, 2009, approving the sale of substantially all of the assets of Old GM to New GM pursuant to Section 363(b) of the Bankruptcy Code.

“SEC” means the Securities and Exchange Commission.

“Second Circuit” means the United States Court of Appeals for the Second Circuit.

“Subject Recall-Related Actions” means the Recall-Related Actions that concern vehicles designed, manufactured or sold prior to the Closing Date, except for Personal Injury Actions related to accidents that occurred after the Closing Date.

“Taxes on Distribution” means income tax liabilities on any net capital gains realized upon the distribution of New GM Securities to holders of Allowed General Unsecured Claims or GUC Trust Units or by the sale of New GM Securities (unless such net capital gains are offset by deductible operating losses).

“Term Loan” means the syndicated loan facility evidenced by that certain Term Loan Agreement, dated as of

November 29, 2006, among General Motors Corporation, Saturn Corporation and JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto from time to time (as amended, restated, supplemented or otherwise revised from time to time).

Table of Contents

“Term Loan Avoidance Action” means the legal action styled as Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A., et al., Adv. Pro. No. 09-00504 (Bankr. S.D.N.Y. July 31, 2009).

“Term Loan Avoidance Action Claims” means the Allowed General Unsecured Claims that arise in the amount of any recovery of proceeds if the Avoidance Action Trust Administrator is successful in its prosecution of the Term Loan Avoidance Action. For the avoidance of doubt, as used in this Form 10-Q, the amounts of “Disputed General Unsecured Claims” do not include any potential Term Loan Avoidance Action Claims.

“Wind-Down Costs” means certain fees and expenses incurred by the GUC Trust, including fees of the GUC Trust Administrator and the GUC Trust Monitor and the fees and expenses for other professionals retained by the GUC Trust, other than Reporting Costs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Disclosure under this item is not required, pursuant to the no-action letter of the Securities and Exchange Commission to the GUC Trust dated May 23, 2012.

Item 4. Disclosure Controls and Procedures.

During the fiscal period covered by this report, the management of the GUC Trust, with the participation of the Vice President of the GUC Trust Administrator, completed an evaluation of the effectiveness of the design and operation of the GUC Trust’s disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934, as amended). Based on this evaluation, the GUC Trust’s management, including that Vice President of the GUC Trust Administrator, has concluded that, as of the end of the fiscal period covered by this report, the GUC Trust’s disclosure controls and procedures were effective. There were no material changes in the GUC Trust’s internal control over financial reporting during the fiscal period covered by this report.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Term Loan Avoidance Action

As disclosed in our annual report on Form 10-K filed on May 22, 2014, on July 31, 2009, the Committee, on behalf of the Debtors, commenced the Term Loan Avoidance Action, which seeks the return of approximately \$1.5 billion that had been transferred by the Debtors to a consortium of prepetition lenders to Old GM in respect of a term loan extended, or the Term Loan, by such consortium (and which consortium asserted that they had a perfected \$1.5 billion security interest in certain assets of Old GM, which was principally reflected in one specific Delaware UCC-1 financing statement filed in respect of certain equipment of Old GM). The Committee has asserted that the UCC-1 was effectively terminated when an amendment on Delaware form UCC-3 (although filed in connection with an unrelated debt financing that was not secured by such UCC - 1), was filed in respect of such UCC-1 security interest, and the administrative agent for the Term Loan, or the Administrative Agent, has disputed that assertion on a number of grounds, including asserting that the termination was unintended and that the UCC-3 was unauthorized. On March 1, 2013, the Bankruptcy Court entered an *Order on Cross-Motions for Summary Judgment* (Docket No. 72) and *Judgment* (Docket No. 73), granting summary judgment in favor of the Administrative Agent and dismissing the Term Loan Avoidance Action. The *Order on Cross-Motions for Summary Judgment* and *Judgment* were subsequently appealed to the United States Court of Appeals for the Second Circuit, or the Second Circuit.

On June 17, 2014, the Second Circuit certified a threshold question, or the Certified Question, to the Delaware Supreme Court, or the Delaware Court, in the Term Loan Avoidance Action, as follows: Under UCC Article 9, as adopted into Delaware law by Del. Code Ann. tit. 6, art. 9, for a UCC-3 termination statement to effectively extinguish the perfected nature of a UCC-1 financing statement, is it enough that the secured lender review and knowingly approve for filing a UCC-3 purporting to extinguish the perfected security interest, or must the secured lender intend to terminate the particular security interest that is listed on the UCC-3. After accepting the question and following briefing to and oral argument before the Delaware Court, on October 17, 2014, the Delaware Court answered the Certified Question as follows: It is enough that the secured lender review and knowingly approve for filing a UCC-3 purporting to extinguish the perfected security interest. Following the Delaware Court’s answer of the Certified Question, the appeal of the Bankruptcy Court’s *Order on Cross-Motions for Summary Judgment* and *Judgment* remained pending before the Second Circuit.

On January 21, 2015, the Second Circuit, after taking into account the Delaware Court's answer to the Certified Question, reversed the Bankruptcy Court's grant of summary judgment for the Administrative Agent, holding that the Administrative Agent had authorized the filing of the UCC-3 and thereby extinguished the perfected security interest in the relevant collateral. The Second Circuit instructed the Bankruptcy Court to enter partial summary judgment for the Committee. On February 4, 2015, the Administrative Agent filed a petition for rehearing en banc in the Second Circuit.

Table of Contents

General Motors Vehicle Recalls

In its annual report on Form 10-K filed February 4, 2015, New GM disclosed that, since the beginning of 2014, New GM had recalled approximately 2.6 million vehicles to repair ignition switches or to fix ignition lock cylinders, or the Ignition Switch Recall, and had recalled an additional 33.4 million vehicles to address certain electrical and other safety concerns, including approximately 12.1 million vehicles to rework or replace ignition keys. New GM does not consider any of these 12.1 million vehicles to be a part of the Ignition Switch Recall.

Many of the vehicles affected by the foregoing recalls were manufactured or sold prior to July 10, 2009, or the Closing Date, the date on which the sale of substantially all of the assets of Old GM pursuant to the MSPA was completed.

In its annual report on Form 10-K filed February 4, 2015, New GM also disclosed that, as of January 30, 2015, 108 putative class actions have been filed against New GM in various federal and state courts seeking compensatory and other damages for economic losses allegedly resulting from one or more of the recalls announced in 2014 and/or the underlying condition of vehicles covered by those recalls. Certain of these 108 cases concern the Ignition Switch Recall, or the Ignition Switch Actions, certain other cases concern recalls other than the Ignition Switch Recall, or the Other Economic Loss Actions, and yet other cases concern both the Ignition Switch Recall and one or more other recalls (such actions are described herein interchangeably as Ignition Switch Actions or Other Economic Loss Actions). In addition, New GM disclosed that, as of January 30, 2015, 104 putative class actions have been filed against New GM in various federal and state courts seeking compensatory and other damages for personal injury and other claims allegedly arising from accidents that occurred as a result of the underlying condition of the vehicles subject to the recalls initiated by New GM, or the Personal Injury Actions.

Since June 2014, 156 Ignition Switch Actions, Other Economic Loss Actions and Personal Injury Actions (collectively, the Recall-Related Actions) have been transferred to the United States District Court of the Southern District of New York, or the MDL Court, and have been consolidated into a single case, case number 14-MD-2543 (JMF), or the MDL Proceeding. On October 14, 2014, the plaintiffs in certain Recall-Related Actions filed two amended and consolidated complaints in the MDL Proceeding that concern vehicles designed, manufactured or sold prior to the Closing Date.

Concurrently with the proceedings before the MDL Court, New GM has taken steps in the Bankruptcy Court to enjoin the Recall-Related Actions that concern vehicles designed, manufactured or sold prior to the Closing Date, except for Personal Injury Actions related to accidents that occurred after the Closing Date (collectively, the “Subject Recall-Related Actions”). In that respect, beginning on April 21, 2014, New GM filed a series of motions with the Bankruptcy Court seeking to enjoin the Subject Recall-Related Actions and to enforce the Sale Order and Injunction entered on July 5, 2009, or the Sale Order (under which all product liability and property damage claims arising from accidents or incidents prior to the Closing Date were to remain with Old GM as general unsecured claims).

Beginning on May 16, 2014, the Bankruptcy Court entered a series of scheduling orders, which identified a number of “threshold issues” to be resolved by the Bankruptcy Court, including whether plaintiffs’ procedural due process rights were violated in connection with the Sale Order, whether any or all of the claims asserted in the Subject Recall-Related Actions are claims against Old GM and/or the GUC Trust, and whether any such claims against Old GM and/or the GUC Trust should be dismissed as equitably moot. The scheduling orders also established a briefing schedule on those “threshold issues,” which has now been completed. A hearing on the threshold issues has been set for February 17, 2015.

The GUC Trust has appeared as a party in interest with respect to New GM’s motions to enforce the Sale Order and has filed briefs in opposition thereto. The GUC Trust intends to vigorously defend its position that none of the claims of the plaintiffs in the Subject Recall-Related Actions may be properly asserted against Old GM or the GUC Trust. If, however, New GM is successful in enjoining any of the Subject Recall-Related Actions or certain claims asserted therein, plaintiffs in such Subject Recall-Related Actions could seek permission from the Bankruptcy Court to assert claims against the GUC Trust.

Other Matters

In addition, the GUC Trust has been named a defendant in two actions by individual plaintiffs with separate personal claims against Old GM (including one claimant who, in light of the recalls by New GM, is seeking (in the Bankruptcy Court where New GM has filed motions seeking to enjoin the Subject Recall-Related Actions, and in other jurisdictions) to overturn the terms of a previous settlement with Old GM for personal injuries/wrongful deaths that occurred prior to the Closing Date). Neither plaintiff has asserted a claim for specified monetary damages, but the GUC Trust intends to vigorously defend its position against such claimants.

Table of Contents

Other than the foregoing, during the quarter ended December 31, 2014, no material changes occurred with respect to any legal proceedings relating to the GUC Trust, as compared to the disclosures included in the GUC Trust's prior filings with the Securities and Exchange Commission.

Item 1A. Risk Factors.

No assurance may be given that claims relating to accidents or other incidents, including recalls involving General Motors vehicles manufactured or sold prior to July 10, 2009, and/or settlements previously reached with plaintiffs asserting such claims, will not adversely affect the GUC Trust, its assets or the Plan.

In its annual report on Form 10-K filed February 4, 2015, New GM disclosed that, since the beginning of 2014, New GM had recalled approximately 2.6 million vehicles to repair ignition switches or to fix ignition lock cylinders, or the Ignition Switch Recall, and had recalled an additional 33.4 million vehicles to address certain electrical and other safety concerns, including approximately 12.1 million vehicles to rework or replace ignition keys. New GM does not consider any of these 12.1 million vehicles to be a part of the Ignition Switch Recall.

Many of the vehicles affected by the foregoing recalls were manufactured or sold prior to July 10, 2009, or the Closing Date, the date on which the sale of substantially all of the assets of Old GM pursuant to the MSPA was completed.

In its annual report on Form 10-K filed February 4, 2015, New GM also disclosed that, as of January 30, 2015, 108 putative class actions have been filed against New GM in various federal and state courts seeking compensatory and other damages for economic losses allegedly resulting from one or more of the recalls announced in 2014 and/or the underlying condition of vehicles covered by those recalls. Certain of these 108 cases concern the Ignition Switch Recall, or the Ignition Switch Actions, certain other cases concern recalls other than the Ignition Switch Recall, or the Other Economic Loss Actions, and yet other cases concern both the Ignition Switch Recall and one or more other recalls (such actions are described herein interchangeably as Ignition Switch Actions or Other Economic Loss Actions). In addition, New GM disclosed that, as of January 30, 2015, 104 putative class actions have been filed against New GM in various federal and state courts seeking compensatory and other damages for personal injury and other claims allegedly arising from accidents that occurred as a result of the underlying condition of the vehicles subject to the recalls initiated by New GM, or the Personal Injury Actions.

Since June 2014, 156 Recall-Related Actions have been transferred to the United States District Court of the Southern District of New York, or the MDL Court, and have been consolidated into a single case, case number 14-MD-2543 (JMF), or the MDL Proceeding. On October 14, 2014, the plaintiffs in certain Recall-Related Actions filed two amended and consolidated complaints in the MDL Proceeding that concern vehicles designed, manufactured or sold prior to the Closing Date.

Concurrently with the proceedings before the MDL Court, New GM has taken steps in the Bankruptcy Court to enjoin the Subject Recall-Related Actions. In that respect, beginning on April 21, 2014, New GM filed a series of motions with the Bankruptcy Court seeking to enjoin the Subject Recall-Related Actions and to enforce the Sale Order and Injunction entered on July 5, 2009, or the Sale Order (under which all product liability and property damage claims arising from accidents or incidents prior to the Closing Date were to remain with Old GM as general unsecured claims).

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The GUC Trust has appeared as a party in interest with respect to New GM's motions to enforce the Sale Order and has filed briefs in opposition thereto. The GUC Trust intends to vigorously defend its position that none of the claims of the plaintiffs in the Subject Recall-Related Actions may be properly asserted against Old GM or the GUC Trust. If, however, New GM is successful in enjoining any of the Subject Recall-Related Actions or certain claims asserted therein, plaintiffs in such Subject Recall-Related Actions could seek permission from the Bankruptcy Court to assert claims against the GUC Trust.

No assurance may be given that personal injury, property damage and other claims relating to New GM's recalls

involving General Motors vehicles manufactured or sold prior to the Closing Date and /or settlements previously reached with certain plaintiffs who asserted personal injury, property damage or other claims due to incidents or accidents that occurred prior to the Closing Date, will not adversely affect the GUC Trust, its assets or the Plan.

Table of Contents

Other than the foregoing, there have been no material changes regarding risk factors from what was previously included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 22, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Disclosure under this item is not required, pursuant to the no-action letter of the Securities and Exchange Commission to the GUC Trust dated May 23, 2012.

Item 3. Defaults Upon Senior Securities.

Disclosure under this item is not required, pursuant to the no-action letter of the Securities and Exchange Commission to the GUC Trust dated May 23, 2012.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
31	Section 302 Certification.
32	Section 906 Certification.
101	The following financial statements and notes thereto from the quarterly report on Form 10-Q of Motors Liquidation Company GUC Trust, for the quarter ended December 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Statements of Net Assets in Liquidation (Liquidation Basis) as of December 31, 2014 and March 31, 2014, (ii) Condensed Statements of Changes in Net Assets in Liquidation (Liquidation Basis) for the three and nine months ended December 31, 2014 and 2013, (iii) Condensed Statements of Cash Flows (Liquidation Basis) for the nine months ended December 31, 2014 and 2013 and (iv) Notes to Condensed Financial Statements.

[Table of Contents](#)**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 12, 2015

MOTORS LIQUIDATION COMPANY GUC TRUST

By: Wilmington Trust Company, not in its
individual capacity, but solely in its capacity as
trust administrator and trustee of the Motors
Liquidation Company GUC Trust

By: /s/ David A. Vanaskey
Name: David A. Vanaskey
Title: Vice President of Wilmington Trust Company

[Table of Contents](#)**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
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Liquidating Trusts

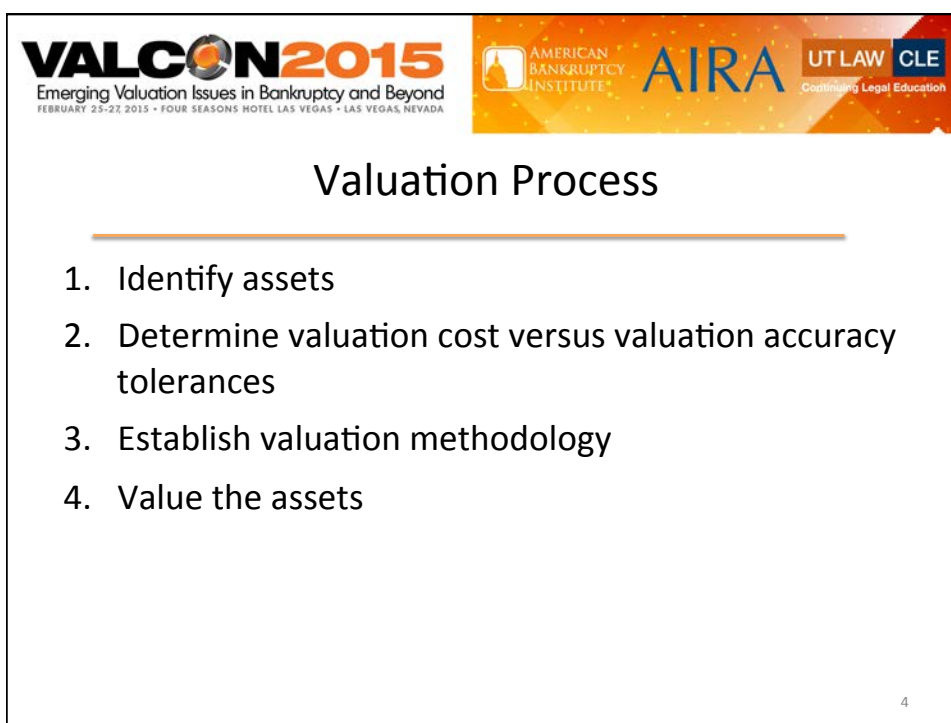
The Panel:

- **R. Brian Calvert**
Development Specialists, Inc.; Los Angeles
- **Monica Clark**
Dorsey & Whitney LLP; Minneapolis
- **Alfred T. Giuliano**
Giuliano, Miller & Company, LLC; West Berlin, N.J.
- **Andrew N. Goldman**
WilmerHale; New York
- **James M. Lukenda**, Moderator
Huron Business Advisory; New York

1

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- **THE LIQUIDATING TRUST**
 - **STRUCTURING THE LIQUIDATING TRUST**
 - **MANAGING THE LIQUIDATING TRUST**
 - **EVALUATING AND VALUING THE ASSETS OF
THE LIQUIDATING TRUST**
-

2



VALCON2015
Emerging Valuation Issues in Bankruptcy and Beyond
FEBRUARY 25-27, 2015 • FOUR SEASONS HOTEL LAS VEGAS • LAS VEGAS, NEVADA

AMERICAN BANKRUPTCY INSTITUTE AIRA UT LAW CLE
Continuing Legal Education

Initial Value Will Have a Current and Future Tax Impact to Creditors

Too inaccurate, but costs just right
Liquidation value

Too expensive, but accuracy just right
Advanced valuation methodologies

5

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Emerging Valuation Issues in Bankruptcy and Beyond
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Cost of Accuracy Will Vary by Asset Type

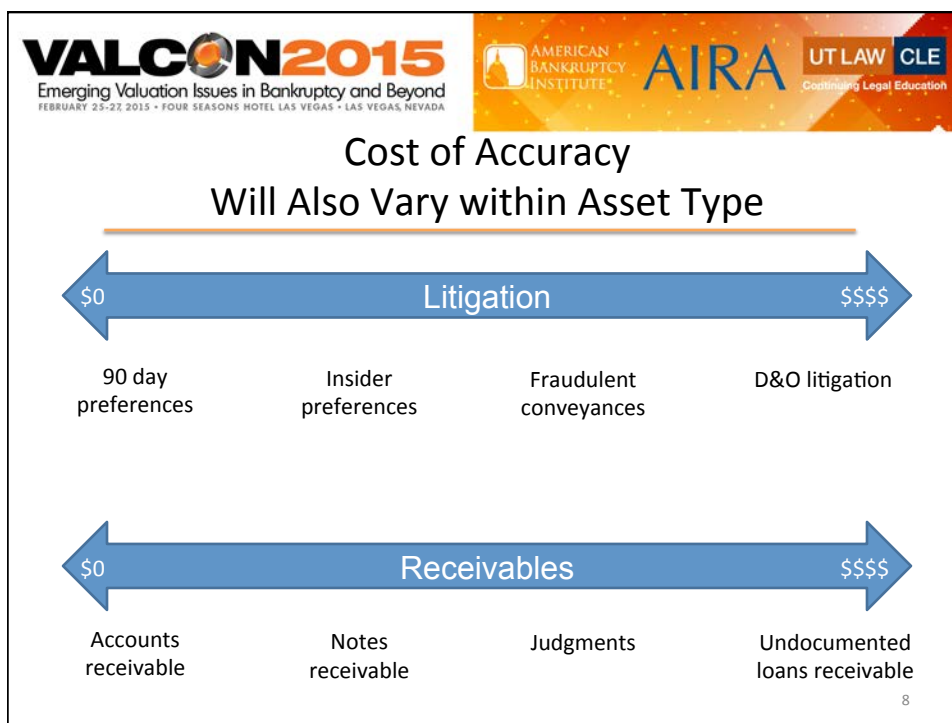
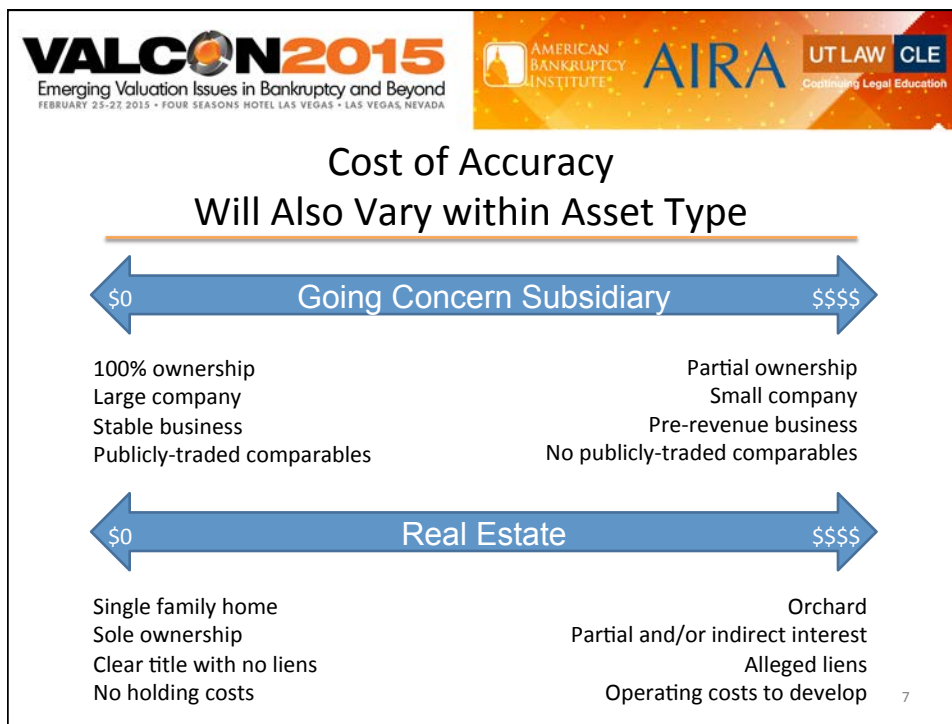
Cost to Value





Accuracy of Value

Assets plotted:





- D&O Litigation?
- Going Concern Subsidiary?
- Partial Ownership Interests?
- Accounts Receivable?
- Real Estate?

6




   	
Example: Beverly Hills Bancorp Inc.	
- Projected Liquidation Analysis	
	Estimated Value
Unrestricted Cash	\$4,370,000
Segregated Account Cash	1,999,950
Reimbursement of Legal Costs Due from Insurers	-
Interests: WFC Inc.	200,000
Interests: BH Commercial Capital I, Inc.	500,000
Interests: Others	-
Tax Attributes	-
Causes of Action, Net	Unknown
Total Assets	7,069,950
Administrative Claims	(309,000)
Total Assets, Net of Administrative Claims	6,760,950
Liquidating Trust Reserve	(200,000)
Net Assets Available for Creditors	\$6,560,950

9

   	
Example: Beverly Hills Bancorp Inc.	
- Subsidiary's Bankruptcy Claim	
<ol style="list-style-type: none"> 1. Identify subsidiaries of Debtor 2. Investigate assets of subsidiaries 3. Uncover bankruptcy claim held by subsidiary 4. Determine whether claim will be deemed allowed in bankruptcy case 5. Apply estimated recovery for relevant class from disclosure statement to claim 	

10

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- **REPORTING OBLIGATIONS**
- **CLOSING THE LIQUIDATING TRUST**
- **FINANCIAL REPORTING - LIQUIDATION ACCOUNTING**
- **Q&A**

11