

ML Liquidating Trust

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NEWSLETTER

December 28, 2010

Dear Trust Beneficiaries,

This is our sixth newsletter, in our continuing effort to keep you apprised of the Trust's actions to maximize your recoverable assets.

Claim payments. The ML Liquidating Trust Board has been very busy over the past year. Our initial focus was concentrated on evaluating, defending, negotiating and paying approximately 13.5 million dollars in post-bankruptcy professional fee claims. With one exception, which is pending a rehearing, all of the post bankruptcy claims filed with the court have been settled, with a savings of approximately 3.8 million dollars less the costs relating to pursuing such reductions. Attached to this Newsletter is a Summary of the Administrative Fees containing the amount and current status of each fee application.

Litigation. More recently our focus has turned to initiating litigation to collect claims on behalf of our trust beneficiaries. We have filed approximately 17 preference claims (that is, individuals and organizations that were cashed out of their investments within 90 days before the bankruptcy and ML insiders within one year) in the amount of \$2,800,000, and a lawsuit against Mortgages Ltd. former accountants. Several additional claims are under review.

Discovery management. In addition to initiating litigation on behalf of our beneficiaries, the Liquidating Trust is responsible for maintaining and producing several million documents which will be the subject of extensive discovery by small and large groups of investor plaintiffs and multiple defendants.

New Trustee. The original Liquidating Trustee, Kevin O'Halloran, recently resigned from his position. The Board values the contribution Kevin has made to help manage and resolve many complex issues and challenges inherent in this bankruptcy. The Board is pleased to announce that it has selected a new Trustee, Matt Hartley. His background includes being a former partner with the law firm of Squire, Sanders & Dempsey, and extensive experience as a private money lender and court appointed receiver.

New Chairman. Last summer, Joe Baldino indicated his intention to step down as Chairman of the Liquidating Trust Board. As such, last September, the Board elected Richard Shaw as its Chairman. Joe will continue to serve as a Board member. Joe has been fully engaged representing investor interests since Mortgages Ltd's bankruptcy in June 2008. His service and substantial contributions on behalf of beneficiaries are highly valued and appreciated.

Resignation of Board Member. Board member Jan Sterling recently announced her resignation. Jan's service and hard work will be greatly missed. The Board has started the process to find a replacement Board member and hopes to appoint her replacement in January. We welcome anyone interested in becoming a Board member to contact the new Trustee, Matt Hartley.

Mission. We occasionally receive inquiries regarding the ML Liquidating Trust’s responsibilities, and how they differ from the ML Manager, LLC. In our first newsletter (June 30, 2009) general background information was provided, which has now been updated below:

The Official Committee of Investors First Amended Plan of Reorganization (the “Plan”) became effective on June 15, 2009. Under the Plan, two Boards, ML Liquidating Trust Board and ML Manager Board, were formed. In general, ML Manager Board is responsible for the enforcement and collection of the loans owned by the Mortgages Ltd. Investors and Radical Bunny, LLC. In contrast, the ML Liquidating Trust (the “LT”) is not responsible for any of these loans. Among other responsibilities, the Board of the LT directs the court-appointed Liquidating Trustee, Matt Hartley, in pursuing certain causes of action and in selling the real estate owned directly by the former Mortgages Ltd. and any other assets owned by the LT. The LT Board has five board members, and after the recent resignation the remaining four members are: Richard Shaw – Chair, Joseph Baldino, David Goldman and James Merriman.

All previous newsletters may be found on our website <http://www.mtg ltd.com/webs/MLSNews>.

Richard C. Shaw
Chair,
ML Liquidating Trust Board