

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

-----X
: **Chapter 11**
: **Case No. 08-12229 (MFW)**
: **(Jointly Administered)**
: **Hearing Date: 12/30/08 at 10:30 a.m.**
: **Objection Deadline: 12/18/08 at 4:00 p.m.**
-----X

In re
WASHINGTON MUTUAL, INC., et al.,¹
Debtors.

**SUPPLEMENTAL MOTION OF DEBTORS FOR AN EXTENSION OF
TIME TO COMPLY WITH SECTION 345(b) OF THE BANKRUPTCY CODE**

TO THE HONORABLE MARY F. WALRATH,
UNITED STATES BANKRUPTCY JUDGE:

Washington Mutual, Inc. ("WMI") and WMI Investment Corp. ("WMI
Investment"), as debtors and debtors in possession (collectively, the "Debtors"), respectfully
represent:

Background

1. On September 26, 2008 (the "Commencement Date"), each of the Debtors
commenced with this Court a voluntary case pursuant to chapter 11 of title 11 of the United
States Code (the "Bankruptcy Code"). As of the date hereof, the Debtors continue to operate
their businesses and manage their properties as debtors in possession pursuant to sections
1107(a) and 1108 of the Bankruptcy Code

¹ The Debtors in these chapter 11 cases along with the last four digits of each Debtor's federal tax
identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395).
The Debtors' principal offices are located at 1301 Second Avenue, Seattle, Washington 98101.



2. On October 3, 2008, the Court entered an order, pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing the joint administration of the Debtors’ chapter 11 cases.

3. On October 15, 2008, the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Creditors’ Committee”).

WMI’s Business

4. WMI is a holding company incorporated in the State of Washington and headquartered at 1301 Second Avenue, Seattle, Washington 98101. WMI is the direct parent of WMI Investment, which serves as an investment vehicle for WMI and holds a variety of securities. WMI Investment is incorporated in the State of Delaware.

5. Prior to the Commencement Date, WMI was a savings and loan holding company that owned Washington Mutual Bank (“WMB”) and such bank’s subsidiaries, including Washington Mutual Bank fsb (“WMBfsb”). WMI also has certain non-banking, non-debtor subsidiaries. Like all savings and loan holding companies, WMI was subject to regulation by the Office of Thrift Supervision (the “OTS”). WMB and WMBfsb, in turn, like all depository institutions with federal thrift charters, were subject to regulation and examination by the OTS. In addition, WMI’s banking and nonbanking subsidiaries were overseen by various federal and state authorities, including the Federal Deposit Insurance Corporation (“FDIC”).

6. On September 25, 2008, the Director of the OTS, by order number 2008-36, appointed the FDIC as receiver for WMB and advised that the receiver was immediately taking possession of WMB. Immediately after its appointment as receiver, the FDIC entered into a transaction to sell (the “Sale”) substantially all the assets of WMB, including the stock of WMBfsb and cash that WMI and its non-banking subsidiaries (including WMI Investment

Corp.) had on deposit at WMB and WMBfsb immediately prior to the time the FDIC was appointed as receiver (the “Deposits”), to JPMorgan Chase Bank, National Association (“JPM”) pursuant to that certain Purchase and Assumption Agreement, Whole Bank, dated as of September 25, 2008 (publicly available at <http://www.fdic.gov/about/freedom/popular.html>).

The Debtors’ Bank Accounts

7. As of the Commencement Date, the Debtors maintained bank accounts (the “Bank Accounts”) at several banks (each a “Bank” and collectively, the “Banks”). On October 2, 2008, the Debtors filed a motion (the “Motion”) requesting authorization (I) to maintain existing bank accounts and business forms, and (II) for an extension of time to comply section 345(b) of the Bankruptcy Code. The Motion stated that the request for the sixty day extension was to be “without prejudice to the Debtors’ ability to seek further extensions upon motion to this Court.”

8. By order, dated October 8, 2008, (the “Order”), the Court approved the Motion and the relief requested therein, including, among other things, giving the Debtors sixty (60) days from the date of entry of the Order (the “Extension Period”) to comply with the requirements of section 345(b) of the Bankruptcy Code.

9. Consistent with the terms of the Order, the Debtors have closed certain of their Bank Accounts and opened new Bank Accounts. As of the date hereof, all of the Debtors assets, including the Deposits, are located in Bank Accounts at Banks that have been approved by the U.S. Trustee as “Authorized Bank Depositories”. A list of the Debtors’ current Bank Accounts is attached as Exhibit A to the Supplemental Motion.

10. The Debtors also have commenced liquidation of all non-government backed securities held in their Bank Accounts and sought to have the resulting cash proceeds

(and any other cash on hand) either collateralized by the respective Banks where such proceeds are being held, or reinvested in securities “insured, guaranteed...or backed by the full faith and credit of the United States” as required by section 345(b) of the Bankruptcy Code. As of the date hereof, all of the assets of WMI, except for its respective share of the Deposits, are invested in accordance with the provisions of section 345(b).²

11. A majority of WMI Investment’s assets, other than its share of the Deposits, are also currently invested in accordance with provisions of section 345(b). Current market conditions, however, will prevent WMI Investment from fully liquidating their two remaining two non-government backed security positions by the end of the Extension Period.

Jurisdiction

12. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

13. By this supplemental motion (the “Supplemental Motion”), the Debtors request, pursuant to sections 105(a) and 345(b) of the Bankruptcy Code, entry of the proposed supplemental order (the “Supplemental Order”), substantially in the form attached hereto as Exhibit “B”, authorizing the Extension Period to be extended for an additional sixty (60) days.

**Authorization for an Extension of Time
To Comply With Section 345(b) of the Bankruptcy Code is Warranted**

14. Section 345 of the Bankruptcy Code governs a debtor’s cash deposits during a chapter 11 case and authorizes deposits of money as “will yield the maximum

² The Deposits located in the Bank Accounts at JPM, currently remain under the control of JPM, who, upon information and belief, assumed responsibility for the Deposits upon the Sale.

reasonable net return on such money, taking into account the safety of such deposit or investment.” 11 U.S.C. § 345(a). For deposits that are not “insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States,” section 345(b) requires the estate to obtain from the entity with which the money is deposited a bond in favor of the United States and secured by the undertaking of an adequate corporate surety, unless the Court for cause orders otherwise. *Id.* at § 345(b). In the alternative, the estate may require the entity to deposit governmental securities pursuant to 31 U.S.C. § 9303 which provides that, when a person is required by law to give a surety bond, that person, in lieu of a surety bond, may provide a governmental obligation. *See* 31 U.S.C. § 9303.

15. By this Supplemental Motion, the Debtors seek to extend the Extension Period for sixty (60) days without prejudice to seek further extensions to the Extension Period upon motion to this Court. The additional time will allow the Debtors to continue liquidating WMI Investment’s two remaining non-government backed security positions in an orderly manner and reinvest all cash proceeds derived from the sale of said securities in investments that comply with the requirements of section 345(b) (and that are held in Bank Accounts at Authorized Bank Depositories). As noted above, the recent financial turmoil and general lack of trading in the market is so great that, were the Debtors forced to liquidate their remaining non-complying securities all at once, the estate of WMI Investment likely would realize significant financial losses. Accordingly, the Debtors believe that the benefits of an additional extension of time far outweigh the likely financial harm that almost assuredly would be inflicted on WMI Investment’s estate and its creditors if the Debtors forced to come into compliance with section 345(b) immediately. *See, generally, In re Serv. Merchandise Co., Inc.*, 240 B.R. 894, 896

(Bankr. M.D. Tenn. 1999) (noting that some of the factors to consider in determining whether cause exists “for relief from the strictures of § 345(b)” is whether benefits to the debtor outweigh the harm, if any, to the estate).

16. The Debtors believe that an extension to permit steady liquidation of WMI Investment’s remaining non-government backed securities over the next two months is in the best interests of Debtors, their estates, and their creditors because it will provide the best means of ensuring against estate losses. This is the precise policy rationale that is contemplated by section 345(b) and the outcome that was borne out by the Debtors successful efforts over the past two months to ensure that the vast majority their non-Deposit assets are located in Bank Accounts at Authorized Bank Depositories and in compliance with investment requirements of section 345(b). The Debtors are also optimistic that, if the additional extension is granted, they will be able to fully liquidate their positions and otherwise comply with the requirements of section 345(b) by the end of Extension Period, as amended.

17. The Creditors’ Committee, whose professionals have received regular updates from the Debtors with respect to the Debtors’ efforts to liquidate non-government backed security positions in an orderly manner and the reinvestment of the cash proceeds of the sale of said securities, also has been consulted regularly about this matter, is fully aware of WMI Investment’s current market positions, and supports the Debtors’ request for an extension of time under this Supplemental Motion as being in the best interests of the creditors of WMI Investment.

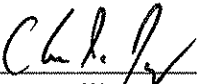
Notice

18. No trustee or examiner has been appointed in these chapter 11 cases. Notice of this Motion has been provided to: (i) the U.S. Trustee; (ii) attorneys to the Creditors’

Committee; (iii) JPM; (iv) the FDIC; and (v) all other persons who have requested to receive notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no other or further notice need be provided.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: December 8, 2008
Wilmington, Delaware



Mark D. Collins (No. 2981)
Chun I. Jang (No. 4790)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

– and –

Marcia L. Goldstein, Esq.
Brian S. Rosen, Esq.
Michael F. Walsh, Esq.
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

ATTORNEYS TO THE DEBTORS
AND DEBTORS IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X
In re :
 : **Chapter 11**
 :
 WASHINGTON MUTUAL, INC., et al.,¹ : **Case No. 08-12229 (MFW)**
 :
 : **(Jointly Administered)**
 :
 Debtors. :
 : **Hearing Date: December 30, 2008 at 10:30 a.m. (EST)**
 : **Objection Deadline: December 18, 2008 at 4:00 p.m. (EST)**
-----X

NOTICE OF MOTION AND HEARING

PLEASE TAKE NOTICE that on December 8, 2008, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the **Supplemental Motion of Debtors for an Extension of Time to Comply with Section 345(b) of the Bankruptcy Code** (the “Motion”) with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion must be filed in writing with the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, and served upon and received by the undersigned counsel for the Debtors on or before **December 18, 2008 at 4:00 p.m. (Eastern Standard Time)**.

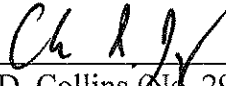
PLEASE TAKE FURTHER NOTICE that if an objection is timely filed, served and received and such objection is not otherwise timely resolved, a hearing to consider such objection and the Motion will be held before The Honorable Mary F. Walrath at the Bankruptcy Court, 824 Market Street, 5th Floor, Courtroom 4, Wilmington, Delaware 19801 on **December 30, 2008 at 10:30 a.m. (Eastern Standard Time)**.

¹ The Debtors in these chapter 11 cases along with the last four digits of each Debtor’s federal tax identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395). The Debtors’ principal offices are located at 1301 Second Avenue, Seattle, Washington 98101.

IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: December 8, 2008
Wilmington, Delaware

RICHARDS, LAYTON & FINGER, P.A.



Mark D. Collins (No. 2981)
Chun I. Jang (No. 4790)
Lee E. Kaufman (No. 4877)
One Rodney Square
920 North King Street
Wilmington, DE 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

– and –

WEIL, GOTSHAL & MANGES LLP

Marcia L. Goldstein, Esq.
Brian S. Rosen, Esq.
Michael F. Walsh, Esq.
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

*Attorneys to the Debtors
and Debtors in Possession*

EXHIBIT A

Exhibit "A"

Debtors' Bank Accounts

<u>Debtor</u>	<u>Bank Name/ Address</u>	<u>Account Type</u>	<u>Account No.</u>
Washington Mutual, Inc.	JPMorgan Chase Bank (1) / WM Tower Financial Center 1201 3 rd Avenue Seattle, Washington 98101-3029	Money Market Deposit	177-891120-6
Washington Mutual, Inc.	JPMorgan Chase Bank (1) / WM Tower Financial Center 1201 3 rd Avenue Seattle, Washington 98101-3029	Demand Deposit	179-165066-7
Washington Mutual, Inc.	JPMorgan Chase Bank (2) / 250 North Sagewood Drive Park City, UT 84098	Demand Deposit	441-006423-4
Washington Mutual, Inc.	JPMorgan Chase Bank (1) / WM Tower Financial Center 1201 3 rd Avenue Seattle, Washington 98101-3029	Demand Deposit	181-252962-6
Washington Mutual, Inc.	JPMorgan Chase Bank (1) / WM Tower Financial Center 1201 3 rd Avenue Seattle, Washington 98101-3029	Demand Deposit	314-197966-3
WMI Investment Corp.	JPMorgan Chase Bank (1) / WM Tower Financial Center 1201 3 rd Avenue Seattle, Washington 98101-3029	Demand Deposit	314-197470-4

(1) As of September 25, 2008, the Washington Mutual, Inc. ("WMI") and WMI Investment Corp. (collectively, the "Debtors") maintained deposit accounts at Washington Mutual Bank ("WMB"). On September 25, 2008, the Federal Deposit Insurance Corporation (the "FDIC") was appointed receiver for WMB and took possession of its assets. On that same date JPMorgan Chase Bank, National Association ("JPMorgan") purchased all or substantially all those assets from the FDIC and assumed all the deposit accounts of WMB. The account numbers indicated for the deposit accounts at JPMorgan are the ones that were reflected on the books and records of WMB immediately prior to the appointment of the FDIC as receiver. As of December 8, 2008, the Debtors have not received notification from JPMorgan that there have been any changes in account numbers.

(2) As of September 25, 2008, WMI maintained a deposit account at Washington Mutual Bank fsb ("WMBfsb"). WMBfsb is a subsidiary of WMB. On September 25, 2008, the FDIC was appointed receiver for WMB and took possession of its assets. On that date JPMorgan purchased all or substantially all those assets of WMB from the FDIC and also assumed WMI's deposit account at WMBfsb. The account number indicated for the deposit account at JPMorgan is the one that was reflected on the books and records of WMBfsb immediately prior to the appointment of the FDIC as receiver of WMB. As of December 8, 2008, WMI has not received notification from JPMorgan that there have been any changes in the account number.

<u>Debtor</u>	<u>Bank Name/ Address</u>	<u>Account Type</u>	<u>Account No.</u>
Washington Mutual, Inc.	U.S. Bank N.A. / 60 Livingston Avenue St. Paul, MN 55107	Custodial	129337000
WMI Investment Corp.	U.S. Bank N.A. / 60 Livingston Avenue St. Paul, MN 55107	Custodial	129336000
Washington Mutual, Inc.	U.S. Bank N.A. / 60 Livingston Avenue St. Paul, MN 55107	Demand Deposit	129337001
Washington Mutual, Inc.	U.S. Bank N.A. / 60 Livingston Avenue St. Paul, MN 55107	Demand Deposit	17310322058
WMI Investment Corp.	U.S. Bank N.A. / 60 Livingston Avenue St. Paul, MN 55107	Demand Deposit	129336001
Washington Mutual, Inc.	Wells Fargo Bank / Third Avenue 11th Floor Seattle, WA 98104	Demand Deposit	4121807226
Washington Mutual, Inc.	Wells Fargo Advantage Funds/ 100 Heritage Reserve Menomonee Falls, WI 53051	Institutional Investment Account	3000991254
Washington Mutual, Inc.	Bank of America / Customer Connection Dallas, TX 75283-2406	Demand Deposit	4426624228
Washington Mutual, Inc.	Bank of America / Customer Connection Dallas, TX 75283-2406	Demand Deposit	4426624215
Washington Mutual, Inc.	Bank of America / Customer Connection Dallas, TX 75283-2406	Demand Deposit	4426624244
WMI Investment Corp.	Bank of America/ Customer Connection Dallas, TX 75283-2406	Demand Deposit	4426624231

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

-----X
In re : Chapter 11
 :
WASHINGTON MUTUAL, INC., et al. :
 :
 : Case No. 08-12229 (MFW)
 :
 :
Debtors. : (Jointly Administered)
 :
 :
 : Re: Docket No. _____
-----X

**SUPPLEMENTAL ORDER EXTENDING THE DEBTORS' TIME TO
COMPLY WITH SECTION 345(b) OF THE BANKRUPTCY CODE**

Upon the supplemental motion, dated December 8, 2008 (the "Supplemental Motion"), of Washington Mutual, Inc. ("WMI") and WMI Investment Corp. ("WMI Investment"), as debtors and debtors in possession (collectively, the "Debtors"),¹ for entry of an order, pursuant to sections 105(a) and 345(b) of title 11 of the United States Code (the "Bankruptcy Code"), authorizing the Extension Period² set forth in the Court's order, dated October 8, 2008 (the "Bank Accounts Order"), for the Debtors to comply with section 345 of the Bankruptcy Code to be extended by an additional sixty (60) days all as more fully set forth in the Supplemental Motion; and the Court having jurisdiction to consider the Supplemental Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Supplemental Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and

¹ The Debtors' federal tax identification numbers are: (i) for WMI, 91-1653725; and (ii) for WMI Investment, 20-5885395.

² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Supplemental Motion.

1409; and due and proper notice of the Supplemental Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Supplemental Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Supplemental Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Supplemental Motion is granted; and it is further

ORDERED that the Extension Period, as set forth in the Bank Accounts Order, for the Debtors to either come into compliance with section 345(b) of the Bankruptcy Code or seek a waiver of such requirement is hereby extended by up to and including February 6, 2009 solely with respect to the non-government backed security positions in their Bank Accounts; and it is further;

ORDERED except as provided herein that the Bank Accounts Order is not otherwise altered, modified, or amended; and it is further ordered

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this order.

Dated: _____, 2008
Wilmington, Delaware

THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE