

Honorable Judge Mary F. Wairath
824 North Market Street
5th Floor
Wilmington, DE 19801

Re: *In re*: Washington Mutual, Inc., et. al.
Case No. 08-12229 (MFW)
United States Bankruptcy Court, District of Delaware

Your Honor:

I am submitting the enclosed letter for your viewing. Please include the letter in the docket of case No. 08-12229.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Daniel Hoffman".

Daniel Hoffman



Honorable Judge Mary F. Walrath
824 North Market Street
5th Floor
Wilmington, DE 19801

Daniel Hoffman
Southern California
May 2, 2010

Re: *In re: Washington Mutual, Inc., et. al.*
Case No. 08-12229 (MFW)
United States Bankruptcy Court, District of Delaware

Your Honor:

I would like to start out by stating that I am a pre-bankruptcy common stock holder and post-bankruptcy common and preferred stock holder of Washington Mutual, Inc. (WMI). I have been following the WMI bankruptcy case in Your Court (case No. 08-12229) since WMI filed for Chapter 11 bankruptcy protection on September 26, 2008. The purpose of this letter is to support the Equity Committee in its motion before Your Court for the appointment of an examiner pursuant to section 1104(c) of the bankruptcy code, and to explain my reasons for doing so.

Throughout 2009, WMI appeared to be aggressively pursuing the recovery of assets for its bankruptcy estate, and thus for the benefit of both its creditors and shareholders. In March, 2009, WMI filed a lawsuit against the Federal Deposit Insurance Corporation (FDIC) in Washington D.C. District Court seeking the recovery of over \$14 billion in assets. Shortly thereafter, WMI filed counterclaims against JPMorgan Chase (JPMC) in Your Court seeking the recovery of over \$20 billion in assets. As an example, WMI has asserted a constructive fraudulent transfer claim for the \$6.5 billion in capital contributions it made to Washington Mutual Bank (WMB) in the year prior to WMI's bankruptcy filing. To put these numbers in perspective, WMI's latest monthly operating report lists assets of \$6.9 billion and liabilities of \$8.3 billion, or an asset shortfall of \$1.4 billion before there would be value for equity (shareholders) in WMI's estate.

In June, 2009, WMI was granted approval by Your Court for a Rule 2004 investigation of JPMC for alleged wrongful conduct in a "premeditated plan by JPMC designed to damage two of WMI's most significant assets – WMB and WMB fsb – so that JPMC could purchase WMB's assets on the cheap" (docket No. 974). As late as January, 2010, WMI was seeking to expand the Rule 2004 investigation to include a multitude of additional individuals, parties, and government institutions.

In an abrupt and inexplicable change in strategy, on March 12, 2010, attorneys for WMI announced a proposed "Global Settlement Agreement" in Your Court which would likely exclude shareholders from any financial recovery upon the emergence of WMI from Chapter 11 bankruptcy. This Global Settlement Agreement "not only would result in a settlement and release of claims of the Debtors and the Debtors' creditors and equity interest holders against JPMorgan Chase and the FDIC, it provides for cash payments to JPMorgan Chase that would

essentially reimburse JPMorgan Chase for its purchase of WMB's assets" (docket No. 3580).

On March 26, 2010, WMI filed a proposed Plan of Reorganization (POR) and Disclosure Statement in Your Court; the POR incorporates the previously announced Global Settlement Agreement. With this filing WMI formalized its proposal not only to dismiss, with prejudice, all of its pending litigation against JPMC and the FDIC, but to give these adversaries approximately \$3.5 billion of the approximately \$5.5 billion in expected cash tax refunds due to WMI from the Federal Government. Incredibly, 19 months into its Chapter 11 bankruptcy, WMI has still not compelled either JPMC or the FDIC to identify the specific assets which were conveyed by the FDIC to JPMC, and yet it proposes a Global Settlement Agreement which would make all unresolved issues disappear and leave shareholders with the likelihood of zero recovery.

On March 3, 2010, the Equity Committee filed a complaint in Your Court to compel WMI to hold an annual shareholders' meeting (A.P. 10-50731, docket No. 1), and on March 11, 2010, the Equity Committee filed a related motion for summary judgement, or in the alternative, for relief from the automatic stay (docket No. 3). Outraged by the backroom negotiations among JPMC, the FDIC, and WMI which resulted in the proposed Global Settlement Agreement and a complete abandonment of shareholders' interests, I initiated a joinder to the Equity Committee's motion for summary judgement and filed it in Your Court (docket No. 7) on April 7, 2010. The joinder was the culmination of a grassroots campaign to restore dignity, transparency, and fiduciary responsibility to the governance of WMI. Over 3,500 individual shareholders from around the globe signed the joinder, indicating the widespread belief among shareholders that WMI has failed in its fiduciary duty to maximize the value of the bankruptcy estate for the benefit of all stakeholders, and that shareholders should have the opportunity to replace WMI's Board of Directors, which is ultimately accountable for the decisions made in this bankruptcy case, through a shareholders' meeting. On April 21, 2010, Your Honor ruled that the automatic stay is not applicable to an action in Washington State court to compel WMI to hold an annual shareholders' meeting, and on April 26, 2010, shareholders Willingham and Esopus Creek filed a complaint in Washington State court to compel WMI to hold a shareholders' meeting.

WMI has stated its intention to hold a confirmation hearing on the POR on July 20, 2010, less than three months from now. In other words, "Time is of the essence. The Debtors have scheduled a hearing on May 19, 2010 to request Court approval of their proposed Disclosure Statement and have announced their intention, if authorized, to solicit acceptances of the Plan with all deliberate speed in a rush to consummate the Global Settlement Agreement before parties in interest have an opportunity to investigate and determine whether the Debtors are squandering significant value that would otherwise be recoverable by the estate" (docket No. 3580).

On the same day that it filed its POR, WMI issued a press release which states "WMI is pleased to have reached this important milestone in the Chapter 11 process. The proposed Plan will provide substantial recoveries for the Company's creditors and reflects WMI's diligent efforts

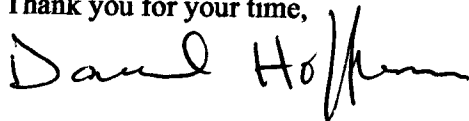
over the last 18 months to maximize the value of the bankruptcy estate." I strongly disagree with this statement. If WMI had truly been diligent, the proposed POR would not include a Global Settlement Agreement which proposes to give away large cash assets and abandon the pursuit of other large assets in what appears to be a capitulation to WMI's main adversaries. WMI may be diligently attempting to maximize the value of its creditors' interests in the estate, but it is clearly not attempting to maximize the overall value of the bankruptcy estate for the benefit of all stakeholders, including shareholders.

I believe an examiner is needed because there are so many facets of the POR and Global Settlement Agreement which are inexplicable, suspicious, and indicative of WMI's abandonment of its fiduciary duty to maximize the value of the bankruptcy estate. An examiner could provide an independent and objective evaluation of the value of the estate's assets, including the merit and value of the claims WMI proposes to dismiss as part of the Global Settlement Agreement. An examiner could investigate the critical, and still unanswered, question about the identity and value of WMB assets conveyed by the FDIC to JPMC, as well as the related question of whether assets of WMI were also conveyed by the FDIC to JPMC. Of critical importance to shareholders is an evaluation of the issues associated with the trust preferred securities - ownership, valuation, and asset affiliation - because the POR would place the \$4 billion equity obligation for these securities with the WMI estate, thus raising the bar for any recovery by shareholders of existing WMI equity securities; an examiner could objectively sort out these issues.

Your Honor, the seizure of WMB, and WMI's ensuing bankruptcy, devastated thousands of shareholders, families and lives around the world. Delving into the facts of the bankruptcy case and learning about WMI's aggressive efforts to fight for the recovery of value for the estate throughout 2009, I found hope that shareholders would see some recovery in the face of our previous losses. Unfortunately, shareholders such as myself have recently felt a renewed sense of impending devastation as we have realized that the company in which we have always believed - WMI - has abandoned looking after our interests in favor of a quick closing of this bankruptcy case and a financial windfall for its creditors.

For the above stated reasons, I respectfully urge Your Honor to grant the Equity Committee's motion for the appointment of an examiner and to provide the examiner with a broad enough scope of examination to provide all parties in interest sufficient information to evaluate the merits of any POR on which those parties might ultimately have a chance to vote. Sunlight is the best disinfectant, and an examiner is, regrettably, now needed to shine a light of transparency into these bankruptcy proceedings.

Thank you for your time,

A handwritten signature in black ink that reads "Daniel Hoffman". The signature is written in a cursive, slightly slanted style.

Daniel Hoffman

