



*Solicitation and Voting Procedures, (III) Scheduling a Confirmation Hearing, and (IV) Establishing Notice and Objection Procedures for Confirmation of the Debtors' Joint Plan* (Dkt. No. 3568) (the "Motion"). In support of this Supplemental Objection, the Equity Committee respectfully states as follows:

1. On May 13, 2010, the Equity Committee filed its Objection (Dkt. No. 3726) to the Motion. In the Objection, the Equity Committee argued (and continues to argue) that the Proposed Settlement upon which the Plan is based is non-binding, and therefore the Plan is not feasible, on account of (i) the absence of the approval of the FDIC Board of the Proposed Settlement and (ii) the condition that the Bank Bondholder Claims are disallowed in their entirety. (Obj. 19-21) The Equity Committee also highlighted numerous additional deficiencies in the Disclosure Statement. (Obj. 23-38) Attached hereto as **Exhibit A** is a chart showing the deficiencies in the Disclosure Statement identified in the Equity Committee's Objection, how the Disclosure Statement has been modified to address certain of those items (to the extent the Equity Committee has been able to determine), and the substantial amount of information that remains lacking from the Disclosure Statement.<sup>4</sup>

2. Also on May 13, 2010, among numerous other parties in interest who objected to the Motion and Disclosure Statement, the FDIC filed its objection (Dkt. No. 3721) in which the FDIC stated: "There is currently no definitive Global Settlement Agreement and the conditions to any such definitive Global Settlement Agreement have not been satisfied." (FDIC Obj. at 2). In addition to a number of issues that existed (but were not mentioned) at the time the Proposed Settlement was announced on the record on March 12, 2010 that remain unresolved today, the

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<sup>4</sup> The Equity Committee will not reargue all of the points reflects on the attached chart but feels compelled to bring to the Court's attention certain of the significant faults and inadequacies regarding the Disclosure Statement.

FDIC highlighted a number of additional disagreements between the Debtors and the FDIC that currently exist including: (i) the Debtors' insistence on broad Plan releases and other attempts to immunize insiders of WMB; (ii) Debtors' demand that the FDIC withdraw administrative Orders of Investigation; (iii) the Debtors' demand that the FDIC waive claimed rights to possible restitution payments; and (iv) the Debtors' attempt to bar the FDIC from intervening in certain derivative actions. (FDIC Obj. at 3, f.n. 4) Thus, the FDIC, in agreement with the Equity Committee, asserted that "the Plan is not feasible and the Disclosure Statement should not be approved." (FDIC Obj. at 5)

**A. The Effectiveness of the Proposed Settlement and Amended Plan Continue to be Conditional.**

3. On May 16, 2010, the Debtors filed a First Amended Plan (Dkt. No. 3743) (the "Amended Plan") and revised Disclosure Statement (as amended, the "Disclosure Statement") (Dkt. No. 3745). The Debtors also filed a revised Proposed Settlement (as amended, the "Proposed Settlement"). (Dkt. No. 3743, Ex. H) The Proposed Settlement is an unsigned draft that continues to be subject to FDIC Board approval. (Proposed Settlement §§ 7.2, 7.3 and 8.8) Thus, it appears that the newest iteration of the Proposed Settlement continues to be subject to a material condition and, therefore, is non-binding and the Amended Plan is not feasible. The Equity Committee submits that the Debtors should not be authorized to expend estate resources to solicit votes in favor of the Amended Plan unless and until a fully agreed upon version of the Proposed Settlement, signed by the parties to be bound thereto, is filed with the Court and made available to parties-in-interest.

4. Additionally, the current iteration of the Proposed Settlement purports to remove disallowance in full of the Bank Bondholder Claims as a condition to the effectiveness of the Proposed Settlement. Generally the holders of Allowed Bank Bondholder Claims are to receive

a pro rata share of up to \$150 million of the FDIC's share of the Tax Refunds (in the event the Bank Bondholder Claims are not disallowed or subordinated in their entirety) (DS 14, 26). There is no discussion, however, of the impact upon the Proposed Settlement and the Amended Plan if the Bank Bondholders prevail in their claims against the Debtors and their claims are allowed in excess of \$150 million.

5. In addition, the Proposed Settlement and Amended Plan continue to be conditioned upon the effective sale of the Debtors' interests in the Plan Contribution Assets. The Plan Contribution Assets are supposed to be identified on Exhibit G to the Proposed Settlement, however, Exhibit G remains blank. Thus, parties in interest are unable to determine whether any interests they may have in the Plan Contribution Assets may be affected by the First Amended Plan, nor can they (or this Court) gauge the risk that the Proposed Settlement and the Amended Plan may never become effective. Before the Debtors are permitted to solicit acceptances of the Amended Plan, they should be required to disclose the assets that comprise the Plan Contribution Assets.

6. The latest draft of the Proposed Settlement also includes a new provision that addresses the Debtors' requests for information (defined as the "Record Requests" in the Proposed Settlement) from the FDIC, one of which the FDIC closed on February 17, 2010. (Proposed Settlement at 5) On the effective date of the Proposed Settlement, the Debtors "shall withdraw their Record Requests and waive any rights that they may have to administrative appeals or litigation with respect to the Record Requests." (*Id.* at 34) Thus, it appears that the Debtors did not obtain the information they requested from the FDIC and, under the Proposed Settlement, intend to waive any right to pursue such information.

**B. The Revised Disclosure Statement Continues to Lack Adequate Information.**

7. Not only does the Proposed Settlement continue to be illusory, the Disclosure Statement continues to lack a substantial amount of information necessary to understand the Proposed Settlement and Amended Plan as discussed below and on **Exhibit A** attached hereto.

8. *Liquidation Analysis.* The Revised Disclosure Statement now includes a purported Liquidation Analysis, a copy of which is attached hereto for the Court's convenience as **Exhibit B**. However, the Liquidation Analysis is not an "analysis" at all but rather a series of assumptions and conclusions lacking any disclosed basis or support. Moreover, among other fallacies, the Liquidation Analysis assumes that a Chapter 7 Trustee would conclude within 2 to 4 months of appointment that consummating the Proposed Settlement is in the best interest of the estate. (Ex. C at 1-2) It does not appear that the Liquidation Analysis even considers the possibility that a Chapter 7 Trustee might determine not to proceed with the Proposed Settlement and, instead, pursue the one or more of the multi-billions of dollars of claims held by the estate.

9. In addition, the Liquidation Analysis arbitrarily discounts the value of the Debtors' assets in a hypothetical Chapter 7 liquidation. By way of example, the Liquidation Analysis assumes that a Chapter 7 Trustee would be forced to quickly sell WMMRC at a fire-sale price (*see* DS Ex. C at 4), but does not provide any basis to support that assumption. On the contrary, a Chapter 7 Trustee could very well structure a sale transaction involving WMMRC to take advantage of the multi-billions of dollars of NOLs held by the estate similar to the way the Debtors propose to take advantage of the NOLs for their own benefit under the Amended Plan.

10. The Liquidation Analysis also assumes, without explanation, that appointment of a Chapter 7 Trustee would result in the incurrence of an additional \$84 million of professional fees and operational expenses over what will otherwise be incurred under the Amended Plan.

(DS Ex.C at 4) Without further explanation regarding these significant assumptions, the Liquidation Analysis cannot be considered credible.

11. *Enterprise Valuation of the Reorganized Debtors.* The Debtors have also now submitted a purported enterprise valuation for Reorganized WMI prepared by Blackstone Advisory Partners, a copy of which is attached hereto for the Court's convenience as **Exhibit C**. Blackstone's enterprise valuation is rudimentary at best. The analysis (i) fails to state whether, or how, it factors in the Debtors' NOLs, a significant asset of the estate; (ii) fails to mention any tax attributes or consequences as a result of the transactions contemplated by the Debtors; (iii) fails to include any quantitative analysis to show the assumptions and cash flows used to value the Reorganized Debtor; (iv) fails to include any analysis supporting the precedent transactions and comparable company analysis; and (v) fails to disclose how Blackstone weighted each the three methodologies used to reach its conclusion. In short, Blackstone has provided a bare conclusion – not a valuation supported by any disclosed analysis.

12. *JPMC's Recovery under the Plan.* In the Objection, the Equity Committee pointed out that the Debtors failed to disclose the analysis they undertook to arrive at their determination that the transfer of the Debtors' assets and other consideration to JPMC, the FDIC and others is reasonable. The Disclosure Statement continues to lack any analysis or disclosure of the factors the Debtors considered to reach their conclusion that the apportionment of the Tax Refunds, the Trust Preferred Securities, and other material assets of the estate, as between JPMC, the FDIC and the estate is reasonable. (*See generally*, DS) The Disclosure Statement also continues to fail to disclose an estimate of the amount of the JPMC Assumed Liabilities (including the liabilities associated with the Interchange Litigation and BKK Litigation). (DS 12).

13. The Revised Disclosure Statement has been amended to reflect that the purchase price of the Debtors' 3.147 million Class B Shares of Visa, Inc. (the "Visa Shares") has been *reduced* from \$50 million to \$25 million, yet there remains no disclosure regarding how the Debtors determined that the purchase price (whether \$50 million or \$25 million) is reasonable consideration in exchange for the Visa Shares. (DS 12).

**CONCLUSION**

**WHEREFORE**, for the reasons discussed in the Objection and this Supplemental Objection, the Equity Committee respectfully requests that an order be entered (i) denying approval of the Disclosure Statement and (ii) granting such other and further relief as the Court deems just and proper.

Dated: May 18, 2010

**ASHBY & GEDDES, P.A.**



William P. Bowden (DE Bar No. 2553)

Gregory A. Taylor (DE Bar No. 4008)

Stacy L. Newman (DE Bar No. 5044)

500 Delaware Avenue, 8<sup>th</sup> Floor

P.O. Box 1150

Wilmington, DE 19899

Telephone: (302) 654-1888

Facsimile : (302) 654-2067

E-mail: wbowden@ashby-geddes.com

gtaylor@ashby-geddes.com

snewman@ashby-geddes.com

*Delaware Counsel to the Official Committee of  
Equity Security Holders of Washington Mutual,  
Inc., et al.*

-and-

**SUSMAN GODFREY, L.L.P.**

Stephen D. Susman (NY Bar No. 3041712)

Seth D. Ard (NY Bar No. 4773982)

654 Madison Avenue, 5th Floor

New York, NY 10065

E-mail:

[ssusman@susmangodfrey.com](mailto:ssusman@susmangodfrey.com)

[sard@susmangodfrey.com](mailto:sard@susmangodfrey.com)

Parker C. Folse, III (WA Bar No. 24895)

Edgar Sargent (WA Bar No. 28283)

Justin A. Nelson (WA Bar No. 31864)

1201 Third Ave., Suite 3800

Seattle, WA 98101

Telephone: (206) 516-3880

Facsimile: (206) 516-3883

E-mail:

[pfolse@susmangodfrey.com](mailto:pfolse@susmangodfrey.com)

[esargent@susmangodfrey.com](mailto:esargent@susmangodfrey.com)

[jnelson@susmangodfrey.com](mailto:jnelson@susmangodfrey.com)

*Proposed Co-Counsel for the Official Committee of  
Equity Security Holders of Washington Mutual,  
Inc., et al.*



# **EXHIBIT A**

<b>EQUITY COMMITTEE'S OBJECTIONS</b>		<b>FIRST AMENDED DISCLOSURE STATEMENT</b>
<b>CONDITIONS</b>	Plan is dependent upon the GS, which lacks the agreement of the FDIC <sup>1</sup>	There is no evidence that the FDIC has agreed to the revised GS (see DS 7-8).
	GS is conditioned on the disallowance in full of the \$12.1B face amount of Bank Bondholders Claims	Removes condition that Bank Bondholders Claims be disallowed in their entirety. Instead, Bank Bondholders will receive a pro rata share of up to \$150M of the FDIC's share of the Tax Refunds (DS 14, 26).
	<b>Plan is conditioned upon approval and effectiveness of the sale of the Debtors' rights and interests in certain of the Plan Contribution Assets, which the Debtors fail to identify</b>	Exhibit G to the revised GS remains blank (see also DS 8).
<b>GENERAL INFORMATION LACKING</b>	<b>Fails to disclose the value (or range of values) the Debtors ascribe to the consideration the Debtors are receiving in return for settling and releasing claims</b>	(See DS 7-9, 14)
	<b>Fails to include an analysis of the possible value of the assets being liquidated for distribution to claimants</b>	(See DS 7-14)
	Fails to include a liquidation analysis demonstrating that recoveries will be greater under the Plan than under a straight liquidation conducted by a Chapter 7 Trustee and the factors upon which the Debtors relied in reaching the conclusions expressed in any such liquidation analysis	Attaches Liquidation Analysis as Exhibit C, but "analysis" merely includes assumptions and conclusions that lack any disclosed basis or support.
<b>POTENTIAL CAUSES OF ACTION</b>	<b>Lacks information critical to an understanding of the GS, including the value (or range of potential values) the Debtors ascribe to their potential claims against JPMC, Debtors' directors and officers, "Settling Note Holders" and/or FDIC</b>	Provides that no more than \$10M of the consideration to be received by the FDIC Receiver may be allocated to the release of the potential claims against any present or former WMI or WMB directors or officers (GS § 2.29), but still lacks critical information regarding the value the Debtors ascribe to the potential claims against JPMC, Debtors' directors and officers, Settling Note Holders and the FDIC (see DS 2-9).

<sup>1</sup> Bold items are deficiencies with the original disclosure statement as articulated in the Equity Committee's Initial Objection [Docket No. 3726] that the Equity Committee believes the Debtors have failed to address in their First Amended Disclosure Statement.

	<p>Fails to identify the “Unidentified Intellectual Property” that will be transferred by WMI to JPMC</p>	(See DS 69)
	<p>Fails to disclose the factors considered and analysis undertaken by the Debtors in determining to transfer assets to JPMC, the Debtors’ estimation of the value (or range of value) of such assets or the consideration to be paid by JPMC attributable to such assets</p>	(See DS 11)
	<p>With regard to the exchange for WMI’s 3.147M Class B Shares of Visa, Inc., fails to disclose how \$50M was derived or the total amount of dividends WMI expects to receive and retain in respect of the Class B Shares prior to the effective date of the GS</p>	<p>Reduces consideration for Visa Shares from \$50M to \$25M (Plan § 2.1(f)(1); GS § 2.5), but still fails to disclose how \$25M was derived or the total amount of dividends WMI expects to receive (see DS 12).</p>
	<p>Fails to provide an estimate of the amount of the JPMC Assumed Liabilities, including liabilities associated with the Interchange Litigation and BKK Litigation</p>	(See DS 12)
<p>JMPC’S RECOVERY UNDER THE GS AND PLAN</p>	<p>Fails to describe the reason for WMI’s purchase of the following assets or the basis upon which JPMC can transfer these assets free and clear of liabilities under the Bankruptcy Code (JPMC Entities will sell to WMI (i) the HF Ahmanson Rabbi Trust and certain BOLI-COLI policies and proceeds thereof (Ex. R); (ii) the 1.33% stock in H.S. Loan Corporation owned by WMB; and (iii) WMI Intellectual Property)</p>	(See DS 13)
	<p>Fails to contain any analysis establishing that the \$50M deposited by JPMC into the Vendor Escrow to satisfy the claims of vendors associated with the contracts on Exhibit U to the revised GS will be sufficient to satisfy all of those vendors’ claims</p>	(See DS 12-13)
	<p>Fails to set forth what impact, if any, the proposed tax treatment (treating amounts transferred to WMB or JPMC as “capital contributions” for tax purposes) may have on the estate</p>	

	<p><b>Fails to address the overall value of the Tax Refunds and the factors considered and analysis undertaken by the Debtors that supports the allocation of the Tax Refunds between the estates, JPMC and the FDIC</b></p>	(See DS 10-11)
	<p><b>Fails to disclose or discuss what proportion of the NOLs are attributable to each member of the Tax Group under the Tax Sharing Agreement and fails to disclose whether the value of the NOLs is included in the Debtors' \$5.4 to \$5.8B estimate of the value of the Tax Refunds</b></p>	(See DS 4-6, 10-11)
TAX REFUNDS	<p><b>Fails to disclose whether the FDIC holds a claim against WMI relating to the Tax Refunds and, if so, the amount of such claim</b></p>	(See DS 10-11)
	<p><b>Fails to clearly identify the basis upon which the FDIC is entitled to recover \$1.6B of the Tax Refunds</b></p>	Provides that FDIC will receive distributions in an amount up to \$850M from the second portion of the federal income tax refunds attributable to the Act (see DS 10, 13), but still fails to identify the basis upon which the FDIC is entitled to recover.
	<p><b>Fails to disclose the anticipated date(s) of receipt of the Tax Refunds</b></p>	(See DS 10-11)
	<p>Fails to disclose the total amount of claims that fall within each class and the percentage recovery expected for each class</p>	Includes estimated percentage of recovery for each class of claims, but still fails to disclose the total amount of claims within each class (see DS 17-28).
CLAIMS AND DISTRIBUTIONS	<p><b>Fails to disclose the identity of the holders of the Preferred Securities and fails to disclose any basis upon which holders of PIERS Claims are entitled to higher priority than other preferred and common equity, or the rationale for treating "Common Securities" as Claims</b></p>	(See DS 25-26, 84-86)
	<p><b>Fails to provide the basis for the Debtors' conclusion that the holders of claims relating to the CCB Securities will receive little to no distribution on account of their claims against the WMB Receivership and therefore are treated as allowed in full under the Plan</b></p>	(See DS 22-25)

<p style="text-align: center;">IMPLEMENTATION OF THE PLAN</p>	<p><b>Fails to disclose the potential impact upon the Plan if the Bank Bondholders prevail in whole or in part in litigation, and the consequences to the GS and the Plan if the litigation is not concluded in the near term</b></p>	<p>(See DS 14)</p>
	<p><b>Fails to provide the Debtors' estimation of the value of the assets to be retained by the Reorganized Debtors following emergence, including the anticipated value of the equity interests in WMI Investment, WM Reinsurance Company, Marion Insurance Company, WaMu 1031 Exchange and the HFA Trust Estates and fails to disclose why the Debtors have determined to retain these assets rather than distributing them to stakeholders as they propose with the bulk of their other assets</b></p>	<p>(See DS 11-13)</p>
	<p><b>Fails to provide any basis for the retention of assets, the value of which is not disclosed, for the benefit of a subset of claimants (the holders of Allowed PIERS Claims) following the release of claims and cancellation of equity interests</b></p>	<p>(See DS 84-85)</p>
	<p><b>Fails to disclose whether the Debtors are obligated to pay any fees to the Backstop Purchasers in connection with the Rights Offering and if so, how much and on what basis?</b></p>	<p>(See DS 16, 104-07)</p>
	<p><b>Fails to disclose the value of the assets to be retained by the Reorganized Debtors, the par value of the stock in the Reorganized Debtors, the basis for limiting the Rights Offering to holders of Allowed PIERS Claims and the costs associated with the Rights Offering</b></p>	<p>Includes purported enterprise valuation for Reorganized WMI prepared by Blackstone Advisory Group</p>
	<p><b>Fails to identify the nature, amount and value of the Plan Contribution Assets</b></p>	<p>Exhibit G to the revised GS remains blank.</p>
	<p><b>Fails to disclose the identity of creditors and their professionals, the amounts of professional fees of certain creditors the Debtors propose to pay under § 42.18 of the Plan and the basis on which the Debtors are obligated to pay such fees</b></p>	

	<p><b>Fails to include sufficient information concerning the claims and causes of action held by the estates</b></p>	(See DS 3-9)
LITIGATIONS AND INVESTIGATIONS	<p><b>Fails to provide an estimation of the value (or range of values) of the claims asserted by the Debtors in the D.C. Action and JPMC Adversary and the likelihood of recovery on those claims</b></p>	(See DS 3-9, 41-44)
	<p><b>Fails to disclose the nature of claims and causes of action assertable against parties to GS that would be resolved and the factors the Debtors considered before deciding to release such claims</b></p>	(See DS 3-9, 41-44)
	<p><b>Fails to disclose the published results, if any, of the investigations by the U.S. Senate Permanent Subcommittee on Investigations, U.S. Attorney for Western District of Washington, New York Attorney General, SEC and the Financial Fraud Enforcement Task Force</b></p>	Indicates that the U.S. Senate Permanent Subcommittee on Investigations publicly filed their report. Also indicates that the U.S. Dept of Treasury and FDIC publicly issued separate joint report (DS 59).
RELEASES	<p><b>Fails to disclose why the proposed releases are necessary, fair and in the best interests of the Debtors' estates</b></p>	(See DS 14, 119-20)
	<p><b>Fails to disclose all parties the Debtors intend to release, whether the Debtors are aware of any claims assertable against such parties and the consideration such parties will provide to the estate in exchange for the Debtors' release</b></p>	Identifies "Released Claims," but not released parties (DS 118-20).
	<p><b>Fails to provide any analysis of the factors considered by the Debtors regarding the merit of the JPMC Claims</b></p>	(See DS 13)
	<p><b>Fails to explain the Settlement Note Holders' participation in the GS or the Debtors' release of those parties under the Plan</b></p>	(See DS 8-9, 118-19)
	<p><b>Fails to identify the claims held by the Settlement Note Holders and whether the Settlement Note Holders are contributing any consideration to the estate in exchange for being released</b></p>	Exhibit C to the revised GS identifies the names of the Settlement Note Holders, but fails to identify the nature and amount of claims and equity interests comprised by the Settlement Note Holders.
	<p><b>Fails to provide adequate information about the propriety or specific details of any third-party release</b></p>	(See DS 14, 119-20)

<p>IMPROPER CLASSIFICATION OF SIMILARLY SITUATED CREDITORS</p>	<p><b>Fails to justify the separate classification and disparate treatment of PIERS Claims, REIT Series, Preferred Equity Interests and Common Equity Interests</b></p>	<p>(See DS 25-28)</p>
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# **EXHIBIT B**



## Exhibit C

### **Liquidation Analysis for Each Debtor**

Pursuant to section 1129(a)(7) of the Bankruptcy Code (the "**Best Interest Test**"), each holder of an impaired Claim or Equity Interest must either (i) accept the Plan, or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such non-accepting holder would receive or retain if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. In determining whether the Best Interest Test has been met, it is necessary to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors' assets in chapter 7. The gross amount of Cash available would be the sum of the proceeds from the disposition of the Debtors' assets and the Cash held by the Debtors at the commencement of their chapter 7 cases. Such amount then would be reduced by the costs and expenses of the liquidation. Prior to determining whether the Best Interest Test has been met for general unsecured creditors, further reductions would be required to eliminate Cash and asset liquidation proceeds that would be applied to Secured Claims and amounts necessary to satisfy chapter 11 Administrative Expense Claims, Priority Tax Claims, and Priority Non-Tax Claims that are senior to General Unsecured Claims, including any incremental Administrative Expense Claims that may result from the termination of the Debtors' businesses and the liquidation of assets. Any remaining Cash would be available for Distribution to general unsecured creditors and Equity Interest holders in accordance with the distribution hierarchy established by section 726 of the Bankruptcy Code.

The liquidation analysis (the "**Liquidation Analysis**") below reflects the estimated Cash proceeds, net of liquidation-related costs that would be available to the Debtors' creditors if the Debtors were to be liquidated in a chapter 7 case. Underlying the Liquidation Analysis are a number of estimates and assumptions regarding liquidation proceeds that, although developed and considered reasonable by the Debtors, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtors. **ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSES WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.**

#### **General Assumptions**

For purposes of the Liquidation Analysis, the Debtors considered many factors and made certain assumptions. Those assumptions that the Debtors consider significant are described below.

1. **Conversion:** Each of the Chapter 11 Cases (as defined in the Plan) are converted to cases under chapter 7 in 2010.
2. **Appointment of Chapter 7 Trustee:** A chapter 7 trustee is appointed to liquidate and wind down the Debtors' estates.
3. **Chapter 7 Trustee:** The chapter 7 trustee would retain professionals (investment bankers, law firms, accounting firms, consultants, forensic experts, etc.) to assist in the liquidation and wind down of the Debtors' estates. Although the chapter 7 trustee may retain certain of the Debtors' professionals for discrete projects, it is assumed that the trustee's primary investment banking, legal, accounting, consulting and forensic support would be provided by new professionals, because most (if not all) of the Debtors' professionals will hold Claims in the chapter 7 cases.

4. **Tax Refunds:** For the purposes of this analysis, the Debtors have assumed receipt of future tax refunds to be December 31, 2010. It's the receipt of these refunds that provide the recovery to the Senior Subordinated Notes, the CCB Guarantees, and the PIERS. Therefore, under both the Chapter 11 plan and the Chapter 7 liquidation, interest on those claims accrues through December 31, 2010.

5. **Start-Up Time:** Given the complexity of the Chapter 11 Cases and the underlying assets and Claims, it is anticipated that the chapter 7 trustee and any newly retained professionals will require at least 2 to 4 months to familiarize themselves with the Debtors' estates, the assets, the Claims and related matters before they begin marketing assets or litigating Claims.

6. **Settlement Agreement:** The conversion of the Chapter 11 Cases to cases under chapter 7 are assumed to delay the consummation of the Global Settlement Agreement while the chapter 7 trustee and its professionals review the Debtors' major assets and the terms of the Global Settlement Agreement. For the purposes of this analysis, it is assumed that a chapter 7 trustee is able to consummate a Global Settlement Agreement on the same terms and conditions as the Debtors propose in its plans. However, the Debtors can provide no assurance that a chapter 7 trustee will be able to execute a Global Settlement Agreement on at least as favorable terms as the current agreement.

7. **Duration of Liquidation:** The Liquidation Analysis assumes that after the start-up period the actual liquidation of assets of the Debtors would continue for 2 to 4 months, during which time all of the Debtors' major assets would be sold and the Cash proceeds, net of liquidation-related costs, would be available for distribution to creditors.

Approximately 4,000 Claims have been filed in the Chapter 11 Cases. It is unlikely that a chapter 7 trustee could adequately reconcile all Claims during a 9 to 12 month period of assessment and asset recovery. Therefore, a large number of the Claims in these cases will be reconciled, valued, negotiated and settled, and/or litigated to conclusion only after the asset recovery work is mostly complete. The Debtors estimate that a chapter 7 trustee will require an additional 6 to 12 months to reconcile Claims and pursue litigations. It is possible that some distributions could be made prior to such period, but Claims would be subject to reserves or an estimation process.

It is not uncommon in large cases for liquidations to last many years while chapter 7 trustees prosecute difficult Claims-related issues and other types of litigation.

8. **Consolidation for Administrative Purposes:** This Liquidation Analysis assumes that the Debtors are consolidated for administrative purposes during the chapter 7 cases.

9. **Presentation:** For the purposes of this analysis, the two Debtors, WMI and WMI Investment Corp., are shown combined. WMI Investment Corp. is not anticipated to have any claims against it, and therefore, the value of WMI Investment Corp.'s assets will be assets of WMI.

(Dollars in Millions)	Chapter 11 Plan			Chapter 7 Liquidation			Notes
	Proceeds			Proceeds			
Cash	\$ 5,202			\$ 5,202			(a)
Reorganized WMI	140			50			(b)
Investment in Subsidiaries & Other	36			36			(c)
Future Income Taxes Receivable	2,380			2,380			(d)
Total Proceeds	7,758			7,668			
Bank Exp, Priority Claims & Convenience Class	(47)			(130)			(e)
Net Proceeds	\$ 7,711			\$ 7,538			
	Claim Amount	Recovery Amount	Recovery %	Claim Amount	Recovery Amount	Recovery %	
Unsecured Claims							
Senior Notes							
Prepetition	\$ 4,132	\$ 4,132	100%	\$ 4,132	\$ 4,132	100%	
Post-Petition <sup>(1)</sup>	275	275	100%	333	333	100%	(f)
Total	4,408	4,408	100%	4,466	4,466	100%	
Senior Subordinated Notes							
Prepetition	1,666	\$ 1,666	100%	1,666	\$ 1,666	100%	
Post-Petition <sup>(2)</sup>	235	235	100%	235	235	100%	
Total	1,902	1,902	100%	1,902	1,902	100%	
General Unsecured Claims	375	\$ 375	100%	375	\$ 375	100%	(g)
CCB Guarantees							
Prepetition	70	\$ 70	100%	70	\$ 70	100%	
Post-petition <sup>(2)</sup>	8	8	100%	8	8	100%	
Total	78	\$ 78	100%	78	\$ 78	100%	
PIERS							(h)
Prepetition	789	\$ 789	100%	789	\$ 718	91%	
Post-petition <sup>(2)</sup>	150	150	100%	150	-	0%	
Total	940	\$ 940	100%	940	\$ 718	76%	
Subordinated Claims	-	-	N/A	-	-	N/A	(i)

Notes:

(1) Post-petition interest calculated to 07/31/10 for Senior Notes under the Chapter 11 plan and 12/31/10 under a Chapter 7 liquidation.

(2) Post-petition interest calculated to 12/31/10 for both the Chapter 11 plan and Chapter 7 liquidation.

Notes:

- (a) Cash is comprised of cash (including WMI's share of tax refunds already received) and restricted cash at WMI, WMI Investment Corp. and its subsidiaries, plus payments from JPMC for Visa Shares and intercompany loans pursuant to the Global Settlement Agreement, proceeds related to the American Savings Bank Goodwill Litigation and BOLI/COLI and Rabbi Trust assets in both the hypothetical chapter 7 case and the Debtors' Chapter 11 Cases.
- (b) The Reorganized WMI includes WMI, WMI Investment Corp. and WMMRC, a wholly-owned subsidiary of WMI and a Hawaiian captive reinsurance company. WMI retained Blackstone Advisory Partners ("Blackstone") to prepare a valuation of the Reorganized WMI. Blackstone's conclusions regarding the value of Reorganized WMI are subject to the assumptions, limitations and qualifications set forth in the valuation analysis, annexed to this Disclosure Statement as Exhibit D. As set forth therein, Blackstone's valuation work produced a range of \$120 million to

\$160 million (on a pre-rights offering basis). For purposes of this analysis, we have included the midpoint of that range, \$140 million.

In chapter 7 cases, the Debtors believe they would be forced to sell WMMRC quickly which would substantially reduce the recovery associated with this asset.

- (c) Includes investments in wholly-owned subsidiaries Marion Insurance Company, a Vermont captive reinsurance company, WaMu 1031 Exchange, a 1031 exchange administrator, and Ahmanson Obligation Company. Other assets include the Assurant Trust account and a remaining note related to a venture capital investment, as described in the Disclosure Statement.
- (d) In both the Debtors' Chapter 11 Cases and the hypothetical cases under chapter 7, WMI's portion of future tax refunds equates to 20% of the initial tax refund of approximately \$2.9 billion and an additional tax refund of \$2.8 billion less \$1.0 billion paid to the FDIC and the WMB bondholders, netting a total of \$2,380 million, but there is no assurance that a settlement can be reached on the same terms as the Global Settlement Agreement.
- (e) In the hypothetical chapter 7 cases, it is estimated that the delay resulting from the conversion of the cases and the knowledge transfer in changing professionals due to the complexity of issues involved would result in an increase of \$4 million in operational expenses, \$41 million of professional fees and the additional payment of a 0.5% fee on total distribution to creditors equal to \$38 million.
- (f) As discussed, conversion to chapter 7 cases will cause a delay in the resolution of the cases. For the purposes of this analysis, post-petition interest has accrued for an additional five months. The actual amount of delay could be somewhat less or far greater than this amount.
- (g) In both the Debtors' Chapter 11 Cases and the hypothetical cases under chapter 7, general unsecured claims will vary widely depending on the outcome of various claims objections. Current filed claims total in excess of \$55 billion excluding unliquidated claims. However, the Debtor's best estimate of eventually allowed claims in both cases will be approximately \$375 million.
- (h) PIERS claims consists of claims related to both preferred and common securities. All common securities are owned by WMI. Therefore recoveries in excess of \$765 million plus corresponding post-petition interest will be distributed back to the estate.
- (i) Subordinated Claims could arise from the outcome of various litigations and as such, no estimate of those claims have been included in the liquidation analysis under either a chapter 11 plan or a chapter 7 liquidation.

# **EXHIBIT C**

### **Enterprise Valuation of the Reorganized Debtors**

To provide information to parties in interest regarding the possible range of values of their distributions under the Plan, the Debtors retained Blackstone Advisory Partners (“Blackstone”) as their financial advisor, with respect to, among other things (a) the estimated value of the Reorganized Debtors on a going-concern basis (“Reorganized WMI Value”) and (b) the estimated value of the Rights Offering.

In estimating the hypothetical range of the Reorganized WMI Value, Blackstone has, among other things:

- (a) reviewed certain recent historical financial information of the Debtors;
- (b) reviewed certain internal financial and operating data of the Debtors, which data was prepared and provided to Blackstone by the management of the Debtors and which relates to Reorganized WMI’s business, its prospects and its projected dividend stream, including Reorganized WMI’s Projections;
- (c) reviewed the Net Operating Loss (“NOL”) analysis prepared by the Debtors;
- (d) met with and discussed the Debtors’ operations and future prospects with the management team and their advisors, including the Debtors’ actuarial advisors and other constituents;
- (e) discussed relevant sections of the Internal Revenue Code with tax experts;
- (f) reviewed certain publicly available financial data, including regulatory filings, for industry public companies, specifically the primary insurers for Reorganized WMI, and recent precedent transactions in the insurance and reinsurance industry;
- (g) considered certain economic and industry information relevant to the operating business;
- (h) reviewed the Plan of Reorganization, Disclosure Statement, and other public filings; and
- (i) conducted such other analyses and investigations and considered such other information as Blackstone deemed appropriate under the circumstances.

Blackstone did not independently verify the Projections in connection with preparing estimates of Reorganized WMI Value, and no appraisals of the Debtors were sought or obtained in connection herewith. Blackstone assumed that the Projections prepared by the management of the Debtors were reasonably prepared in good faith and on a basis reflecting the Debtors’ most accurate currently available estimates and judgments as to the future operating and financial performance of the Reorganized Debtors. Blackstone’s estimated Reorganized WMI Value range assumes the Reorganized Debtors will achieve their Projections in all material respects. Moreover, Blackstone assumed and relied on the accuracy and completeness of all other financial and other information furnished to it by the Debtors.

Blackstone has employed generally accepted valuation techniques in estimating the value of Reorganized WMI. The following is a brief summary of certain financial analyses considered by Blackstone to arrive at its estimated range of Reorganized WMI Value.

(a) Discounted Cash Flow Analysis

The discounted cash flow (“DCF”) analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business’ weighted average cost of capital (the “Discount Rate”). The Discount Rate reflects the estimated blended rate of return that would be required by debt and equity investors to invest in the business based on its capital structure. The enterprise value of the firm is determined by calculating the present value of Reorganized WMI’s unlevered after-tax free cash flows based on the Projections. Although formulaic methods are used to derive the key estimates for the DCF methodology, their application and interpretation still involve complex considerations and judgments concerning potential variances in the projected financial and operating characteristics of the Reorganized WMI.

(b) Precedent Transactions Analysis

The precedent transactions analysis estimates value by examining public merger and acquisition transactions. The valuations paid in such acquisitions or implied in such mergers are analyzed as ratios of various financial results. These transaction multiples are calculated based on the purchase price (including any debt assumed) paid to acquire companies and/or portfolios that are comparable to the Reorganized WMI. Since precedent transaction analysis reflects aspects of value other than the intrinsic value, there are limitations as to its applicability in determining the enterprise value. Nonetheless, Blackstone reviewed recent M&A transactions involving both reinsurance and insurance companies.

(c) Comparable Company Analysis

The comparable company valuation analysis estimates the value of a company based on a relative comparison with other publicly traded companies with similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public company was determined by examining the trading prices for the equity securities of such company in the public markets and adding the aggregate amount of outstanding net debt for such company (at book value) and minority interest. Those enterprise values are commonly expressed as multiples of various measures of operating statistics, including book value and tangible book value. Blackstone examined each of the selected public company’s operational performance, operating margins, profitability, leverage and business trends. Based on these analyses, financial multiples and ratios are calculated to apply to the Reorganized Debtors’ actual and projected operational performance.

Based on these Projections and subject to the review and analysis described herein and to the assumptions, limitations and qualifications described herein, and solely for purposes of the Plan, Blackstone estimates that the Reorganized WMI Value falls within a range from approximately \$120 to \$160 million. The Debtors have not yet disclosed the material terms of the Rights Offering. Upon disclosure of such terms, Blackstone will provide a valuation of the Rights Offering.

Blackstone’s estimated range of Reorganized WMI Value does not constitute a recommendation to any holder of Allowed Claims as to how such person should vote or otherwise act with respect to the Plan. The estimated range of Reorganized WMI Value set forth herein does not constitute an opinion as to fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan.

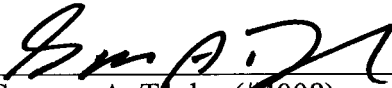
The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimated range of the Reorganized WMI Value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. The estimated range of Reorganized WMI Value may materially change by the availability of the Reorganized WMI NOLs, which may be impacted by the structure of the rights offering, and may affect Reorganized WMI's ability to shield taxable income at WMMRC. Neither the Reorganized Debtors, Blackstone, nor any other person assumes responsibility for any differences between the Reorganized WMI Value range and such actual outcomes.

The summary set forth above does not purport to be a complete description of the analyses performed by Blackstone. The preparation of a valuation estimate involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances and, therefore, such an estimate is not readily suitable to summary description. In performing these analyses, Blackstone and the reorganized Debtors made numerous assumptions with respect to industry performance, tax, business and economic conditions and other matters. The analyses performed by Blackstone are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses.



**CERTIFICATE OF SERVICE**

I, Gregory A. Taylor, hereby certify that on May 18, 2010, I caused one copy of the foregoing document to be served upon the parties on the attached service list by first class U.S. Mail, postage prepaid, unless otherwise indicated.

  
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Gregory A. Taylor (#4008)

**Washington Mutual, Inc., Case No. 08-12229 (MFW)  
Service List for Objection to Disclosure Statement**

**HAND DELIVERY & ELECTRONIC MAIL**

Joseph J. McMahon, Jr., Esq.  
Office of the United States Trustee  
844 King Street, Room 2207  
Lockbox 35  
Wilmington, DE 19801  
joseph.mcmahon@usdoj.gov

**HAND DELIVERY & ELECTRONIC MAIL**

Adam G. Landis, Esq.  
Landis Rath & Cobb LLP  
919 Market Street, Suite 1800  
Wilmington, DE 19801  
landis@lrclaw.com

**U.S. MAIL & ELECTRONIC MAIL**

Brian S. Rosen, Esq.  
Weil Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
brian.rosen@weil.com

**U.S. MAIL & ELECTRONIC MAIL**

Fred S. Hodara, Esq.  
Akin Gump Strauss Hauer & Feld LLP  
One Bryant Park  
New York, NY 10036  
fhodara@akingump.com

**HAND DELIVERY & ELECTRONIC MAIL**

Mark D. Collins, Esq.  
Richards Layton & Finger, PA  
One Rodney Square  
920 North King Street  
Wilmington, DE 19801  
collins@rlf.com

**HAND DELIVERY & ELECTRONIC MAIL**

David B. Stratton, Esq.  
Pepper Hamilton LLP  
Hercules Plaza, Suite 5100  
13-13 N. Market Street  
Wilmington, DE 19801  
strattond@pepperlaw.com

**U.S. MAIL**

Washington Mutual, Inc.  
c/o Charles E. Smith, Esq.  
925 Fourth Avenue  
Seattle, WA 98104

**U.S. MAIL & ELECTRONIC MAIL**

Peter Calamari, Esq.  
Quinn Emanuel Urquhart & Sullivan LLP  
55 Madison Avenue, 22<sup>nd</sup> Floor  
New York, NY 10010  
petercalamari@quinnemanuel.com

**U.S. MAIL & ELECTRONIC MAIL**

Stacey R. Friedman, Esq.  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, NY 10004  
friedmans@sullcrom.com