

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

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In re:	:	
WASHINGTON MUTUAL, INC., <u>et al.</u> , <sup>1</sup>	:	Chapter 11
Debtors.	:	Case No. 08-12229 (MFW)
	:	(Jointly Administered)
	:	
	X	

**NOTICE OF INTENT TO SELL, TRADE  
OR OTHERWISE TRANSFER WMI STOCK**

PLEASE TAKE NOTICE THAT Palomino Fund Ltd. ("Palomino")<sup>2</sup> hereby provides notice of its intention to sell, trade or otherwise transfer one or more shares of Washington Mutual, Inc. ("WMI") common stock (the "WMI Common Stock") or WMI's Series R 7.75% Non-Cumulative Perpetual Convertible Preferred Stock (the "Series R Convertible Preferred"), WMI's Series I Perpetual Non-Cumulative Fixed-to-Floating Rate Preferred (the "Series I Preferred Stock"), WMI's Series J Perpetual Non-Cumulative Fixed Rate Preferred (the "Series J Preferred Stock"), WMI's Series L Perpetual Non-Cumulative Fixed-to-Floating Rate Preferred (the "Series L Preferred Stock"), WMI's Series M Perpetual Non-Cumulative Fixed-to-Floating Rate Preferred (the "Series M Preferred Stock"), WMI's Series N Perpetual Non-Cumulative Fixed-to-Floating Rate Preferred (the "Series N Preferred Stock") and, together with WMI Common Stock and all of the Preferred Stock listed above, "WMI Stock") or an Option (as defined below) with respect to any of the foregoing (the "Proposed Transfer").

PLEASE TAKE FURTHER NOTICE THAT Palomino currently owns:

- (i) ████████ shares of WMI's Series I Perpetual Non-Cumulative Fixed-to-Floating Rate Preferred (the "Series I Preferred Stock");
- (ii) ████████ shares of WMI's Series L Perpetual Non-Cumulative Fixed-to-Floating Rate Preferred (the "Series L Preferred Stock");
- (iii) ████████ shares of WMI's Series M Perpetual Non-Cumulative Fixed-to-Floating Rate Preferred (the "Series M Preferred Stock"); and
- (iv) ████████ shares of WMI's Series N Perpetual Non-Cumulative Fixed-to-Floating Rate Preferred (the "Series N Preferred Stock").

<sup>1</sup> 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.

<sup>2</sup> Appaloosa Management L.P. is the investment manager for Palomino.

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PLEASE TAKE FURTHER NOTICE THAT, pursuant to the Proposed Transfer, Palomino proposes to sell, trade or otherwise transfer:

- (i) [REDACTED] shares of Series I Preferred Stock;
- (ii) [REDACTED] shares of Series L Preferred Stock;
- (iii) [REDACTED] shares of Series M Preferred Stock; and
- (iv) [REDACTED] shares of Series N Preferred Stock.

If the Proposed Transfer is permitted to occur, Palomino will own:

- (i) [REDACTED] shares of Series I Preferred Stock;
- (ii) [REDACTED] shares of Series L Preferred Stock;
- (iii) [REDACTED] shares of Series M Preferred Stock; and
- (iv) [REDACTED] shares of Series N Preferred Stock.

PLEASE TAKE FURTHER NOTICE THAT the taxpayer identification number of Palomino is [REDACTED].

PLEASE TAKE FURTHER NOTICE that, under penalties of perjury, Palomino hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct and complete.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain Interim Order or that certain Final Order, as applicable, under 11 U.S.C. §§ 105(a) and 362, establishing notification procedures and approving restrictions on certain transfers of interests in the Debtors' estates, this Notice is being (A) filed with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 5th Floor, Wilmington, Delaware 19801, and (B) served upon (i) the Debtors, to Alvarez & Marsal, 100 Pine Street, Suite 900, San Francisco, California 94111 (Attn: Bill Kosturos); (ii) Weil, Gotshal & Manes LLP, attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153 (Attn: Marcia L. Goldstein, Esq., Brian S. Rosen, Esq., and Michael F. Walsh, Esq.); (iii) Richards Layton & Finger, One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attention: Mark D. Collins, Esq.); (iv) Simpson Thacher, 425 Lexington Avenue, New York, New York 10017-3954 (Attention: Lee A. Meyerson, Esq. and Maripat Alpuche, Esq.); (v) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036 (Attention: Fred S. Hodara, Esq.); (vi) White & Case LLP, 1155 Sixth Avenue, New York, New York 10036 (Attention: Thomas E. Lauria, Esq. and Gerard Uzzi, Esq.), as counsel to the Washington Mutual Inc. Noteholder Group; and (vii) the U.S. Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attention: Joseph J. McMahon, Jr., Esq.).

PLEASE TAKE FURTHER NOTICE that the Debtors and the Creditors' Committee have fifteen (15) calendar days after the filing of this Notice to object to the Proposed Transfer described herein. If the Debtors or the Creditors' Committee file an objection, such Proposed Transfer will not be effective unless approved by a final and nonappealable order of the Court. If the Debtors and the

Creditors' Committee do not object within such fifteen (15) calendar day period, or if the Debtors and the Creditors' Committee provide written authorization approving the Proposed Transfer prior to the end of such fifteen (15) calendar day period, then such Proposed Transfer may proceed solely as specifically described in this Notice.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by Palomino that may result in Palomino selling, trading or otherwise transferring shares of WMI Stock (or an Option with respect thereto) will each require an additional notice filed with the Court to be served in the same manner as this Notice.

FOR PURPOSES OF THIS NOTICE, (i) "Ownership" (or any variation thereof of WMI Stock and Options to acquire WMI Stock) shall be determined in accordance with applicable rules under section 382 of title 26 of the United States Code (the "Tax Code"), the U.S. Department of Treasury regulations ("Treasury Regulations") promulgated thereunder and rulings issued by the Internal Revenue Service, and, thus, to the extent provided in those rules, from time to time shall include, without limitation, (i) direct and indirect ownership (e.g., a holding company would be considered to beneficially own all stock owned or acquired by its subsidiaries), (ii) ownership by a holder's family members and any group of persons acting pursuant to a formal or informal understanding to make a coordinated acquisition of stock and (iii) in certain cases, the ownership of an Option to acquire WMI Stock, (ii) any variation of the term "Ownership" (e.g., Own) shall have the same meaning and (iii) an "Option" to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

Respectfully submitted,

  
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Palomino Fund Ltd.

Name: Ken Maiman  
Title: Authorized Signatory

Address: 51 John F. Kennedy Parkway  
Short Hills, New Jersey 07078

Telephone: (973) 701-7000  
Facsimile: (973) 701-7055  
Date: August 18, 2010

**CERTIFICATE OF SERVICE**

I, Victoria A. Guilfoyle, hereby certify that on August 20, 2010, I caused a copy of the following document to be served on the parties listed on the attached service list in the manner indicated.

NOTICE OF INTENT TO SELL, TRADE OR  
OTHERWISE TRANSFER WMI STOCK

/s/ Victoria A. Guilfoyle  
Victoria A. Guilfoyle

**Service List**

**Via Hand Delivery**

Richards Layton & Finger, P.A.  
One Rodney Square  
920 North King Street  
Wilmington, DE 19801  
Attn: Mark D. Collins, Esq.

Office of the U.S. Trustee  
844 King Street, Suite 2207  
Lockbox 35  
Wilmington, DE 19801  
Attn: Joseph J. McMahon, Jr., Esq.

**Via First Class Mail**

Alvarez & Marsal  
100 Pine Street, Suite 900  
San Francisco, CA 94111  
Attn: Bill Kosturos

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
Attn: Marcia L. Goldstein, Esq.  
Brian S. Rosen, Esq.  
Michael F. Walsh, Esq.

Simpson Thacher  
425 Lexington Avenue  
New York, NY 10017-3954  
Attn: Lee A. Meyerson, Esq.  
Maripat Alpuche, Esq.

Akin Gump Strauss Hauer & Feld LLP  
One Bryant Park  
New York, NY 10036  
Attn: Fred S. Hodara, Esq.

White & Case LLP  
1155 Sixth Avenue  
New York, NY 10036  
Attn: Thomas E. Lauria, Esq.  
Gerard Uzzi, Esq.