

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

	X	
In re	:	Chapter 11
	:	
WASHINGTON MUTUAL, INC., <i>et al.</i> ¹	:	Case No. 08-12229 (MFW)
	:	
Debtors.	:	Jointly Administered
	:	Objection Deadline: December 9, 2010 at 4 p.m.
	:	(Extended By Agreement)
	:	Hearing Date: December 17, 2010 at 10:30 a.m.
	:	
	:	Related to Docket No. 5971
	:	
	X	

**LIMITED OBJECTION OF PRINCIPAL FINANCIAL GROUP, INC.
TO DEBTORS' MOTION TO ESTIMATE MAXIMUM AMOUNT OF CERTAIN
CLAIMS FOR PURPOSES OF ESTABLISHING RESERVES UNDER THE DEBTORS'
CONFIRMED CHAPTER 11 PLAN**

Principal Financial Group, Inc. (“PFG”), by and through its undersigned counsel, hereby files this Limited Objection (the “Objection”) to *Debtors’ Motion to Estimate Maximum Amount of Certain Claims for Purposes of Establishing Reserves Under the Debtors’ Confirmed Chapter 11 Plan* (the “Motion”), and respectfully states as follows:

BACKGROUND

1. Washington Mutual, Inc. (“WMI”) and PFG are parties to that certain Stock Purchase Agreement, dated July 25, 2006 (the “SPA”), between WMI, New American Capital, Inc. (“NACI” and, together with WMI, the “WMI Entities”), PFG and Principal Management Corporation (“PMC” and, together with PFG, the “PFG Entities”),

¹ The Debtors in this case 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 925 Fourth Avenue, Suite 2500, Seattle, Washington 98104.



2. WMI and PFG are also parties to that certain Global Distribution Agreement (the “Distribution Agreement”, and together with the SPA and the other “Ancillary Documents” (as defined in the SPA), the “Transaction Documents”) dated December 31, 2006, between PFG, WMI, and WM Financial Services, Inc.

3. On or about March 27, 2009, PFG filed a proof of claim against Washington Mutual, Inc. (“WMI”) in the amount of \$5,106,461.37, plus an additional contingent, unliquidated amount, for any and all claims arising from the Transaction Documents, which claim was assigned claim number 2385 (the “Original Claim”).

4. On or about April 23, 2010, PFG filed an amended proof of claim against WMI in the amount of \$39,002,621.52, plus an additional contingent, unliquidated amount, which claim was assigned claim number 3835 (the “Claim”).

5. On or about May 17, 2010, the Debtors filed the *Thirty-Fourth Omnibus (Non-Substantive) Objection to Claims* [Docket No. 3772] (the “Thirty-Fourth Omnibus Objection”) and, therein, requested that the Original Claim be disallowed on the basis that it was amended and superseded by the Claim. On June 17, 2010, the Bankruptcy Court entered the *Order Granting Debtors’ Thirty-Fourth Omnibus (Non-Substantive) Objection to Claims* [Docket No. 4756], granting the Thirty-Fourth Omnibus Objection as to certain claims and adjourning the Thirty-Fourth Omnibus Objection as to the Original Claim.

6. On or about June 2, 2010, the Debtors filed the *Debtors’ Objection to Proof of Claim Filed by Principal Financial Group, Inc. (Claim No. 3835) Pursuant to Section 510(b) of the Bankruptcy Code* [Docket No. 4497], pursuant to which the Debtors objected to the Claim (the “Section 510(b) Objection”).

7. On or about July 1, 2010, Principal filed the *Response of Principal Financial Group, Inc. to Debtors' Objection to Proof of Claim Filed by Principal Group Financial, Inc. (Claim No. 3835) Pursuant to Section 510(b) of the Bankruptcy Code* [Docket No. 4836] (the "Response").

8. On or about November 17, 2010, the Debtors filed the Motion which states that the Debtors and PFG are negotiating a settlement of the Original Claim, the Claim, the Thirty-Fourth Omnibus Objection, the Section 510(b) Objection and the Response and provides that for purposes of reserving, the Claim shall be estimated as a \$4,000,000 (the "Proposed Reserve").

OBJECTION

9. PFG and the Debtors have reached a settlement regarding the amount and treatment of PFG's Claim (the "PFG Claim Settlement") subject to definitive documentation and approval by the Court. However, as of the date hereof, the stipulation memorializing the settlement has not been finalized, executed by the parties and filed with the Court.

10. While PFG believes the parties will finalize and file the stipulation shortly, out of an abundance of caution, PFG is filing this limited objection to the Motion. To the extent the PFG Claim Settlement is not approved by the Court on a final basis prior to or contemporaneously with the Court's determination of the Motion, PFG reserves all rights to assert and seek distributions and reserve amounts based on the amounts set forth in the Original Claim and/or the Superseded Claim.

11. To the extent the PFG Claim Settlement is documented and approved by the Court on a final basis, the Proposed Reserve should be sufficient to satisfy the Claim provided,

however, that the Proposed Reserve clearly provides that the Claim is estimated as a *General Unsecured Claim* in the amount of \$4,000,000.00².

12. Accordingly, unless and until the PFG Claim Settlement is documented and approved by the Court by entry of a final, non-appealable order, PFG objects to the Motion and the Proposed Reserve.

WHEREFORE, PFG requests that (i) the Motion only be granted with respect to PFG on the condition that the PFG Claim Settlement is documented and approved by the Court by entry of a final, non-appealable order and (ii) this Court grant such other and further relief as is just and proper.

DUANE MORRIS LLP

Dated: December 9, 2010

By: /s/ Richard W. Riley
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² PFG reserves all rights to further object to the Motion if the terms of the PFG Claim Settlement change so that the Proposed Reserve is no longer sufficient.

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

IN RE: : Chapter 11
: :
WASHINGTON MUTUAL, INC., et al.,¹ : Case No. 08-12229 (MFW)
: :
: (Jointly Administered)
Debtors :

CERTIFICATE OF SERVICE

I, Richard W. Riley, certify that I am not less than 18 years of age, and that I caused a copy of each of the following documents to be served upon the parties listed on the attached service list on December 9, 2010 in the manner indicated on the service list:

1. Limited Objection Of Principal Financial Group, Inc. To Debtors' Motion To Estimate Maximum Amount Of Certain Claims For Purposes Of Establishing Reserves Under The Debtors' Confirmed Chapter 11 Plan; and
2. the within Certificate of Service.

Under penalty of perjury, I declare that the foregoing is true and correct.

Dated: December 9, 2010

/s/ Richard W. Riley
Richard W. Riley

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.

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