

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

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

**NOTICE OF STATUS CONFERENCE REGARDING,  
AMONG OTHER THINGS, THE OPINION WITH RESPECT  
TO CONFIRMATION OF THE SIXTH AMENDED JOINT PLAN  
OF AFFILIATED DEBTORS PURSUANT TO CHAPTER  
11 OF THE UNITED STATES BANKRUPTCY CODE**

PLEASE TAKE NOTICE that, on January 7, 2011, the Bankruptcy Court entered an opinion [Docket No. 6528] (the “Opinion”) (i) determining that the compromise and settlement embodied in the Global Settlement Agreement<sup>2</sup> and the transactions contemplated therein are fair, reasonable, and in the best interests of the Debtors, the Debtors’ creditors, and the Debtors’ chapter 11 estates, and (ii) identifying certain modifications required before the Bankruptcy Court would confirm the Plan.

PLEASE TAKE FURTHER NOTICE that the Debtors, together with the other Plan Proponents, intend to amend the Plan consistent with the Opinion, and to seek confirmation and consummation of the Plan, as amended, as expeditiously as possible.

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court shall hold a status conference regarding the Opinion and the suggested modifications to the Plan on **January 20, 2011, at 2:00 p.m. (Eastern Time)** (the “Status Conference”).

PLEASE TAKE FURTHER NOTICE that, as set forth in more detail on the chart annexed hereto as Exhibit A, the issues raised at the Status Conference may include, among others, the following:

- Releases by the Debtors
- Releases by non-Debtors
- Definition of “Released Claims”
- Payment of postpetition interest
- Characterization of the PIERS

<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 925 Fourth Avenue, Seattle, Washington 98104.

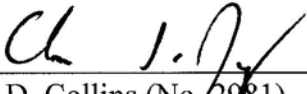
<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the Bankruptcy Code, dated October 6, 2010 (the “Plan”).



PLEASE TAKE FURTHER NOTICE that, with respect to the characterization of the PIERS, annexed hereto as Exhibit B is a copy of the Order Granting Debtors' Objection to Proof of Claim Number 2134 Filed by Wells Fargo Bank, National Association, as Indenture Trustee [Docket No. 2262].

PLEASE TAKE FURTHER NOTICE that, at the Status Conference, and based upon the Bankruptcy Court's directive, the Debtors shall propose a timeframe for confirmation of the Plan, as amended.

Dated: Wilmington, Delaware  
January 17, 2010

  
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ATTORNEYS TO THE DEBTORS  
AND DEBTORS IN POSSESSION

**Exhibit A**

Chart of Outstanding Confirmation Issues

ISSUE	COURT'S DECISION	PROPOSED RESOLUTION
<b>Releases by the Debtors</b>	<p>Clarify that Section 43.5 of the Plan, entitled “Releases by the Debtors,” provides releases by the Debtors only. (p.63 n.33)<sup>1</sup></p> <p>The releases provided by the Debtors should not be extended to the Settlement Note Holders, the Creditors’ Committee and its members, the Indenture Trustees, the Liquidating Trust and the Liquidating Trustee. (p.67)</p> <p>The releases provided by the Debtors should not be extended to current or former directors, officers or professionals of the Debtors for the period prior to the Petition Date. (p.70)</p> <p>The releases provided by the Debtors should not be extended to all present and former Affiliates of Released Parties. (p.72)</p>	<p>Section 43.5 of the Plan, entitled “Releases by the Debtors,” will be amended to clarify that the releases provided therein are by the Debtors only.</p> <p>The definition of “Released Parties” in the Plan will be amended to exclude such parties and include only the Debtors, WMB, each of the Debtors’ estates, the Reorganized Debtors, the JPMC Entities, the FDIC Receiver and FDIC Corporate.</p> <p>The definition of “Released Parties” in the Plan will be amended to exclude such parties.</p>
<b>Exculpation Clause</b>	<p>Exculpation should be provided to only the Debtors, the estate’s professionals, the Creditors’ Committee and Equity Committee and their respective members,</p>	<p>Section 43.5 of the Plan, entitled “Releases by the Debtors,” will be amended consistent with the Opinion, including to provide for a release of Affiliates of JPMC and the FDIC from the Debtors. In the event the Court intended something different, guidance from the Court would be appreciated.</p> <p>Section 43.8 of the Plan, entitled “Exculpation,” will be amended to provide exculpation to the Debtors, the Debtors’ officers and directors serving during the</p>

<sup>1</sup> Page references herein are to the pages of the Court’s Opinion regarding confirmation, dated January 7, 2011 [Docket No. 6528] (the “Opinion”). All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Opinion or the Plan, as the case may be.

ISSUE	COURT'S DECISION	PROPOSED RESOLUTION
	<p>and the Debtors' directors and officers. (p.73)</p>	<p>period from the Petition Date up to and including the Effective Date (including, without limitation, in capacities required as a result of their positions as an officer or director), the Creditors' Committee and each of its members in their capacity as members of the Creditors' Committee, the Equity Committee and each of its members in their capacity as members of the Equity Committee, and each of their respective professionals, subject to the limitation for the LTW Adversary referenced below.</p>
<p><b>Releases by Creditors and Shareholders (the "third party releases")</b></p>	<p>Based upon allegations made with respect to the LTW Adversary, exculpation of directors for postpetition activities should be reserved pending a determination of the merits of such allegations. (p.74)</p> <p>The releases in the Global Settlement Agreement must be interpreted consistent with the Confirmation Order and the Plan. (p.79)</p>	<p>Section 43.8 of the Plan, entitled "Exculpation," will be amended consistent with the Opinion.</p> <p>Section 2.1 of the Plan, entitled "Compromise, Settlement and Sale," will be amended to provide that, in the event of any inconsistency between the Global Settlement Agreement, the Plan or the Confirmation Order with respect to third party releases, the documents shall control in the following order of priority: (i) the Confirmation Order, (ii) the Plan, and (iii) the Global Settlement Agreement.</p>
	<p>The releases may not release any direct claims of the ANICO Plaintiffs, but may release any derivative claims of the ANICO Plaintiffs. The Plan must provide that the Court is making no determination</p>	<p>Section 43.6 of the Plan, entitled "Releases by Holders of Claims," and the form Stipulation of Dismissal attached to the Global Settlement Agreement will be amended to preserve the direct claims, if</p>

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	as to who owns the claims in the ANICO Litigation. (pp.80-81)	any, of the ANICO Plaintiffs, and to provide that, in confirming the Plan, the Court is not determining the ownership of any of the claims in the ANICO Litigation.
	Third party releases should not extend to Affiliates of the Debtors. <sup>2</sup> (p.81)	The Plan will be amended consistent with the Opinion.
	Third party releases should not extend to the Debtors' officers and directors for the period prior to the Petition Date. (pp.81-82)	The Plan will be amended consistent with the Opinion.
	Third party releases should not extend to any affiliate of a releasing creditor. (p.83)	The Plan will be amended consistent with the Opinion.
	Third party releases may be granted by those who affirmatively consent by voting in favor of the Plan and not opting out of the third party releases. (p.84)	Release election forms, expressly setting forth that no distribution will be made without the holder's affirmative agreement to the third party releases provided in Section 43.6 of the Plan, shall be tendered to (a) impaired Creditors who previously opted out of the releases or failed to return a Ballot and (b) holders of Disputed Claims who did not receive a Ballot in connection with the prior solicitation. All unimpaired Creditors and impaired Creditors who affirmatively voted for the Plan and did not opt out of the releases shall be deemed to have granted the third party releases. In the event the Court intended differently, guidance from the

<sup>2</sup> It should be noted that special purpose entities that issued certain asset-backed securities, such as those referenced on page 81 of the Opinion, are not affiliates of the Debtors.

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		<p>Court would be appreciated.</p> <p>The Debtors would like to discuss with the Court a mechanism for providing for the delivery of distributions to and receipt of deemed releases from non-responsive Creditors.</p> <p>The Plan will be amended consistent with the Opinion.</p>
<p><b>Released Claims</b></p>	<p>Third party releases on behalf of Entities that are not entitled to receive a distribution under the Plan are inappropriate. (p.85)</p> <p>The definition of "Released Claims" should be limited to claims of the Debtors (with respect to releases given by the Debtors) and to claims of creditors relating to claims they have asserted against the Debtors (with respect to releases given by creditors or shareholders). (p.86)</p>	<p>The Plan will be amended consistent with the Opinion to delete clause (ii) of Section 1.159 of the Plan and insert the following in lieu thereof: "(ii) to claims of the Debtors (with respect to releases given by the Debtors) and to claims of Creditors relating to claims they have against the Debtors (with respect to releases given by Creditors or holders of Equity Interests)". In the event the Court intended differently, guidance from the Court would be appreciated.</p>
<p><b>Injunctions</b></p>	<p>Injunctions should be limited to the terms of the permissible releases. (p.87)</p>	<p>The Plan will be amended to limit the injunctions so that they are consistent with the scope of the amended releases.</p>
<p><b>Postpetition Interest</b></p>	<p>In accordance with section 726(a), as expressly subject to subordination pursuant to section 510, interest can be paid on unsecured claims upon the payment, in full, of unsecured claims, including late-filed claims. (p.89-90)</p>	<p>The Plan provides for the payment of all allowed Unsecured Claims in full. The Plan will be amended to include the payment of any allowed late-filed claims prior to the payment of postpetition interest.</p>

<b>ISSUE</b>	<b>COURT'S DECISION</b>	<b>PROPOSED RESOLUTION</b>
	<p>Absent evidence of a conflict of interest or other inequitable conduct, postpetition interest is payable at the contract rate rather than at the federal judgment rate. (p.94)</p>	<p>The Debtors submit that, as no admissible evidence warrants application of the federal judgment rate, the contract rate should apply.</p>
<p><b>Classification of LTW Holders' Claims</b></p>	<p>The Plan should be clarified to provide that, if the LTW Holders win the LTW Adversary and their claims are not subordinated pursuant to section 510(b), they will be entitled to treatment as general unsecured creditors in Class 12. (p.89)</p>	<p>Section 25.1 of the Sixth Amended Plan, entitled "Cancellation of Dime Warrants," provides that, to the extent that holders of Dime Warrants are determined, pursuant to a Final Order, to hold Allowed Claims, such Allowed Claims shall be deemed to be Allowed General Unsecured Claims classified in Class 12 and shall receive the treatment provided in Article XVI. The definition of "Unsecured Claim" will be amended further to clarify the inclusion of such Claims to the extent determined pursuant to a Final Order.</p>
<p><b>Treatment of PIERS Claims</b></p>	<p>The Plan's Rights Offering should be available to all PIERS Claimants, regardless of the size of a holder's claim. (p.100)</p>	<p>The Plan will be amended to remove any Claims holding threshold for eligibility to participate in the Rights Offering and subscription forms shall be sent to each newly eligible PIERS Claim holder.</p> <p>The Debtors reserve the right to cancel the Rights Offering in its entirety in the event that the expanded offering causes compliance with applicable securities laws to be impracticable.</p>
	<p>The Court was unable to determine whether the PIERS are properly classified as debt. (p.101)</p>	<p>The PIERS Claims are properly classified as debt. See Exhibit B to attached Notice (Order allowing PIERS Claims as debt)</p>



ISSUE	COURT'S DECISION	PROPOSED RESOLUTION
		[Docket No. 2262]; see also DX-118 (PIERS Debentures); Disclosure Statement at 42. If necessary, additional testimony will be provided at any subsequent hearing.
<b>Stock Elections</b>	The Plan should afford holders of Disputed Claims the option to participate in the stock election. (p.102)	The Debtors shall solicit stock elections from all holders of Disputed Claims in Classes 2, 3, 12, 14, 15, and 16. The Debtors will reserve Reorganized Common Stock on behalf of each electing Disputed Claim holder, and will distribute such reserved stock to such holder in the event the Bankruptcy Court allows such Claim. If such holder's Claim ultimately is disallowed, any stock reserved on account thereof shall be distributed on a pro rata basis to holders of Allowed PIERS Claims. The Plan will be amended to reflect these revisions.
<b>Post-confirmation Process</b>	The Equity Committee should continue to have a role, albeit limited, after confirmation to protect the interests of shareholders. (p.107)	The Plan and Liquidating Trust Agreement will be amended to provide the Equity Committee with the ability to designate one (1) Person to serve on the Trust Advisory Board (subject to the consent of the Debtors, the Creditors' Committee and the Settlement Note Holders).
	There should be some mechanism for replacement of the Liquidating Trustee by the beneficiaries of the Liquidating Trust. (p.108)	Pursuant to Section 8.2 of the form Liquidating Trust Agreement that was filed as part of the Plan Supplement on November 29, 2010 (and as it currently provides), the Liquidating Trustee may be removed by a majority vote of the

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<b>Payment of Fees of Settling Parties</b>	The Plan must provide that fees are to be approved by the Court as reasonable before they are paid. (p.109)	members of the Trust Advisory Board, including but not limited to, for fraud or willful misconduct in connection with the affairs of the Liquidating Trust or for breach of fiduciary duty.
		Sections 32.12 and 43.18 of the Plan will be amended to require Bankruptcy Court approval as reasonable before the payment by the Debtors of the fees set forth therein.

**Exhibit B**

Order Reducing and Allowing PIERS Claims

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

-----X  
: **Chapter 11**  
: **Case No. 08-12229 (MFW)**  
: **(Jointly Administered)**  
: **Re: Docket No. 2039**  
-----X

**ORDER GRANTING DEBTORS' OBJECTION  
TO PROOF OF CLAIM NUMBER 2134 FILED BY  
WELLS FARGO BANK, NATIONAL ASSOCIATION, AS INDENTURE TRUSTEE**

Upon the objection, dated December 18, 2009 (the "Objection"),<sup>2</sup> of Washington Mutual, Inc. ("WMI") and WMI Investment Corp. (collectively, the "Debtors"), as debtors and debtors in possession, for entry of an order reducing and allowing, in part, proof of claim 2134 ("Claim 2134"), all as more fully set forth in the Objection; and the Court having jurisdiction to consider the Objection and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Objection 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 1409; and due and proper notice of the Objection having been provided to those parties identified therein, and no other or further notice being required; and the Court having determined that the relief sought in the Objection is in the best interests of the Debtors, their

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<sup>2</sup> Capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the Objection.

creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Objection establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Objection is GRANTED as set forth herein; and it is further

ORDERED that Claim 2134, solely with respect to the Debentures Claims, is hereby reduced and allowed as follows:

Notes Issuance	Maturity Date	Allowed Principal (\$)	Allowed Accrued Interest <sup>3</sup> (\$)	Allowed Total Amount (\$)
<b>5.375% Junior Subordinated Deferrable Interest Debentures</b>				
<b>Preferred Securities</b>	May 1, 2041	756,230,623.24	9,443,576.39	765,674,199.63
<b>Common Securities</b>	May 1, 2041	23,387,254.01	292,052.86	23,679,306.87

; and it is further


ORDERED that all parties rights with respect to the Remaining Claims are hereby expressly preserved, including, without limitation, the Debtors' rights to object to the Remaining Claims on any grounds whatsoever; and it is further

ORDERED that Kurtzman Carson Consultants, LLC, the Debtors' court-appointed claims and noticing agent, is authorized and directed to update the official claims register in these chapter 11 cases to reflect the provisions of this Order ; and it is further

<sup>3</sup> Interest is calculated as of the Commencement Date.

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: January 28 2010  
Wilmington, Delaware

  
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THE HONORABLE MARY F. WALRATH  
UNITED STATES BANKRUPTCY JUDGE