UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	**Chapter 11**
WASHINGTON MUTUAL, INC., et al.,[1]	:	**Case No. 08-12229 (MFW)**
Debtors.	:	**(Jointly Administered)**
	:	**Hearing Date: March 21, 2011 at 10:30 a.m. ET**

DEBTORS' OMNIBUS RESPONSE TO OBJECTIONS TO MOTION OF DEBTORS FOR AN ORDER, PURSUANT TO SECTIONS 105, 502, 1125, 1126, AND 1128 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 2002, 3003, 3017, 3018, AND 3020, (I) APPROVING THE PROPOSED SUPPLEMENTAL DISCLOSURE STATEMENT AND THE FORM AND MANNER OF THE NOTICE OF THE PROPOSED SUPPLEMENTAL DISCLOSURE STATEMENT HEARING, (II) ESTABLISHING SOLICITATION AND VOTING PROCEDURES, (III) SCHEDULING A CONFIRMATION HEARING, AND (IV) ESTABLISHING NOTICE AND OBJECTION PROCEDURES FOR CONFIRMATION OF THE DEBTORS' MODIFIED PLAN

Washington Mutual, Inc. ("WMI") and WMI Investment Corp. ("WMIIC"), as debtors and debtors in possession (together, the "Debtors"), hereby file this omnibus response (the "Omnibus Response"), and respectfully represent:

Jurisdiction

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

[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 925 Fourth Avenue, Seattle, Washington 98104.

08122291103160000000000024

Background

2. On September 26, 2008, each of the Debtors commenced with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") a voluntary case pursuant to chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). As of the date hereof, the Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On October 3, 2008, the Bankruptcy Court entered an order pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authorizing the joint administration of the Debtors' chapter 11 cases. On October 15, 2008, the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Creditors' Committee"). On January 11, 2010, the U.S. Trustee appointed an official committee of equity security holders (the "Equity Committee").

4. By agreed order, dated July 22, 2010, the Bankruptcy Court directed the U.S. Trustee to appoint an examiner to investigate certain matters. On July 26, 2010, the U.S. Trustee appointed Joshua R. Hochberg of McKenna Long & Aldridge LLP as examiner (the "Examiner").

The Sixth Amended Plan and the Prior Disclosure Statement

5. On October 6, 2010, the Debtors filed their *Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* [D.I. 5548] (as amended, the "Sixth Amended Plan") and a related disclosure statement [D.I. 5549] (as amended, the "Prior Disclosure Statement"). The Sixth Amended Plan was premised upon a global settlement and compromise set forth in an agreement by and

among the Debtors, JPMorgan Chase Bank, N.A. ("JPMC"), Federal Deposit Insurance Corporation (the "FDIC"), and certain creditor constituencies resolving certain claims and causes of action among such parties (as amended, the "Global Settlement Agreement").

6. On November 1, 2010, the Examiner filed his final report (the "Examiner's Report"), wherein he determined that the compromise and settlement set forth in the Global Settlement Agreement is fair, reasonable, and in the best interest of the Debtors and their chapter 11 estate.

7. On December 1-3, and 6-7, 2010, the Bankruptcy Court held a hearing to consider confirmation of the Sixth Amended Plan. On January 7, 2011, the Bankruptcy Court entered an opinion [D.I. 6528] (the "Opinion") (i) determining that the compromise and settlement embodied in the Global Settlement Agreement 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 Sixth Amended Plan.

The Modified Plan and the Supplemental Disclosure Statement[2]

8. In accordance with the Opinion, on February 8, 2011, the Debtors filed their *Modified Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* [D.I. 6696] (as has and may be further amended, modified, or supplemented, the "Modified Plan") and a related supplemental disclosure statement [D.I. 6697] (as has and may be amended, modified, or supplemented, the "Supplemental Disclosure Statement"). The Modified Plan is premised upon that certain

[2] Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Modified Plan and/or the Supplemental Disclosure Statement, as applicable.

Second Amended and Restated Global Settlement Agreement, dated as of February 7, 2011, by and among the Debtors, JPMC, the FDIC, and the Creditors' Committee (as has and may be further amended, the "Amended Global Settlement Agreement"), The Amended Global Settlement Agreement incorporates the terms of the Global Settlement Agreement, except that it (i) has been extended through May 31, 2011, (ii) excludes certain creditors who were previously parties to the Global Settlement Agreement, and (iii) has been amended to conform to certain revisions reflected in the Modified Plan, or otherwise required by the Opinion.

9. On February 9, 2011, the Debtors filed a motion seeking, among other things, approval of the Supplemental Disclosure Statement and establishing solicitation and voting procedures in connection with the Modified Plan [D.I. 6711] (the "Supplemental Disclosure Statement Motion"). Subsequently, on March 8, 2011, the Debtors filed a revised proposed order with respect to the Supplemental Disclosure Statement Motion, including certain modified and added exhibits thereto [D.I. 6880].

10. Pursuant to the Supplemental Disclosure Statement Motion, the Debtors set March 9, 2011 as the deadline to file objections to the Supplemental Disclosure Statement Motion (as extended for certain parties, the "Objection Deadline"). On or prior to the Objection Deadline, certain parties, including, without limitation, the Equity Committee and the Dime Warrant holders, interposed objections to approval of the Supplemental Disclosure Statement (collectively, the "Supplemental Disclosure Statement Objections").

11. The Debtors submit that many of the Supplemental Disclosure Statement Objections are procedurally improper and premature as they are objections to

confirmation of the Modified Plan, and do not relate to whether the Supplemental Disclosure Statement contains adequate information as required in accordance with section 1125 of the Bankruptcy Code. Approval of the Supplemental Disclosure Statement, not confirmation of the Modified Plan, is before the Bankruptcy Court at this time. Accordingly, the Debtors submit that consideration such Supplemental Disclosure Statement Objections should be reserved and raised in connection with the hearing regarding confirmation of the Modified Plan. Notwithstanding the foregoing, and although the Debtors believe that the Modified Plan complies with all applicable confirmation requirements as well as the directives set forth in the Opinion, consistent with the Debtors' approach at the January 20, 2011 status conference, the Debtors welcome any guidance that the Bankruptcy Court is willing to offer at the hearing on the Supplemental Disclosure Statement regarding the sufficiency and legality of the terms of the Modified Plan and, if necessary, will amend the Modified Plan accordingly prior to solicitation.

12. Some objections, like many of those interposed by the Equity Committee and the Dime Warrant holders are absurd in their totality. In fact, certain of the objections of the Equity Committee and the Dime Warrant holders are even more suspect because their retained professionals have been provided with the very information which they assert is lacking. So, while the Debtors will address all of the Supplemental Disclosure Statement Objections in Exhibit A (the "Omnibus Response Chart"), the following clearly addresses for the Bankruptcy Court certain of the points already clarified to certain of the parties, but nonetheless are raised yet again.

The Required Liquidation of WMIIC Assets

13. The Equity Committee and certain other parties who filed objections to the Supplemental Disclosure Statement request that the Debtors be required to more fully disclose the assets of WMIIC, including all securities held by WMIIC, and the divestiture of any assets by WMIIC since the Petition Date.

14. The Debtors submit that information regarding the assets of WMIIC has been disclosed by the Debtors in every monthly operating report filed with the Bankruptcy Court since the Petition Date, each of which were also furnished to the Securities and Exchange Commission (the "SEC") under the cover of a Form 8-K, and in the Debtors' schedule of assets and liabilities (the "Schedules"), first filed with the Bankruptcy Court on December 19, 2008. Specifically, as detailed on the Schedules, as of the Petition Date, WMIIC's assets consisted of: (1) a $566 million intercompany receivable from WMI (which, pursuant to Section 33.2 of the Modified Plan, will be extinguished, unless otherwise agreed or resolved); (2) a membership interest in JPMC Wind Investment Portfolio LLC, book value $65 million (which has been discussed in detail in other Bankruptcy Court filings, and which will be transferred to JPMC pursuant to the Amended Global Settlement Agreement); (3) $53 million of cash on deposit at JPMC (which the Debtors will receive free and clear pursuant to the Amended Global Settlement Agreement); (4) a tax receivable in the amount of $22 million (which, pursuant to Section 33.2 of the Modified Plan, will be extinguished, unless otherwise agreed or resolved);[3] and (5) $266 million of investments and $4 million of accrued interest.

[3] This amount is included in, and is not incremental to, the estimated total amount of tax refunds to be received by the Debtors.

15. With respect to the securities held by WMIIC as of the Petition Date, the Debtors were required to liquidate these securities after the Petition Date in order to comply with section 345(b) of the Bankruptcy Code, which governs investment requirements for bankrupt companies. The conversion of these assets to cash has been clearly disclosed in the cash flow statements included as part of the monthly operating reports filed with the Bankruptcy Court and furnished to the SEC with respect to October 2008 through January 2009. Each of these documents are publicly available on the Bankruptcy Court's docket, and, to the extent applicable, the SEC's website, as well as on the website maintained by the Debtors' solicitation and voting agent, Kurtzman Carson Consultants, LLC, at www.kccllc.net/wamu.

16. Further, the Equity Committee has been made well aware of the foregoing, both through telephonic conversations (and, in one instance, correspondence (a copy of which is attached hereto as Exhibit B)) between the Chief Financial Officer of WMI and the financial advisors to Equity Committee. These conversations and correspondence establish that the Equity Committee's objection regarding WMIIC is completely disingenuous and not made in good faith. Indeed, the fact that information directly relevant to this particular objection was shared with the Equity Committee through these conversations and correspondence, notwithstanding the Equity Committee's objection, also raises questions as to the whether the Equity Committee's advisors – both legal and financial – are adequately coordinating their efforts, or merely attempting to delay confirmation at any price.

17. Notwithstanding the foregoing, the Debtors have included all of the above information regarding the assets of WMIIC in the revised Supplemental Disclosure Statement.

The Status of the PIERS Claims

18. The Equity Committee and certain other objecting parties also note that the Bankruptcy Court did not rule upon the nature of the PIERS Claims, and thus, state that the Modified Plan and Supplemental Disclosure Statement should be revised to (i) account for the possibility that the Bankruptcy Court could determine that the PIERS Claims are actually Equity Interests, (ii) incorporate a mechanism to adjust distributions in the event that this happens, and (iii) disclose any amount being distributed to holders of PIERS Claims on account of the warrant portion of such securities.

19. The Debtors submit that this objection is procedurally improper and premature, as it is actually an objection to confirmation of the Modified Plan and is not before the Bankruptcy Court at this time. Nevertheless, setting aside whatever structural complexity may relate to the PIERS Units (defined below) and the PIERS Claims, there remains one inescapable fact: WMI's primary role in the transaction in question was to issue the Junior Subordinated Debentures (defined below) which comprised the sole assets of WMCT 2001 (defined below). At issuance, and all times thereafter, these Junior Subordinated Debentures have been treated as, and reported as, debt for all purposes. That should be the end of the story. In fact, the Bankruptcy Court already has entered an order on January 28, 2010 determining that the PIERS Claims are indebtedness, see *Order Granting Debtors' Objection to Proof of Claim Number 2134 Filed by Wells Fargo Bank, National Association, as Indenture Trustee* [D.I. 2262] and attached hereto as Exhibit C.

The foregoing notwithstanding, the Debtors submit the following in order to further illustrate that the PIERS Claims are indebtedness, are properly classified, and, therefore, are treated properly pursuant to the Modified Plan. Accordingly, the fallback language requested is unnecessary.

PIERS History

20. In accordance with that certain Amended and Restated Declaration of Trust, dated as of April 30, 2001, a copy of which is available upon request,[4] WMI, as sponsor, established Washington Mutual Capital Trust 2001 ("WMCT 2001") to issue Trust Preferred Income Equity Redeemable Securities [SM] (the "PIERS Units") to investors. WMCT 2001 is a statutory business trust created under the Delaware Business Trust Act and, as of the date hereof, continues to exist as an independent separate entity, duly formed and in good standing. See Certificate of Good Standing of WMCT 2001, dated March 16, 2011, a copy of which is attached hereto as Exhibit D. WMI owns the common securities (the "PIERS Common Securities") of the trust.

21. In the second quarter of 2001, WMCT 2001 issued 23 million PIERS Units, having a total price of $1.15 billion, to investors, and 711,300 PIERS Common Securities, with a face value of approximately $35 million, to WMI. Each PIERS Unit consists of a preferred security (the "PIERS Preferred Security") having a stated liquidation preference of $50.00 and a stated coupon of 5.375%, in addition to a detachable warrant to purchase 1.2081 shares of common stock of WMI at any time prior to the close of business on May 3, 2041. The PIERS Units were issued at an initial purchase price of $50.00, with $32.33 allocated to the PIERS Preferred Securities and the

[4] Due to the voluminous nature of this document, the Debtors have not attached a copy of this document hereto.

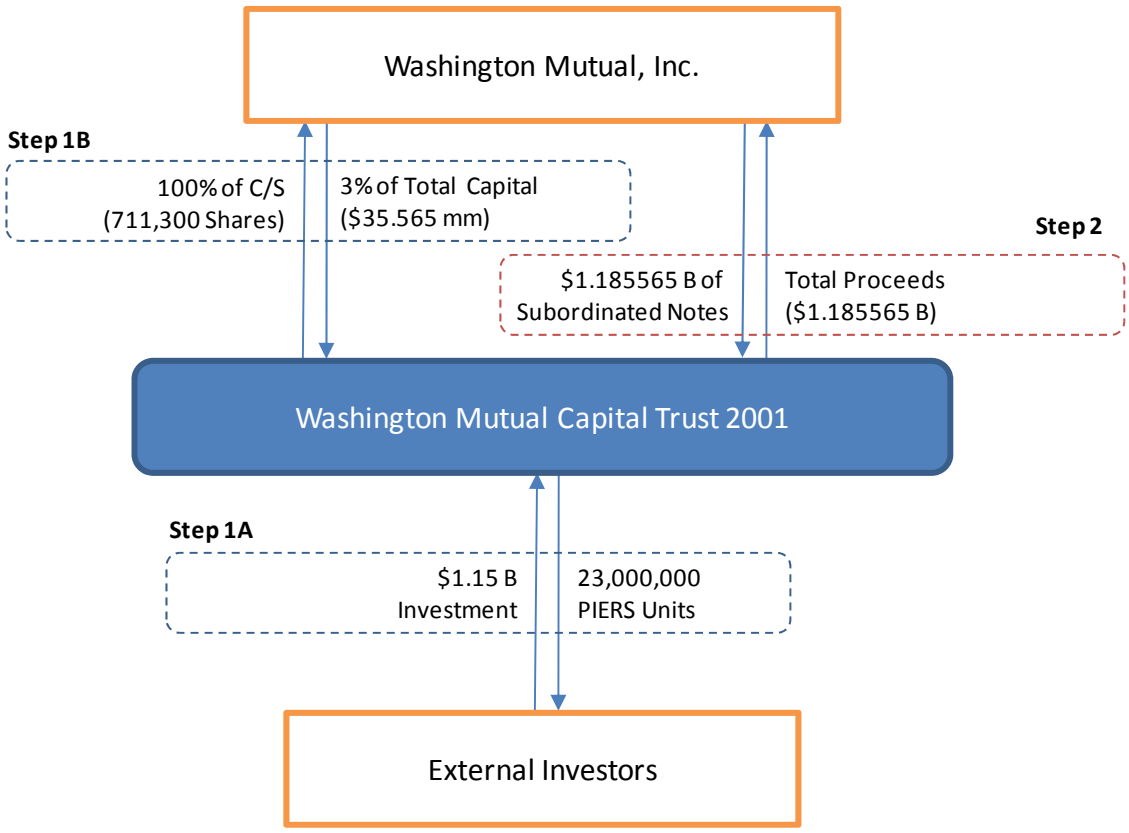
balance (or $17.67) attributable to "original issue discount" related to the value of the aforementioned warrant. The PIERS Preferred Securities were issued at a substantial discount and WMI made monthly accounting entries to accrete the discount and increase the balance over time. Thus, by maturity date of 2041, the debt would equal $1.15 billion.

22. The PIERS Common Securities are junior in right of payment to the prior payment in full of the PIERS Preferred Securities. Pursuant to that certain Guarantee Agreement, dated as of April 30, 2001, a copy of which is annexed hereto as Exhibit E, the PIERS Preferred Securities issued by WMCT 2001 were guaranteed by WMI to the extent WMCT 2001 fails to satisfy its obligations to holders of the PIERS Preferred Securities.

23. The proceeds from the issuance of the PIERS Preferred Securities, together with the proceeds of the related issuance of PIERS Common Securities, were invested by WMCT 2001 in junior subordinated deferrable interest debentures issued by WMI (the "Junior Subordinated Debentures"), pursuant to that certain Indenture, dated as of April 30, 2001, as supplemented by that certain First Supplemental Indenture, dated as of April 30, 2001, each of which is between WMI and The Bank of New York as Indenture Trustee (the "Junior Subordinated Notes Indenture"), a copy of which is available upon request.[5] Pursuant to such investment, WMCT 2001 acquired approximately $1.185 billion of 5.375% Junior Subordinated Debentures, due in 2041. The Junior Subordinated Debentures are subordinated in right of payment to the prior payment in full of all senior indebtedness, as defined in the indenture governing the Junior Subordinated Debentures.

24. A schematic of the foregoing transaction is as follows:

[5] Due to the voluminous nature of this document, the Debtors have not attached a copy of this document hereto.



25. The Equity Committee, in its objection to the Debtors' Supplemental Disclosure Statement, and in a misguided effort to rewrite history by recharacterizing the PIERS Preferred Securities as equity, alleges that the "PIERS were intended to be treated as Tier I capital," and thus, requests a more fulsome discussion of how WMI historically treated the PIERS Units for accounting purposes. Here again, the Equity Committee is attempting to misguide the Bankruptcy Court. The historical public documentation all supports a characterization of the PIERS as indebtedness.

26. Upon the issuance of the PIERS Units, WMI credited approximately $750 million to the Junior Subordinated Debenture account for the PIERS Preferred Securities, and credited approximately $400 million to the Equity account with respect to the warrants portion of the PIERS Units (minus costs). WMI's 2001 Annual Report on Form 10-K clearly shows these entries. See Washington Mutual, Inc., 2001 Annual Report

(Form 10-K), at 65 & 91 (March 19, 2002), a copy of excerpts of which is attached hereto as Exhibit F. Specifically, in such 10-K, (i) the *Consolidated Statements of Stockholders' Equity and Comprehensive Income*, shows an entry of $398 million for the warrants issued, net of costs; and (ii) in the *Notes to Consolidated Financial Statements*, the Junior Subordinated Debentures are documented in the "Other Borrowings" category (with the sub-heading "Trust Preferred Securities Due in 2041") and shows a $730 million entry (net of discounts and costs incurred for issuance) with an interest rate of 5.375%. See id. at 65 & 91. Further, WMI's 2007 Annual Report on Form 10-K (the most recent 10-K available), again reflects the Junior Subordinated Debentures in the "Other Borrowings" category. See Washington Mutual, Inc., 2007 Annual Report (Form 10-K), at 146 (Feb. 29, 2008), a copy of excerpts of which is attached hereto as Exhibit G (noting that WMI's "Other Borrowings" includes "$741 million at December 31, 2007 of junior subordinated notes relating to trust preferred securities").

27. OTS-regulated thrift holding companies are required to maintain a "prudential level" of capital to absorb potential losses as a result of certain risks. See Office of Thrift Supervision – Holding Company Capital Guidelines (March 2009), a copy of which is attached hereto as Exhibit H. One component of this required capital is "Tier 1 Capital" (also known as "core" capital), which is intended to be comprised primarily of common stock and retained earnings. See id. Trust preferred securities, such as the PIERS Preferred Securities, can, subject to applicable limitations, be eligible for inclusion in the calculation of an institution's Tier 1 Capital based on certain features believed at the time by financial institution regulators to perform a loss mitigating function, such as the long maturity date of trust preferred securities and the ability of the issuer to defer interest for

extended periods. See id. at Appendix A; see also Washington Mutual, Inc., 2001 Annual Report (Form 10-K), at 46 (March 19, 2002), a copy of excerpts of which is attached hereto as Exhibit F ("The trust preferred securities would qualify as Tier 1 capital for the Parent Company if it were subject to the same regulatory capital adequacy standards applicable to commercial bank holding companies."). Despite their qualifying for Tier 1 Capital treatment, the Junior Subordinated Debentures related to the PIERS Units are not equity – they are subordinated indebtedness and they are treated as such pursuant to Generally Accepted Accounting Principles ("GAAP"), as reflected on WMI's audited financial statements filed with the SEC. The PIERS Preferred Securities are merely undivided interests in the Junior Subordinated Debentures and are, accordingly, also properly treated as indebtedness. In addition to being consistent with the treatment of the securities under GAAP, it is also consistent with the understanding of WMI and their investors from the time of issuance. See, e.g., Washington Mutual, Inc., Washington Mutual Capital Trust 2001 Registration Statement (Form S-3), at 8 (June 27, 2001), a copy of excerpts of which is attached hereto as Exhibit I (". . . purchasers of preferred securities will be treated as owning an undivided beneficial ownership interest in the debentures and the debentures will be treated as debt . . .").

28. The Debtors submit, however, that the treatment of such securities for regulatory purposes is irrelevant and does not alter the true, inherent nature of such securities, as reflected in WMI's audited financial statements and as previously confirmed by this Court. See, e.g., Washington Mutual, Inc., 2007 Annual Report (Form 10-K), at 146 (Feb. 29, 2008); supra ¶ 19. In addition, the regulators themselves, including the OTS, have recognized that trust preferred securities are not true equity (like common

stock) and have limited the amount of trust preferred securities that an entity is able to include in Tier 1 Capital is limited to only 25%. See Office of Thrift Supervision – Holding Company Capital Guidelines (March 2009). In addition, the Tier 1 Capital treatment of trust preferred securities has been phased out completely pursuant to recent legislation reforming regulatory capital requirements, based on an acknowledgement by banking regulators that trust preferred securities are substantially different relative to true equity and, accordingly, should not be afforded capital treatment in the future.

29. Additionally, the Debtors submit that no value is being distributed to holders of PIERS Units on account of the warrant component of the PIERS Units, and have added this disclosure to the Supplemental Disclosure Statement. See Supplemental Disclosure Statement § II.D. Further, WMI is not retaining any payments it receives on account of the PIERS Common Securities. See Modified Plan § 20.1.

30. It should be noted that, in certain instances, the Debtors agreed to make revisions to the Supplemental Disclosure Statement and/or the Modified Plan in response to certain of the Supplemental Disclosure Statement Objections. Accordingly, contemporaneously herewith, the Debtors have filed revised versions of the Supplemental Disclosure Statement and Modified Plan. For the reasons stated above, and on the Omnibus Response Chart, the Debtors submit that the Supplemental Disclosure Statement Objections should be overruled in their entirety.[6]

[6] Failure of the Debtors to address other arguments made in the Supplemental Disclosure Statement Objections does not constitute a waiver of the Debtors' rights to object to such arguments at the hearing(s) to consider approval of the Supplemental Disclosure Statement or confirmation of the Modified Plan. The Debtors deny many of the factual and legal assertions and characterizations contained in the Supplemental Disclosure Statement Objections. Nothing contained herein shall be deemed an admission or acceptance of any statement contained in the Supplemental Disclosure Statement Objections.

WHEREFORE the Debtors respectfully request entry of an order (i) overruling the Objections, (ii) granting the Supplemental Disclosure Statement Motion and approving the Supplemental Disclosure Statement, and (iii) granting such other and further relief as the Bankruptcy Court may deem just and appropriate.

Dated: Wilmington, Delaware
March 16, 2011

Mark D. Collins (No. 2981)
Chun I. Jang (No. 4790)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

– and –

Brian S. Rosen, Esq.
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Attorneys for Debtors
and Debtors in Possession

EXHIBIT A

Omnibus Response Chart

TABLE OF CONTENTS

TABLE OF CONTENTS (cont.)

1. Objection of Class Representatives of Dime Litigation Tracking Warrants **[D.I. 6886]**	
Objection	Response
Broadbill Investment Corp., Nantahala Capital Partners LP, and Blackwell Capital Partners, LLC (collectively, the "Broadbill Plaintiffs"), named plaintiffs in that certain adversary proceeding styled Broadbill Investment Corp. v. Washington Mutual, Inc., Adv. Pro. No. 10-50911 (MFW), pending in the Bankruptcy Court (the "Broadbill Adversary Proceeding"), assert that: (a) Section 1.209 of the Modified Plan suggests that the Dime Warrants could be put into a Class other than Class 12 if the Bankruptcy Court determines that the Dime Warrants constitute Claims (rather than Equity Interests) because Section 1.209 includes the phrase "or as otherwise determined by the Bankruptcy Court"; (b) Section 32.6 of the Modified Plan is unfair to the holders of Dime Warrants because (i) Dime Warrant holders will not get a ballot to make an election; (ii) Dime Warrant holders will not know whether they will be receiving a distribution under the Modified Plan until the Broadbill Adversary Proceeding is decided by a final order; and (iii) Dime Warrant holders might forfeit their distributions if the Broadbill Adversary Proceeding is not decided prior to the election deadline set forth in Section 32.6. (c) Section 43.8 of the Modified Plan, which provides, in part, that the parties covered by the exculpation protections in this provision "shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan," should be clarified to indicate that the foregoing reference to "reliance on counsel" does not apply to the Broadbill Adversary Proceeding and the issues raised by the Dime Warrant holders. (d) Dime Warrant holders should not be required to tender or block	(a) The Debtors believe that the Broadbill Plaintiffs' objection regarding the treatment of the Dime Warrants in the Modified Plan is procedurally improper and premature, as it is actually an objection to confirmation of the Modified Plan and is not before the Bankruptcy Court at this time. Nevertheless, the Debtors submit that the treatment the Dime Warrant holders will receive pursuant to the Modified Plan is subject to the outcome of the Broadbill Adversary Proceeding. Depending on such outcome, the Modified Plan provides that the Dime Warrant holders could have either Claims or Equity Interests in WMI. The Debtors submit that the characterization of the potential treatment of the Dime Warrants provided in the Modified Plan reflects that the Dime Warrants ultimately may constitute Equity Interests or Claims (in Class 12). Alternatively, the Bankruptcy Court may determine that the Dime Warrants are Claims, but that such Claims are subordinated and *pari passu* with Equity Interests. Accordingly, the Debtors submit that the language provided in the Modified Plan accurately describes the potential treatment of the Dime Warrant holders. (b)(i) The Broadbill Plaintiffs' argument is based upon an incorrect interpretation of the Modified Plan and the Debtors' proposed solicitation procedures. As set forth in the Motion and the Supplemental Disclosure Statement, (see Motion at 21; Supplemental Disclosure Statement at 13), although Dime Warrant holders will not receive Ballots, consistent with the Bankruptcy Court's directive in the Opinion, Dime Warrant holders will receive Election Forms on which the Dime Warrant holders will have the option to affirmatively grant the releases set forth in the Modified Plan as well as make stock elections. (ii) As explicitly stated in the Supplemental Disclosure Statement and on the form Election Forms filed with the proposed Supplemental Disclosure Statement Order, such release elections will only be binding if holders

1. Objection of Class Representatives of Dime Litigation Tracking Warrants **[D.I. 6886]**	
their Dime Warrants, and should be able to continue to freely trade their Dime Warrants, until it is clear whether Dime Warrants holders will receive a distribution pursuant to the Modified Plan. (e) The Modified Plan should be amended to account for the possibility that the Bankruptcy Court may determine that (i) the PIERS are equity, and/or (ii) the federal judgment rate is the proper postpetition interest rate. Alternatively, these issues should be dealt with in connection with the hearing to consider approval of the Supplemental Disclosure Statement. (f) The exclusion of the Rights Offering from the Modified Plan "means that the Reorganized Debtors may not have any additional capital to better utilize their $5 billion net operating loss . . . ." (g) The Supplemental Disclosure Statement should disclose the range of the proposed payments to those creditors who will seek payment from the Debtors for their attorneys' fees pursuant to Section 43.18 of the Modified Plan. (h) The Liquidation Analysis, attached as Exhibit D to the Supplemental Disclosure Statement, fails to give an estimated range of payments for the Late Filed Claims.	ultimately are determined to hold Allowed Claims or otherwise are entitled to receive distributions pursuant to the Modified Plan. (See Supplemental Disclosure Statement at 13). The Broadbill Plaintiffs point to the Opinion to argue that Dime Warrant holders must know whether they will receive a distribution prior to electing to grant the non-Debtor releases in the Modified Plan. (See Opinion at 84-85.) However, as stated in the Opinion, the Bankruptcy Court's concern in this regard related to the possibility that certain parties could be bound by the releases notwithstanding that such parties ultimately would not receive any distribution. (Id. ("If the preferred shareholders are not getting any distributions under the Plan, there is no consideration for the release of third parties.")). Because the Modified Plan provides that the releases only are enforceable against parties that receive distributions, the Debtors believe that the Bankruptcy Court's concerns are addressed and the Broadbill Plaintiffs' claim is baseless. The Debtors further submit that the information provided in the Disclosure Statement and Supplemental Disclosure Statement is comprehensive and, therefore, Dime Warrant holders have adequate information to determine whether to make a contingent election to grant the releases provided in the Modified Plan. (iii) To the extent that holders of Dime Warrants nonetheless are not prepared now to make a decision with respect to the releases, the Debtors further submit that, pursuant to Section 32.6 of the Modified Plan, Dime Warrant holders will have one year from the Effective Date to elect whether to grant the releases (subject to certain limitations), but not the stock election. Based on the foregoing, the Debtors believe that Dime Warrant holders have both sufficient time and information to make an informed decision as to whether to grant the releases set forth in Section 43.6 of the Modified Plan, and to receive the treatment generally provided under the Modified Plan. In order to alleviate the alleged burden on the Dime Warrant holders, the Debtors submit that an expedited trial on the merits in the Broadbill Adversary Proceeding would be warranted. Indeed, although the Debtors have requested an expedited trial, the Broadbill

1. Objection of Class Representatives of Dime Litigation Tracking Warrants **[D.I. 6886]**	
	Plaintiffs have refused to support the Debtors' request and, instead, delayed the commencement of a trial until September 2011. (c) The Debtors believe that the Broadbill Plaintiffs' objection regarding the exculpation provision in the Modified Plan is procedurally improper and premature, as it is actually an objection to confirmation of the Modified Plan and is not before the Bankruptcy Court at this time. Nevertheless, the Debtors have revised Section 43.8 of the Modified Plan to provide for a reservation of rights for parties covered by the exculpation provision to assert reliance upon advice of counsel as a defense. The submit that this language addresses the Broadbill Plaintiffs' objection. (d) The Debtors submit that the procedures for tendering securities set forth in the Motion, proposed Supplemental Disclosure Statement Order, Ballots and Election Forms, including (among others) with respect to Dime Warrants, and the related prohibition on trading such securities, are necessary to ensure that the Debtors can accurately identify the Entities entitled to receive distributions as well as those who elect to receive Reorganized Common Stock, and to ensure that the Debtors can match and reconcile all such elections. With respect to the Dime Warrant holders specifically, it is essential that the Debtors collect this information prior to the Effective Date, notwithstanding the fact that the Broadbill Adversary Proceeding likely will not be resolved at that time. In response to an objection reasied by the Broadbill Plaintiffs, and as directed by the Bankruptcy Court in the Opinion, pursuant to Section 27.3 of the Modified Plan, the Debtors will reserve Reorganized Common Stock on behalf of each electing Dime Warrant holder. Section 33.7 of the Modified Plan provides for the distribution of Reorganized Common Stock on the Effective Date. Consequently, the Debtors must receive stock elections prior to such date, in order to establish a reserve for electing Dime Warrant holders, and comply with the issuance timeline set forth in the Modified Plan. Importantly, the Debtors submit that delaying distribution of the Reorganized Common Stock would have potential adverse tax, securities

1. Objection of Class Representatives of Dime Litigation Tracking Warrants **[D.I. 6886]**	
	law, administrative, and other consequences. Further, in an effort to save expenses and delay attendant to a further solicitation of Dime Warrant holders, the Debtors have requested that such holders make release elections on the same Election Forms on which they are making stock elections. (e)(i) See Omnibus Response ¶¶ 18-29. (ii) The Debtors submit that the Broadbill Plaintiffs' objection regarding the rate of postpetition interest is procedurally improper and premature, as it is actually an objection to confirmation of the Modified Plan and is not before the Bankruptcy Court at this time. Notwithstanding the foregoing, the Debtors respectfully refer the Bankruptcy Court to the Opinion and the cases cited therein, which state that there is a presumption that the contract rate of interest should be applied in a solvent debtor's case when calculating payments of postpetition interest, absent evidence of a conflict of interest or other equitable reason warranting payment at the federal judgment rate, as well as the presentations made with respect thereto at the prior confirmation hearing. See Opinion at 92-94; see, e.g., Official Committee of Unsecured Creditors v. Dow Corning Corp. (In re Dow Corning Corp.), 456 F.3d 668, 679-81 (6th Cir. 2006); In re Coram Healthcare Corp., 315 B.R. 321, 346-47 (Bankr. D. Del. 2004); see also Hr'g Tr. 115:60-119:5, Dec. 7, 2010. The Debtors are not aware of any conflict or equitable reason warranting payment of interest at the federal judgment rate, and believe that continuing to provide for the contract rate in the Modified Plan is consistent with applicable law, the equities associated with the Debtors' chapter 11 cases, and important to maintain the support of the Debtors' creditors. (f) The Debtors believe that the Broadbill Plaintiffs' objection to the absence of a rights offering in the Modified Plan is procedurally improper and premature, as it is actually an objection to confirmation of the Modified Plan and is not before the Bankruptcy Court at this time.

1. Objection of Class Representatives of Dime Litigation Tracking Warrants **[D.I. 6886]**	
	Notwithstanding the foregoing, as set forth in Section IV.C of the Supplemental Disclosure Statement, in order to maintain the Rights Offering, the Debtors would have had to made it available to all holders of PIERS claims. (See Opinion at 100.) Modifying the Rights Offering in this manner, however, raises significant issues pursuant to federal securities law and, therefore, the Debtors were forced to exclude the Rights Offering from the Modified Plan. Furthermore, the Debtors are not required to include the Rights Offering. Upon the Effective Date, the board of directors of Reorganized WMI will have authority – and may elect in their discretion – to raise additional capital. (g) The Debtors estimate that creditors may seek payments for their attorneys' fees from the Debtors in the aggregate amount of approximately $39 million. See Supplemental Disclosure Statement at 27 (noting that Some of the Section 43.18 Professionals have not provided current accountings of fees and expenses). (h) The Debtors' revised Liquidation Analysis, while reflecting an estimate for payments to holders of Late Filed Claims in a chapter 7 or 11 proceeding, indicates that the Debtors anticipate that there will not be any allowed Late Filed Claims.

2. Objection of the Ontario Teachers' Pension Plan Board **Objection of Policeman's Annuity and Benefit Fund of the City of Chicago** **[D.I. 6901, 6904]**	
Objection	Response
Policemen's Annuity and Benefit Fund of the City of Chicago ("Policemen's Fund"), Doral Bank Puerto Rico ("Doral"), and Ontario Teachers' Pension Plan Board ("Ontario Teachers" and, collectively with Policemen's Fund and Doral, the "Lead Plaintiffs"), each on behalf of their respective putative securities classes of all persons who purchased or otherwise acquired (a) interests in certain	(a) - (b) The Debtors submit that the Supplemental Disclosure Statement contains adequate information. Specifically, Sections IV.D.14.e(i) and (iv) and Section IV.D.14.g of the Prior Disclosure Statement, attached to the Supplemental Disclosure Statement, contain a description of each of the Lead Plaintiffs' securities litigations and the status thereof. In addition, the Prior Disclosure Statement contains a revised description of certain of

2. Objection of the Ontario Teachers' Pension Plan Board Objection of Policeman's Annuity and Benefit Fund of the City of Chicago [D.I. 6901, 6904]	
Washington Mutual Pass-Through Trusts or (b) certain debt and equity securities issued by WMI, respectively, object to the adequacy of the Supplemental Disclosure Statement on the following grounds: (a) the Supplemental Disclosure Statement fails to disclose that the Lead Plaintiffs and the Debtors have negotiated settlements of the Lead Plaintiffs' objections to the Sixth Amended Plan and are in the process of memorializing the terms of the settlements in stipulations to be presented to the Bankruptcy Court; (b) the Supplemental Disclosure Statement contains certain provisions embodied in the settlements resolving the objections to the Sixth Amended Plan, but the balance of the terms are not disclosed and should be described in the Supplemental Disclosure Statement; and (c) the voting procedures as they relate to the resolicitation of Class 18 under the Modified Plan are inconsistent with Section 43.6(d) of the Modified Plan, to the extent that the Lead Plaintiffs' class proofs of claim reside at least partially in Class 18, in that Section 43.6(d) of the Modified Plan carves out the Lead Plaintiffs of the global releases, yet the ballots for Class 18 state that a failure to grant the releases in Section 43.6 of the Modified Plan will result in the forfeiture of any distribution under the Modified Plan.	these litigations that incorporates in material form the Lead Plaintiffs' suggested language regarding the securities litigations. It would be inappropriate to include the terms of any settlements in the Supplemental Disclosure Statement, before such settlements actually are finalized. At this point, the Debtors will amend the Supplemental Disclosure Statement to include a disclosure that the parties are negotiating settlements and, if finalized prior to mailing the Supplemental Disclosure Statement, will include a description of such terms. (c) The Debtors submit that there is no conflict between the proposed voting procedures and the Modified Plan, as the Lead Plaintiffs are explicitly carved out of the releases in Section 43.6 of the Modified Plan, and as such, whether or not any Lead Plaintiff grants such releases on a Class 18 ballot is of no import, as the releases will not apply to such Lead Plaintiff. However, in an abundance of caution, the Debtors will amend the Class 18 ballot to address the concerns of the Lead Plaintiffs.

3. Objection of the Equity Committee [D.I. 6902]	
Objection	Response
The Equity Committee:	(a) As an initial matter, the Equity Committee's objections regarding the appropriateness of the releases are objections to the confirmation of the

3. Objection of the Equity Committee **[D.I. 6902]**	
(a) objects to the fact that the Modified Plan conditions receipt of a distribution on the granting of the releases set forth in Section 43.6 of the Modified Plan and alleges that the Modified Plan violates section 1129(a)(7) of the Bankruptcy Code because holders of Claims in Class 20 are required to grant releases in order to receive a distribution, whereas in a chapter 7 liquidation, such holders would retain any claims they may have against the non-Debtor Released Parties; (b) complains that, pursuant to Section 43.2 of the Modified Plan, Claims and Equity Interests will be discharged regardless of whether the holders thereof grant the third part releases and receive a distribution; (c) states that the Modified Plan and Supplemental Disclosure Statement should be revised to (i) account for the possibility that the Bankruptcy Court could determine that postpetition interest could be calculated at the federal judgment rate, (ii) include a calculation of the differential in value that would be distributed to creditors in the event the Bankruptcy Court awards interest at the federal judgment rate, and (iii) include facts that the Debtors believe justifies the payment of the contract rate of interest. (d) states that the Modified Plan and Supplemental Disclosure Statement should be revised to (i) account for the possibility that the Bankruptcy Court could determine that the PIERS Claims are actually Equity Interests, (ii) incorporate a mechanism to adjust distributions in the event that this happens, and (iii) disclose any amount being distributed to holders of PIERS Preferred Securities on account of the warrant portion of such securities. (e) states that the Modified Plan should be revised so that (i) Section 43.17 of the Modified Plan (Withdrawal of Equity	Modified Plan, and thus procedurally improper and premature. In any event, the Equity Committee's objections concerning the requirement that a stakeholder grant third party releases in order to receive a distribution has already been deemed permissible by this Bankruptcy Court. See Opinion at 85 ("Providing different treatment to a creditor who agrees to settle instead of litigating is permitted by section 1123(a)(4)."). In addition, the Bankruptcy Court held that, although released claims must be considered when conducting the best interest of creditors test pursuant to section 1129(a)(7) of the Bankruptcy Code, in these circumstances "the recovery under chapter 7 even without the releases would be less than the recovery under the Debtors' [Sixth Amended] Plan." Opinion at 96. The Debtors submit that the same is true for the Modified Plan. See Supplemental Disclosure Statement, Art. VII & Exhibit D. Pursuant to the express terms of the Modified Plan, holders of Preferred Equity Interests in Class 20 are only bound to the third party releases set forth in Section 43.6 of the Modified Plan to the extent that (1) they elect to grant such releases and (2) they receive a distribution pursuant to the Modified Plan. Although, in a chapter 7 scenario, such holders would retain their claims against third parties, the Debtors submit (and the Bankruptcy Court has ruled) that such holders' distribution from a liquidation of the estate would be so substantially reduced – as a result of increased claims and administrative expenses – that, even factoring in the retained claims, such holders would receive a greater recovery pursuant to the Modified Plan. Of course, all of this assumes that Preferred Equity Interest holders will be entitled to receive a distribution. The Debtors have projected that, under either scenario (chapter 7 or 11), Preferred Equity Interest holders likely will not recover anything. Thus, in either case, they will not be bound by the third party releases. (b) Again, this is an objection to confirmation of the Modified Plan and should be addressed at such time as that issue is before the Bankruptcy Court. Moreover, Section 43.2 of the Modified Plan merely articulates and

3. Objection of the Equity Committee **[D.I. 6902]**	
Committee Proceedings) is consistent with Section 35.2 of the Modified Plan (Dissolution of the Equity Committee), (ii) Section 35.2 of the Modified Plan reflects that the Equity Committee will not be dissolved in the event that the Equity Committee commences a timely appeal after the Effective Date, and (iii) Section 35.2 of the Modified Plan reflects that the Equity Committee's members and professionals are entitled to reimbursement of their reasonable fees and expenses, if the Equity Committee timely appeals confirmation of the Modified Plan. (f) objects that Class 19 is not being resolicited, even though, after the voting deadline, the Debtors modified the Sixth Modified Plan (and now the Modified Plan) to provide that elections to opt out of the releases will be honored and entities electing to do so will lose the right to a distribution. (g) states that the Debtors should provide a summary of the securities held by WMIIC that allegedly were sold postpetition and why such securities were sold. (h) states that additional disclosure regarding the Liquidation Analysis is warranted because (i) there is no basis that a sale of WMMRC would yield only $50 million instead of the stated value of WMMRC of $160 million, and (ii) there is no basis for the Debtors' estimates regarding operating expenses in a chapter 7 liquidation and why this amount allegedly has chanced since the Prior Liquidation Analysis. (i) states that the Supplemental Disclosure Statement should be updated to be current as of the mailing of the solicitation packages to reflect the status, as of that date, of the Equity Committee's appeal of the Opinion, and the Trust Preferred Consortium's appeal of their summary judgment motion.	implements the discharge afforded a chapter 11 debtor pursuant to section 1141(d) of the Bankruptcy Code. The fact that Equity Interests will be terminated pursuant to Section 43.2 of the Modified Plan is consistent with section 1141(d)(1)(B). Furthermore, the opening sentence of Section 43.2 of the Modified Plan expressly states, "Except as expressly provided in Section 43.6 of the Plan," thus, it making it clear that holders of Equity Interests who do not grant the third party releases will maintain any causes of action they otherwise hold against non-Debtor Entities, despite the fact that their Equity Interests will be terminated. (c)(i) See supra Response to Broadbill Plaintiffs Objection. (c)(ii) In addition to the fact that the Debtors do not believe that payment of postpetition interest at the federal judgment rate is warranted, the Equity Committee's request to include a calculation of the differential in value that would be distributed to creditors in the event the Bankruptcy Court awards interest at the federal judgment rate is impracticable. It would be completely speculative to determine which interest rates would apply to certain creditors as the imposition of the federal judgment rate would be performed on a person-by-person or an entity-by-entity basis, rather than applied to the applicable class a whole. (c)(iii) See supra Response to Broadbill Plaintiffs Objection. (d)(i)-(iii) See Omnibus Response ¶¶ 18-29. (e) The Debtors will amend the Modified Plan consistent with the Equity Committee's objections concerning Sections 35.2 and 43.17 of the Modified Plan. (f) The Debtors submit that the resolicitation of votes from holders of Class 19 REIT Series is not required by Bankruptcy Rule 3019 because Class 19 voted to reject the Sixth Amended Plan. Additionally, the Ballots

3. Objection of the Equity Committee **[D.I. 6902]**	
(j) states that Blackstone's Updated Valuation should be amended because it (i) is based on a discounted cash flow analysis that fails to account for the possibility of Reorganized WMI raising additional capital or obtaining new business, (ii) relies upon the Debtors' NOL analysis without any independent factual verification or analysis, (iii) ignores whether Reorganized WMI will be a public company, and (iv) "manipulate[s] certain numbers in order to justify their low-ball valuation of WMMRC" since the valuation of the NOLs has decreased.	delivered to holders of Class 19 REIT Series specifically, and in bolded text, noted that, if the releases were not granted, the holder would forfeit its right to a distribution from the Debtors, and potentially forfeit their distribution from JPMC (unless Class 19 voted to accept the Plan, which they did not). On this basis, resolicitation of release elections from this Class is not warranted. (g) See Omnibus Response ¶¶ 13-17. (h)(i) As with many of the Equity Committee's objections, this is an objection to confirmation of the Modified Plan and should be addressed at such time as that issue is before the Bankruptcy Court. The Debtors submit that their estimate of WMMRC's value in a "fire-sale" transaction is accurate. As an initial matter, the net operating losses ("NOLs") would not be available to a purchaser of WMMRC because of applicable IRS change of ownership restrictions, thus decreasing the value of WMMRC by approximately $20 million to $45 million. See Exhibit D, attached to the Supplemental Disclosure Statement. Different market circumstances also may decrease the value of WMMRC, as a purchaser could utilize a higher discount rate in its own valuation, thus lowering WMMRC's estimated value. Consistent with the foregoing, the Debtors have received various bids for the purchase of WMMRC ranging from $41.7 million to approximately $100 million. Importantly, however, these bids included the value of the NOLs, which as discussed above, is impracticable. Accordingly, these bids need to be revised further downward and, when done, demonstrate the accuracy of the Debtors' valuations. Additionally, it is likely that third parties will be inclined to submit lower bids to a chapter 7 trustee knowing that the asset must be sold at any price. (ii) The Equity Committee's objections regarding the Debtors' estimate of chapter 7 operating expenses are convoluted, difficult to follow, and based upon an apparent misreading of the Debtors' liquidating analyses. The Debtors have estimated that a conversion to a chapter 7 would result in an

3. Objection of the Equity Committee **[D.I. 6902]**	
	increase of approximately $80 million of expenses, which consists of $3 million in operational expenses, $40 in professional fees, and a $37 million chapter 7 trustee fee. See Supplemental Disclosure Statement at 21; Exhibit D attached to the Supplemental Disclosure Statement. Despite the Equity Committee's contorted interpretation of this number, this number is actually lower than the estimated increase in chapter 7 expenses detailed in the Prior Disclosure Statement. See Prior Disclosure Statement at C-4 (listing $4 million in operational expenses, $44 million in professional fees, and a $38 million chapter 7 trustee fee). (i) Prior to mailing the solicitation packages, the Debtors will update the Supplemental Disclosure Statement to the extent necessary. (j) The Debtors submit that objections to Blackstone's Updated Valuation are procedurally improper and premature, as they are actually objections to confirmation of the Modified Plan and are not before the Bankruptcy Court at this time.

4. Objection of Washington Mutual, Inc. Noteholders Group **[D.I. 6903]**	
Objection	Response
The Washington Mutual, Inc. Noteholders ("WMI Noteholders") state that "it is uncertain whether the Plan sufficiently acknowledges the Bankruptcy Court's discretion with respect to the appropriate rate of interest. The Plan provides simply that interest shall be paid at the Contract Rate." The WMI Noteholders state further that they "wish to avoid any additional delay as a consequence of confusion over Plan treatment" and accordingly urge the Bankruptcy Court "to require that the Plan be flexible enough to address the [Bankruptcy] Court's remaining concerns … without the need for further material modification, resolicitation, or reconfirmation" and "to express any	See supra Response to Broadbill Plaintiffs Objection.

4. Objection of Washington Mutual, Inc. Noteholders Group **[D.I. 6903]**	
concerns it may have regarding the adequacy or appropriateness of any of the modifications to the Plan so that changes can be made to the Plan prior to "solicitation".	

5. Objection of the WMB Noteholders **[D.I. 6905]**	
Objection	Response
The WMB Noteholders, represented by Drinker Biddle & Reath LLP (the "DBR Group"), object to the adequacy of the Supplemental Disclosure Statement on the following ground: The Supplemental Disclosure Statement fails to provide adequate information regarding the Modified Plan's allegedly improper treatment of postpetition interest and late-filed claims, because (a) under prior decisions of the Bankruptcy Court and the section 726(a) of the Bankruptcy Code, certain unsecured creditors should not receive postpetition interest before the DBR Group receives full payment on its Class 18 Subordinated Claims, and (b) under section 726(a) of the Bankruptcy Code, holders of late-filed claims should not receive any payment before the DBR Group receives full payment on its Class 18 Subordinated Claims.	The DBR Group's Objection regarding the appropriateness of the Modified Plan's treatment of postpetition interest and Late-Filed Claims is procedurally improper and premature, as it is actually an objection to confirmation of the Modified Plan, and is not before the Bankruptcy Court at this time. The DBR Group has asserted that they hold claims against WMI arising under the federal securities laws (the "Misrepresentation Claims"). At a hearing on the Fifty-Fifth Omnibus (Substantive) Objection to Claims [D.I. 5616] and the Fifty-Sixth Omnibus (Substantive) Objection to Claims [D.I. 5618], held on January 6, 2011, the Bankruptcy Court ruled from the bench, and subsequently memorialized in the Opinion (see Opinion at 103-05), that the Misrepresentation Claims held by holders of WMB Subordinated Notes should be subordinated pursuant to section 510(b) of the Bankruptcy Code. The Debtors expect that the Bankruptcy Court will soon enter a corresponding order subordinating the Misrepresentation Claims. The Misrepresentation Claims will be treated pursuant to the Modified Plan as Section 510(b) Subordinated WMB Notes Claims in Class 18 (Subordinated Claims). As such, pursuant to the Modified Plan, each holder of a Misrepresentation Claim, to the extent allowed, is entitled to receive its Pro Rata Share of Liquidating Trust Interests in an aggregate amount equal to such holder's Allowed Subordinated Claim and Postpetition Interest Claim, but only after all other Allowed Claims and Postpetition Interest Claims in respect of Allowed Claims are paid in full.

5. Objection of the WMB Noteholders **[D.I. 6905]**	
	Payment of Postpetition Interest Claims to other creditors prior to payment of Allowed Subordinated Claims is consistent with section 726 of the Bankruptcy Code, which expressly provides that its distribution scheme applies "except as provided in section 510 of this title," and the Bankruptcy Court's Opinion, which recognized that "[t]he priority of distributions established under section 726(a) . . . is expressly subject to subordination under section 510." Opinion at 89. The Bankruptcy Court's January 6, 2011 ruling on the Omnibus Objections, however, was without prejudice to the Debtors' ability to pursue additional grounds for objection with respect to the WMB Subordinated Notes Claims (including the Misrepresentation Claims), namely, that the WMB Subordinated Notes Claims should be disallowed in their entirety for the independent reasons that such Claims fail to state a claim upon which relief can be granted, are not liabilities of WMI, and are derivative of the Claims and causes of action that have been or may be asserted by the FDIC Receiver, FDIC Corporate and the Receivership against the Debtors and their estates.

6. Objection of Black Horse Capital Management LLC **[D.I. 6906]**	
Objection	Response
Black Horse Capital Management LLC ("Black Horse") objects that: (a) the Liquidation Analysis, attached as Exhibit D to the Supplemental Disclosure Statement, "is inadequate because it fails to illustrate the economic impact of paying interest on allowed claims at the Federal Judgment Rate versus the proposed contract rates in the Modified Plan," and renders impossible efforts to determine whether the Modified Plan meets certain requirements necessary for confirmation thereof;	(a) See supra Response to Equity Committee Objection. (b) Black Horse's objection is premised on several faulty assumptions. Even if the Bankruptcy Court applies the federal judgment rate of interest and distributions to creditors as a result decrease, this does not necessarily mean that all or any of the equity of Reorganized WMI will be distributed to holders of Preferred Equity Interests. First, there are several Classes of Claims that are provided, pursuant to the Modified Plan, with the opportunity to elect to receive Reorganized Common Stock (see Modified Plan §§ 6.2, 7.2, 16.1(b), 18.2, 19.2, 20.2) and, except with respect to

6. Objection of Black Horse Capital Management LLC **[D.I. 6906]**	
(b) the Valuation Analysis, attached as Exhibit E to the Supplemental Disclosure Statement, is inadequate because it fails to disclose what effect applying the federal judgment rate of interest to Postpetition Interest Claims would have on preserving the Debtors' alleged $17.8 billion of NOLs. Specifically, Black Horse asserts that, if the federal judgment rate of interest applies, holders of Junior Subordinated Debentures (PIERS Claims) will be paid in full, causing the equity of Reorganized WMI to be distributed to holders of Preferred Equity Interests, resulting in no "ownership change" for purposes of Section 382 of the Internal Revenue Code and, therefore, preservation of a substantially higher portion of the NOLs. (c) the Debtors mischaracterize the potential impact of sections 269 and 382 of the Internal Revenue Code because they do not consider a scenario where a "principal business purpose" and "sound business motivations" exist for the Reorganized Debtors to acquire businesses and use their NOLs consistent with Section 269 and 382; and (d) the Supplemental Disclosure Statement "should disclose that the Settlement [Note Holders] acquired their economic interests during the pendency of this case and participated in negotiating a 'Global Settlement," which is "biased in favor of the holders of the claims held by the Settlement [Note Holders]."	Class 2 (Senior Notes Claims), such stock elections will be honored even if the Claims in a particular Class otherwise could be paid in full in Cash. The same is true for Class 16 (PIERS Claims), where the proposed distribution (unless otherwise elected) shall consist of Reorganized Common Stock (to the extent remaining after senior creditors' elections), Cash, and Liquidating Trust Interests. See Modified Plan § 20.1, 20.2. Indeed, the Modified Plan provides for a contingent redistribution of Liquidating Trust Interests, and not stock, to holders of Preferred Equity Interests in the event Allowed Claims and Postpetition Interest Claims are paid in full. See Modified Plan § 24.1. Because not all of the Debtors' assets (i.e., projected tax refunds) will be available on the Effective Date, the Debtors will not know with certainty, at that time, whether Allowed Claims and Postpetition Interest Claims will be paid in full. Accordingly, pursuant to the absolute priority rule, the Debtors cannot provide a distribution to Preferred Equity Interest holders until this contingency is resolved. Because, based upon federal tax and securities laws, the Debtors cannot reserve the Reorganized Common Stock pending resolution of this question but, instead, must issue such stock on the Effective Date, the only available form of consideration to offer Preferred Equity Interests holders are Liquidating Trust Interests. Furthermore, even if the Reorganized Common Stock "flowed" below the Class of PIERS Claims, Allowed Claims in Class 18 would have to be satisfied before such stock could be distributed to equity. Moreover, contrary to Black Horse's assertion, the Debtors submit that application of the federal judgment rate, still would not necessarily prevent an "ownership change" under Section 382 of the Internal Revenue Code. In determining an ownership change, only certain classes of preferred stock are properly taken into account. For example, WMI's Series R preferred stock is properly taken into account, whereas WMI's Series K preferred stock is not. The basis for this distinction is that certain preferred stocks such as WMI's Series K preferred stock, are more "debt-like," and are specifically excluded from being considered "stock" for ownership change purposes. Significantly, it is uncertain whether the

6. Objection of Black Horse Capital Management LLC **[D.I. 6906]**	
	preferred stock issued in connection with the conversion of the various trust preferred securities (which, together with the WMI Series K preferred stock, represents the majority of all preferred stock outstanding based on relative liquidation preference) should currently be taken into account in the determination. If such stock should be excluded from the determination (as may be the case), the issuance of 100% of the equity to preferred stockholders would still result in an ownership change. Regardless, based on an assumed May 15, 2011 Effective Date and ownership change, the Debtors' estimate that the Reorganized Debtors would have available under Section 382 an NOL of approximately $3.5 billion (out of an estimated $5.5 billion total NOL). This is substantially more than the amount of NOLs that Blackstone projects to be reasonably useable. (c) Blackstone's valuation necessarily assumes that all actions undertaken by the Reorganized Debtors are for sound business purposes. Rather, the concern raised by Blackstone is the risk that the acquisition of the stock of Reorganized WMI itself pursuant to the Plan (and possibly certain subsequent equity issuances) might be viewed by the Internal Revenue Service as being primarily tax motivated if a substantial portion (and particularly if a majority) of the value of Reorganized WMI is due to the availability of the NOLs. The fact that the Reorganized Debtors will only pursue acquisitions that make sound business sense does not address the reason for which the stock of Reorganized WMI is being acquired. (d) The Debtors are unaware of any improper trading practices by the Settlement Note Holders, and negotiations by the Settlement Note Holders is irrelevant to the Supplemental Disclosure Statement or the Modified Plan.

7. Objection by the ANICO Plaintiffs **[D.I. 6907]**	
Objection	Response
American National Insurance Company, American National Property and Casualty Company, Farm Family Life Insurance Company, Farm Family Casualty Insurance Company, and National Western Life Insurance Company (the "ANICO Plaintiffs") object that: (a) the Modified Plan fails to state that "the [Bankruptcy] Court is making no determination as to who owns the claims in the ANICO Litgation"; and (b) the Debtors' form Stipulation of Dismissal of Texas Litigation, attached as Exhibit K to the Amended Global Settlement Agreement, improperly dismisses claims the Debtors do not own.	(a) The Debtors submit that the Modified Plan is consistent with the Opinion, but, out of an abundance of caution, the Debtors have revised the Modified Plan to reflect that the Bankruptcy Court is making no determination as to who owns the claims in the ANICO Litigation. (b) The Debtors submit that the form Stipulation of Dismissal in the Texas Litigation is consistent with the Opinion. Specifically, the Stipulation of Dismissal makes clear that the Debtors are dismissing only claims they own (claims of WMI), and JPMC and/or the FDIC are dismissing the claims they own (claims of WMB). While the ANICO Plaintiffs correctly note that the Opinion states that the Stipulation of Dismissal must state that the Debtors are "dismissing only claims which they own," the import of the Opinion is that the Debtors may not release any direct claims that the ANICO Plaintiffs own – something the Debtors clearly are not doing.

8. Statement and Reservation of Rights by Consortium of Trust Preferred Security Holders **[D.I. 6908]**	
Objection	Response
The TPS Consortium reserves all objections to confirmation of the Modified Plan.	The Debtors submit that, because the TPS Consortium does not object to the Supplemental Disclosure Statement, a response is not required.

9. Objection of Jerry Webb **[D.I 6770]**	
Objection	Response
Mr. Webb: (a) questions (i) the purported transfer of "Washington Mutual, Inc.'s covered bonds" to JPMC; (ii) the FDIC's determination "that the banks were insolvent"; and (iii) the Debtors' ability to proceed "if in	(a) Mr. Webb's questions, which solely relate to JPMC, the FDIC, and the Purchase and Assumption Agreement, are not objections to the Supplemental Disclosure Statement, and, thus, are irrelevant here. Furthermore, Mr. Webb erroneously relies on a misstatement in an article attached as Exhibit B to his objection, which states, among other things,

9. Objection of Jerry Webb **[D.I 6770]**	
fact, the sale of the banks to JPMorgan has not been finalized"; and (b) requests a list of WMI's assets currently held by the FDIC Receiver or FDIC Corporate.	that WMI issued certain covered bonds, and that the covered bonds' "supporting assets would be assumed by" JPMC. The Debtors submit that the WM Covered Bond Program – not WMI – issued such covered bonds (and the WM Covered Bond Program was sponsored and organized by WMB). See Washington Mutual, Inc., Annual Report (Form 10-K), at p. 69 (Feb. 29, 2008). The Debtors further submit that such covered bonds are liabilities of WMB, and were assumed by JPMC assumed pursuant to the Purchase and Assumption Agreement. (b) The Opinion and the Supplemental Disclosure Statement (which incorporates the Prior Disclosure Statement) all discuss the disputed assets in which both the Debtors and the FDIC have asserted interests. See, e.g., Prior Disclosure Statement §§ I.B & IV.D. The Debtors submit that no other or further disclosure is required in this regard.

10. Objection of David Shutvet **[D.I. 6777]**	
Objection	Response
Mr. Shutvet objects: (a) to the releases embodied in the Modified Plan and described in the Supplemental Disclosure Statement; (b) that various WMI securities are "locked"; (c)(i) to the valuation of the assets that the FDIC transferred to JPMC and questions how much JPMC paid for those assets, and (ii) to the lack of an updated valuation of the BOLI/COLI assets, WMMRC, and the NOLs; (d) that holders of senior funded indebtedness of WMB debt may	(a) Section II.C of the Supplemental Disclosure Statement and Exhibit C attached thereto set forth the modifications made to the releases in the Modified Plan, consistent with the Opinion. Section IV.A of the Supplemental Disclosure Statement provides disclosure regarding the procedures for granting such releases, which is a condition to eligibility to receive a distribution pursuant to the Modified Plan. Thus, the Debtors submit that the Supplemental Disclosure Statement provides adequate disclosure regarding the releases in the Modified Plan. To the extent that Mr. Shutvet objects that such releases are inappropriate, such objections are procedurally improper and premature, as they are objections to confirmation of the Modified Plan. Notwithstanding the foregoing, based upon the modifications the Debtors made to the releases, in accordance with the Opinion, the Debtors believe that such releases are appropriate

10. Objection of David Shutvet **[D.I. 6777]**	
receive a distribution from WMI; (e) to the lack of a "valuation hearing"; and (f) to the lack of an investigation into JPMC's alleged involvement with the failure WMB.	and comply with the Bankruptcy Court's ruling. (b) Mr. Shutvet's concerns regarding the "locked" nature of the WMI securities are no longer relevant, as the Debtors released substantially all WMI securities as of February 22, 2011. The remaining securities, the REIT Series in Class 19, were released on March 14, 2011. (c)(i) The value of the assets transferred to JPMC by the FDIC Receiver is irrelevant. In any event, the Debtors, JPMC and the FDIC each dispute whether certain assets were transferred to JPMC at the time of the seizure and sale of WMB, and thus, such a valuation would be impracticable. These disputes are discussed in Sections I.B and IV.D of the Prior Disclosure Statement, attached to the Supplemental Disclosure Statement as Exhibit A. Pursuant to the Purchase and Assumption Agreement, JPMC paid $1.88 billion and assumed certain liabilities for all the WMB assets it purportedly bought. (c)(ii) The Debtors submit that the prior disclosures concerning the BOLI/COLI assets is adequate. Such disclosures, include, among other things, testimony offered in support of the Sixth Modified Plan at the previous Confirmation Hearing and the Examiner's Report. (See Examiner's Report at 6.) Moreover, in the Opinion, the Bankruptcy Court found that, under the Global Settle Agreement, the BOLI/COLI policies will be owned by the entity on whose records they are listed. (See Opinion at 42.) Furthermore, the updated valuations of WMMRC and the NOLs are disclosed in Exhibit E to the Supplemental Disclosure Statement. (d) Objections to the distributions to be made to holders of Class 17A Claims are objections to confirmation of the Modified Plan, and thus, are procedurally improper and premature at this time. (e) The Debtors submit that, pursuant to the Prior Disclosure Statement and the Supplemental Disclosure Statement, the Debtors have provided

10. Objection of David Shutvet **[D.I. 6777]**	
	sufficient information on the valuation of the assets of the Debtors' estates. See, e.g., Prior Disclosure Statement §§ I.C.1-2 & 4-5, IV.D.17-20; Exhibit D to the Supplemental Disclosure Statement at 3. To the extent that certain valuations of disputed assets are not fulsome or not disclosed in the Modified Plan, Prior Disclosure Statement, or Supplemental Disclosure Statement, the Debtors submit that additional disclosure poses risks given the sensitive nature of the disputes over such assets if the Amended Global Settlement Agreement and Modified Plan are not approved by the Bankruptcy Court. Additional testimony and evidence regarding the Valuation Analysis will be provided at the hearing on confirmation of the Modified Plan, at which time, parties in interest will have an opportunity to question and challenge the underlying assumptions and conclusions. (f) The Bankruptcy Court has already ordered an investigation into the Debtors' estates, including, among other things, potential claims against JPMC, and the results of such investigation are publicly available. See *Final Report of the Examiner*, dated November 1, 2010 [D.I. 5735], publicly available on the Bankruptcy Court's docket, as well as on the website maintained by the Debtors' solicitation and voting agent, Kurtzman Carson Consultants, LLC, at www.kccllc.net/wamu. This investigation is in addition to countless other agencies and entities that have already investigated the circumstances leading to the takeover and sale of WMB, including the Debtors, the Creditors' Committee, the Equity Committee, the FDIC, the Department of Labor, the Department of Justice, the Federal Bureau of Investigation, the Internal Revenue Service, the Securities and Exchange Commission, the United States Attorney for the Western District of Washington, the Attorney General of the State of New York, numerous class action law firms pursuing claims on behalf of shareholders and the United States Congress. Accordingly, Mr. Shutvet's allegation concerning the lack of an investigation into the seizure and sale of WMB's assets is patently false.

11. Objection of Farokh Lam **[D.I 6781]**	
Objection	Response
Mr. Lam: (a) objects to the valuation analysis set forth in Exhibit E of the Supplemental Disclosure Statement (the "Valuation Analysis") "especially in light of the new NOLs available to current stakeholders in the reorganized debtor in 2011," and (b) requests that the Bankruptcy Court "order an auction of the Reorganized WMI, within the current bankruptcy proceeding, and to current stakeholders ONLY."	(a) The Debtors submit that Mr. Lam's objection regarding Blackstone's valuation analysis is procedurally improper and premature, as it is actually an objection to confirmation of the Modified Plan and is not before the Bankruptcy Court at this time. In any event, the Debtors submit that Blackstone's updated valuation of Reorganized WMI, attached as Exhibit E to the Supplemental Disclosure Statement, is accurate. The Debtors further submit that the Valuation Analysis expressly provides updated ranges of value of Reorganized WMI, which estimates are (i) premised on the Effective Date occurring in 2011, and (ii) include and exclude the value of net operating losses that may be available to shelter taxable income generated by Reorganized WMI. (b) Mr. Lam's request for an auction of Reorganized WMI to current stakeholders rests on no legal basis and, accordingly, should be denied. Moreover, Mr. Lam provides no rationale for holding an auction from which all stakeholders other than shareholders are excluded. In any event, it is not an objection to the Supplemental Disclosure Statement and is irrelevant.

12. Objection of Kubera Williams **[D.I 6786]**	
Objection	Response
Mr. Williams: (a) objects that Blackstone's valuation of Reorganized WMI is "defective" and "undervalues" Reorganized WMI, and (b) requests that the Equity Committee sue the FDIC for "$145 billion to $500 billion."	(a) See supra Response to Lam Objection. (b) Mr. Williams's request that the Equity Committee commence an action against the FDIC is not an objection to the Supplemental Disclosure Statement and, thus, is irrelevant.

13. Objection of Chris Stovic **[D.I 6787]**	
Objection	Response
Mr. Stovic: (a) objects that the distributions to be made to Class 2 have changed, and (b) objects that Class 2 is not receiving full payment in cash.	(a) The Debtors submit that the form of distributions to be made to Class 2 is identical in both the Sixth Amended Plan and the Modified Plan – each holder of an Allowed Senior Notes Claim in Class 2 will receive its Pro Rata Share of (i) Creditor Cash and (ii) Liquidating Trust Interests. See id. § 6.1. In addition, each holder of an Allowed Senior Notes Claim shall be provided the right to elect to receive Reorganized Common Stock (subject to adjustment based upon the amount of Reorganized Common Stock elected by holders of Allowed General Unsecured Claims and subject to certain limitations set forth in the Modified Plan), in lieu of some or all of the Creditor Cash or Cash on account of Liquidating Trust Interests, as the case may be, that such holder otherwise is entitled to receive pursuant to the Plan. See Modified Plan § 6.2. Furthermore, to the extent they are not paid in full, holders of Allowed Senior Notes Claims may enforce their contractual subordination rights and seek redistribution of Reorganized Common Stock from junior creditors, subject to the terms and conditions set forth in the Modified Plan. (b) The Debtors submit that the objection regarding the form of distributions to be made to holders of Class 2 Claims is procedurally improper and premature, as it is actually an objection to confirmation of the Modified Plan and is not before the Bankruptcy Court at this time. In any event, the Debtors believe the treatment of Class 2 is in accordance with applicable bankruptcy law.

14. Objection of Claus-Dieter Bruch **[D.I. 6857]**	
Objection	Response
Mr. Bruch objects to the lack of information concerning:	(a) The assets sold to JPMC pursuant to the Purchase and Assumption

14. Objection of Claus-Dieter Bruch **[D.I. 6857]**	
(a) the assets that were sold to JPMC pursuant to the Purchase and Assumption Agreement, (b) the Debtors' assets and the value of such assets, (c) Second and Union, LLC, and (d) why the Debtors are not receiving the entirety of their tax refunds.	Agreement are irrelevant, except to the extent that the Debtors dispute and assert a claim to any such assets. These disputes are discussed in Sections I.B and IV.D of the Prior Disclosure Statement, attached as Exhibit A to the Supplemental Disclosure Statement, and all such disputes are resolved pursuant to the Amended Global Settlement Agreement. This resolution is discussed in Section I.C of the Prior Disclosure Statement. (See also Opinion at 6-7.) (b) See supra Response to Shutvet Objection. (c) The assets to which Mr. Bruch refers were never part of the Debtors' estates, and the Debtors respectfully refer the Bankruptcy Court to the *Debtors' Response to the Letter of Joe Schorp Requesting Information Regarding Second and Union LLC* [D.I. 2811]. Consequently, Mr. Bruch's request for more information regarding Second and Union, LLC should be denied. (d) The division of the Tax Refunds pursuant to the Amended Global Settlement Agreement and the rationale thereof are clearly set forth in the Prior Disclosure Statement, attached to the Supplemental Disclosure Statement as Exhibit A. (See also *Memorandum of Law in Support of Confirmation of the Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* [D.I. 6085] at 51-58.) In any event, this objection relates to the reasonableness of the Amended Global Settlement Agreement, which was found to be fair and reasonable by the Bankruptcy Court in its Opinion.

15. Objection of Axel Iverson **[D.I. 6840]**	
Objection	Response
Mr. Iverson:	(a) The Debtors submit that Mr. Iverson's assertions, including the

15. Objection of Axel Iverson **[D.I. 6840]**	
(a) asserts, among other things, that there is "blatant and continued bankruptcy fraud and insider trading of massive proportions . . . being perpetrated by the Debtors, their counsel, the FDIC, and JPMC"; and (b) alleges that the Debtors and their counsel, with the support of the FDIC and JPMC, have fraudulently conveyed certain non-banking subsidiaries (collectively, the "WMB Non-Banking Subsidiaries").	allegations of fraud and insider trading by the Debtors, their counsel, the FDIC and JPMC, are not objections to the relief requested in the Supplemental Disclosure Statement Motion. (b) Mr. Iverson's allegation that the Debtors and their counsel have fraudulently conveyed the WMB Non-Banking Subsidiaries is meritless. On September 25, 2008, the Office of Thrift Supervision, by order number 2008-36, closed WMB, appointed the FDIC Receiver and advised that the FDIC Receiver was taking immediate possession of WMB's assets, which assets included interests in all of WMB's subsidiaries. In connection therewith, FDIC Corporate, the FDIC Receiver, and JPMC entered into the Purchase and Assumption Agreement, pursuant to which JPMC purchased substantially all of the assets of WMB and assumed certain obligations. See also JPMorgan Chase & Co., Annual Report (Form 10-K), at Ex. 21.1 (Feb. 24, 2010) (listing the subsidiaries of JPMC, as of Dec. 31, 2009, including the WMB Non-Banking Subsidiaries). Although the WMB Non-Banking Subsidiaries were indirect subsidiaries of WMI prior to the seizure of WMB, the WMB Non-Banking Subsidiaries were direct or indirect subsidiaries of WMB. Pursuant to the Purchase and Assumption Agreement, JPMC acquired WMB, and WMB's interests in the WMB Non-Banking Subsidiaries. Thus, on the Petition Date, the Debtors and their chapter 11 estates no longer had any interest – direct or indirect – in the WMB Non-Banking Subsidiaries, and the Debtors are not required to provide information about, or to account for, theses entities in their Schedules.

16. Objections of Peter and Kim Bonaventure **[D.I. 6845 & 6847]**	
Objection	Response
Peter and Kim Bonaventure object that:	(a) The Debtors submit that the information contained in the Supplemental Disclosure Statement and the Prior Disclosure Statement adequately

16. Objections of Peter and Kim Bonaventure **[D.I. 6845 & 6847]**	
(a) the Supplemental Disclosure Statement does not identify all the Debtors' assets; (b) the Debtors have minimize[d] the effect of tax benefits; (c) the Debtors have "valued all assets . . . without relying upon the advice of legal counsel"; and (d) the Debtors have not provided a complete, audited list of assets or an audited valuation of the Reorganized Debtors.	identify all the Debtors' assets. See, e.g., Prior Disclosure Statement §§ I.C.1-2 & 4-5, IV.D.17-20; Exhibit D to the Supplemental Disclosure Statement at 3. (b) The Debtors submit that all applicable information regarding the relevant Tax Refunds and NOLs are disclosed in the Supplemental Disclosure Statement, the Valuation Analysis attached to the Supplemental Disclosure Statement as Exhibit E, the Prior Disclosure Statement attached to the Supplemental Disclosure Statement as Exhibit A, and the Modified Plan. To the extent that Mr. and Ms. Bonaventure disagree with the Debtors' valuation of their potential tax attributes, this is an objection to confirmation of the Modified Plan and is premature at this time. (c) The Debtors' valuation of Reorganized WMI was determined in conjunction with their professionals, as described in detail in Exhibit E to the Supplemental Disclosure Statement. With respect to the valuation of claims against the FDIC and JPMC, the Debtors did consult with counsel. See, e.g., Hr'g Tr. 167:22-167:4 (Dec. 2, 2010). (d) Prior to the Petition Date, WMI publicly filed its audited financial statements with the Securities and Exchange Commission. Such public filings are available at www.sec.gov. Subsequent to the Petition Date, WMI has filed monthly operating reports, which are publicly available on the Bankruptcy Court's docket. Furthermore, in accordance with SEC regulations, the Debtors have filed Form 8-Ks that include the monthly operating reports, which Form 8-Ks are publicly available at www.sec.gov. In Staff Legal Bulletin No.2, the Division of Corporation Finance of the Securities and Exchange Commission (the "SEC") expressed the view that the SEC may allow a chapter 11 debtor to satisfy its reporting requirements under the Securities Exchange Act of 1934, as amended, by filing the monthly operating reports that the debtor is required to file with the bankruptcy court ("MORs") with the SEC under cover of Form 8-K, and reporting other material developments on Form 8-

16. Objections of Peter and Kim Bonaventure **[D.I. 6845 & 6847]**	
	K instead of filing Form 10-Qs and Form 10-Ks. In reliance on the foregoing, since the Commencement Date, the Debtors have filed their MORs with the SEC under cover of Form 8-K and have also reported other material developments as they occur on Form 8-K. The Debtors' MORs provide, among other things, the book value of WMI's subsidiaries, and are publicly available at www.sec.gov.

17. Objection of Tom White **[D.I. 6849]**	
Objection	Response
Mr. White: (a) objects that: (i) the Supplemental Disclosure Statement fails to provide sufficient detail as to the value of Marion Insurance Company, Inc ("Marion"); and (ii) the Debtors, through their counsel and agents, have withheld certain details regarding Marion, "including the value of the trust which will revert unrestricted to the reorganized debtor on December 31, 2011"; and (b) requests that the Debtors provide an audited assessment of the value of Marion, reflecting Marion's prepetition and postpetition value.	(a) Marion is an entity no longer in existence. As set forth in Section IV.D.17 of the Prior Disclosure Statement: "Marion Insurance Company, a Vermont corporation and non-debtor, wholly-owned subsidiary of WMI, was a captive reinsurance company, created to reinsure the risk associated with lender placed hazard insurance policies, accidental death and dismemberment and mortgage life insurance. In February 2009, the insurance commissioner of Vermont notified Marion that it was no longer in compliance with Vermont captive law because it no longer reinsured the risks of its affiliates, and therefore required that Marion no longer provide reinsurance as a Vermont captive. In response to this directive, in early 2009, Marion began the process of commuting its existing reinsurance contracts with four separate companies. By the beginning of June 2010, Marion had successfully commuted all reinsurance agreements with the four companies, including its reinsurance agreement with Assurant. As part of its commutation effort with Assurant, Marion created and deposited $17 million into a trust for the benefit of Assurant to pay remaining claims over the next two years. Per the insurance commissioner's requirements, Marion subsequently provided a dividend of the trust to WMI to ensure the successful wind-down of the Marion entity."

17. Objection of Tom White **[D.I. 6849]**	
	As of June 30, 2010, Marion surrendered its Vermont insurance license, became a general Vermont corporation, and merged out of existence as part of the ongoing WMI subsidiary wind-down process – specifically, Marion was merged into Citation Merger Sub, LLC (a Vermont LLC), which was then merged into WM Citation Holdings, LLC (a Delaware LLC), a wholly owned subsidiary of WMI. With respect to the Assurant trust value that will revert to WMI, as of February 28, 2011, the Debtors have recorded a value for the Assurant trust, net of reserve for losses, of $14.0 million. Additionally, on March 8, 2011, WMI received an initial trust distribution of $7.7 million. The term of the trust expires on December 31, 2011, after which any remaining assets will revert, unrestricted, to the Liquidating Trust. The reserve for losses is an actuarial estimate. Actual cash received by the Liquidating Trust will depend on losses actually incurred. (b) See supra Response to Bonaventure Objections.

18. Objection of Joe Schorp **[D.I. 6856]**	
Objection	Response
Mr. Schorp objects that it is unknown which assets were transferred to JPMC pursuant to the Purchase and Assumption Agreement, including whether certain subsidiaries of WMI were transferred to JPMC pursuant to the Purchase and Assumption Agreement, including Second and Union, LLC.	The assets sold to JPMC pursuant to the Purchase and Assumption Agreement are irrelevant to consideration of the Supplemental Disclosure Statement and Modified Plan, except to the extent that the Debtors dispute and assert a claim to any such assets. These disputes are discussed in Sections I.B and IV.D of the Prior Disclosure Statement, attached as Exhibit A to the Supplemental Disclosure Statement, and all such disputes are to be resolved pursuant to the Amended Global Settlement Agreement. This resolution is discussed in Section I.C of the Prior Disclosure Statement. In any event, pursuant to the Purchase and Assumption

18. Objection of Joe Schorp **[D.I. 6856]**	
	Agreement, certain indirect subsidiaries of WMI were transferred to JPMC, however, no direct subsidiaries of WMI were transferred. With respect to Mr. Schorp's request regarding information about Second and Union, LLC, see supra Response to Bruch Objection.

19. Objection of Michele Wright **[D.I. 6862]**	
Objection	Response
Ms. Wright objects: (a) to the lack of a completed "Section 3.1(a)" exhibit attached to the Purchase and Assumption Agreement; (b) to the lack of an "Asset List" and the valuation such assets; (c) to the lack of disclosure concerning Second and Union, LLC	(a) Questions regarding the Purchase and Assumption Agreement, which solely relate to JPMC and the FDIC, are not objections to the Supplemental Disclosure Statement, and, thus, are irrelevant. (b) See supra Bonaventure Objection. (c) See supra Response to Bruch Objection.

20. Objection of James Berg **[D.I. 6876]**	
Objection	Response
Mr. Berg: (a) alleges that, among other things, a "cozy relationship" exists between Weil, Gotshal & Manges and JPMC, based upon a certain legal services agreement; (b) contends that the Supplemental Disclosure Statement does not	(a) Mr. Berg has failed to provide any support or basis for the numerous factual representations and conflict allegations set forth in his Objection, which the Debtors believe are not objections to the Supplemental Disclosure Statement. Furthermore, the Bankruptcy Court already has addressed the alleged conflict of interest that Mr. Berg seeks to reassert, and determined that "the record in this case refutes the suggestion that the Debtors' professionals acted in any manner other than in the best interests

20. Objection of James Berg **[D.I. 6876]**	
provide sufficient detail as to the assets of the Liquidating Trust, and specifically asserts that the Debtors should (i) disclose "which causes of action will be retained by the Liquidation Trust [sic], who is expected to be a target of litigation, and an estimate of damages which the Liquidation Trustee will seek"; (ii) "provide a table estimating the likely and maximum amount of claims, by class, to which those entitled to distributions may hold against these Liquidating Trust Assets"; and (iii) if the Bankruptcy Court approves the retention of Ernst & Young LLP ("E&Y"), expand the scope of E&Y retention to include the identification and estimation of "the value of the assets of WMI that will form the Liquidating Trust"; (c) requests that the Debtors appoint counsel for the Equity Committee (or a party designated by the Equity Committee) to serve as Liquidating Trustee instead of William Kosturos, WMI's Chief Restructuring Officer; (d)(i) asserts that the directors that were elected to WMI's board of directors (the "WMI Board") in 2008, "may lack authority to make decisions in the ordinary course of business," and "[i]f so, they would certainly lack the authority to bind WMI to a Global Settlement Agreement," (ii) objects that, "by approving the [Amended Global Settlement Agreement] well after their terms have expired," such directors have "demonstrated an absence of good faith," and (iii) requests documentation that (A) establishes the number and identity of the WMI Board, and (B) confirms that the WMI Board still has authority to negotiate or bind WMI to the Amended Global Settlement Agreement; and (e) objects to the share locking procedures set forth in the Supplemental Disclosure Statement, and argues that such procedures should be revised to only apply to parties that opt out of the release provisions set forth in the Modified Plan.	of the estate." (See, e.g., Opinion at 14.) (b)(i) and (ii) The Debtors submit that the Supplemental Disclosure Statement and the Prior Disclosure Statement adequately disclose the assets of the Liquidating Trust, in accordance with the standards set forth in the Bankruptcy Code. The Disclosure Statement expressly provides that "[t]he assets of the Liquidating Trust will consist of all of the Debtors' assets," excluding certain assets (*e.g.*, cash for payments of certain claims, and the Debtors' equity interests in WMIIC, WMMRC and WMB). (See Prior Disclosure Statement § II.B.2.) In addition, the recovery projections for each Class, as set forth in the Prior Disclosure Statement and the Supplemental Disclosure Statement, include projected recoveries on account of Liquidating Trust Interests. Consequently, the Debtors submit that further disclosure as to which assets the Liquidating Trust will acquire is not warranted. (iii) The Debtors do not believe that Mr. Berg sets forth any legitimate basis for expanding the proposed scope of services that E&Y will provide, (subject to the Bankruptcy Court's approval), and this request is not properly asserted as an objection to the Supplemental Disclosure Statement. Therefore, such relief is neither necessary nor appropriate. In any event, pursuant to the Liquidating Trust Agreement, the Liquidating Trustee will be obligated to provide periodic valuations of the Liquidating Trust. (c) Mr. Berg's request for the appointment of counsel for the Equity Committee as Liquidating Trustee is procedurally improper, and is inappropriately asserted at this time. Moreover, the Debtors believe that Mr. Berg's personal opinion of Mr. Kosturos's qualifications to serve as Liquidating Trustee is neither dispositive nor persuasive. Nevertheless, pursuant to the Modified Plan and the Liquidating Trust Agreement, the Trust Advisory Board is authorized to replace or appoint additional trustees and, pursuant to the Modified Plan, [one] member of this Board

20. Objection of James Berg **[D.I. 6876]**	
	will be selected by the Equity Committee. (d) Mr. Berg's assertion that the directors of the WMI Board are no longer authorized to serve is false. The bylaws for WMI (the "Bylaws"), which are publicly available at www.sec.gov, set forth the tenure for directors. Section 4.2 of the Bylaws expressly provides, among other things, that: "In all cases, directors shall serve until their successors are duly elected and qualified or until their earlier resignation, removal from office or death." As none of the foregoing conditions apply, the Debtors submit that the directors on the WMI Board are authorized to continue to serve in their current capacities. Consequently, Mr. Berg's allegation that the directors on the WMI Board approved the Amended Global Settlement Agreement after their terms expired, is wholly without merit. With regard to Mr. Berg's request for documentation establishing the number and identity of the WMI Board, the Debtors further submit that such information is publicly available at www.sec.gov, and the Debtors will include such information in the Supplemental Disclosure Statement. (e) As set forth in the Motion and the Supplemental Disclosure Statement, the procedures relating to the tendering or blocking of publicly-traded securities are necessary to ensure accurate identification of the Entities entitled to receive distributions, and to ensure that the Debtors can match any elections that holders of such securities make with such holders' respective securities. In order to comply with the Bankruptcy Court's requirement that only those Entities that affirmatively consent to the third party releases may be bound to them, the Debtors now must be able to identify whether the holders of publicly-traded securities have "opted in," "opted out," or failed to respond. To make this determination, the Debtors must be able to segregate each of the securities.

21. Objection of Charles Eldridge **[D.I. 6877]**	
Objection	Response
Mr. Eldridge objects that: (a) the Supplemental Disclosure Statement does not contain adequate information because (i) the Debtors have not adequately described the procedures for releasing securities in the event the Modified Plan is not confirmed, (ii) the rate of postpetition interest that will be applied to Class 16 Claims is unresolved, (iii) certain Class 16 claims may be equitably subordinated or disallowed, (iv) the Debtors may choose to enter into retention/sale transaction which has the effect of nullifying any stock elections, and (v) the Debtors have not provided a valuation of their assets; and (b) the Settlement Noteholders have received greater amounts of information than other holders of Class 16 claims.	(a) The Debtors submit that the disclosures contained in the Supplemental Disclosure Statement and the Prior Disclosure Statement meet the standards set forth in the Bankruptcy Code, and thus, no additional disclosure is needed. Specifically: (i) The disclosures contained in the Supplemental Disclosure Statement and the Prior Disclosure Statement regarding the release of WMI securities is adequate. Both documents, in addition to the various ballots and election forms, describe under what circumstances DTC, Euroclear, and Clearstream will release WMI securities. Unfortunately, at this time, the Debtors are not able to pinpoint the exact timing for such release, based upon a multitude of variable factors that would affect this (*i.e.*, the potential need to keep some or all of such securities "frozen" for purposes of tracking such elections in connection with any further modified proposed plan). In this regard, the short delay that Mr. Eldridge mentions the prior solicitation was necessary to clear various legal and procedural hurdles in returning such securities to their rightful owners, and was not entirely within the Debtors' control. (ii) See supra Response to Broadbill Plaintiffs Objection. (iii) The fact that there is a possibility that certain Class 16 Claims have the potential to be equitably subordinated or disallowed is irrelevant in the context of the approval of the Supplemental Disclosure Statement. It is common practice for the claim reconciliation process to extend beyond a plan's effective date – the situation is no different here. This should not impact any stakeholder's decision with respect to voting on the Modified Plan. (iv) The Debtors submit that the Supplemental Disclosure Statement and Prior Disclosure Statement, in addition to the Modified Plan, provide

21. Objection of Charles Eldridge **[D.I. 6877]**	
	adequate information as to what will occur if the Debtors enter into a Retention/Sale Transaction – all elections to receive Reorganized Common Stock will be deemed null and void and of no force or effect and no Reorganized Common Stock will be issued pursuant to the Modified Plan. See Prior Disclosure Statement § V.F.1; Modified Plan § 32.1 (v) See supra Shutvet Objection. (b) The Debtors submit that all members of Class 16 will receive the same Supplemental Disclosure Statement, which contains "adequate information" as defined by the Bankruptcy Code. It is not a requirement of the Bankruptcy Code that every creditor in a class have the exact same information about a debtor and its estate. On the contrary, the Bankruptcy Code only requires that each creditor have "adequate information." Further, section 1125(a)(2)(C), erroneously relied upon by Mr. Eldridge in his objection, actually envisions creditors receiving information "from sources other than the disclosure statement." See Century Glove, Inc. v. First Am. Bank of New York, 860 F.2d 94, 100 (3d Cir. 1988) ("A creditor may receive information from sources other than the disclosure statement. . . . In enacting the bankruptcy code, Congress contemplated that the creditors would be in active negotiations with the debtor over the plan."). Furthermore, the Settlement Note Holders have not received any material, non-public information regarding the Debtors' and their cases, except during a brief period when they were restricted from trading. Thereafter, any such material, non-public information was publicly disclosed. While counsel to the Settlement Note Holders may have received certain non-public disclosures concerning the Debtors, counsel was instructed not to disclose such information to their clients.

22. Objection of Sebastian Moritz **[D.I. 6881]**

22. Objection of Sebastian Moritz **[D.I. 6881]**	
Objection	Response
Mr. Moritz: (a) objects that (i) the value of WMI's assets are unknown, and (ii) Blackstone's valuation of Reorganized WMI, and the NOLs that may be available, is inaccurate; and (b) requests that the Bankruptcy Court order a valuation hearing.	(a)(i) See supra Response to Shutvet Objection. (ii) The Debtors further submit that the valuation of Reorganized WMI set forth in the Supplemental Disclosure Statement is valid, and accurately accounts for the NOLs, which potentially may be available to Reorganized WMI to offset future income. In the Supplemental Disclosure Statement, the Debtors clearly explain the changes between the Prior Valuation and the Updated Valuation. Specifically, the Debtors state in the Supplemental Disclosure Statement that the Prior Valuation was based upon analysis estimated as of December 24, 2010. (See Supplemental Disclosure Statement at 23). The Debtors further explain that the Updated Valuation, as amended, assumes the Debtors will not emerge from chapter 11 until May 15, 2011, with the result that a greater amount of NOLs will potentially be available for the Reorganized WMI to use to offset future income. (See id.) Despite the anticipated increase in potentially-available NOLs, the Updated Valuation estimates a lower value of Reorganized WMI based upon decreases in the amount of projected future distributable cashflow, all as more fully set forth in Exhibit E annexed to the Supplement Disclosure Statement. (See id.) Accordingly, the Debtors submit that Mr. Moritz's objection to Blackstone's analysis is baseless. To the extent that Mr. Moritz disagrees with the Debtors' valuation of their potential tax attributes, this is an objection to confirmation of the Modified Plan and is premature at this time. (b) Mr. Moritz's request for a valuation hearing and investigation is not a disclosure statement issue and is inappropriately asserted as an objection to the Supplemental Disclosure Statement Motion. As stated above, the Debtors submit that they have provided sufficient information on the valuation of the assets of the Debtors' estates.

23. Objection of Deekshant Kumar **[D.I. 6882]**	
Objection	Response
Mr. Kumar alleges that WMI's Board of Directors and professionals have engaged in "NEGLIGENCE if not FRAUD," based upon the fact that WMI did not previously retain an accounting or auditing firm, and demands that the Bankruptcy Court order a valuation hearing.	The Debtors submit that, pursuant to the Prior Disclosure Statement, and the Supplemental Disclosure Statement, they have provided accurate information as to what assets are in the Debtors' estates and the valuation of such assets. See, e.g., Prior Disclosure Statement §§ I.C.1-2 & 4-5, IV.D.17-20; Exhibit D to the Supplemental Disclosure Statement at 3. The Bankruptcy Court already has determined that the Debtors' professionals have acted in the Debtors' best interests. See supra Response to Broadbill Plaintiffs Objection. The Debtors submit that the valuation of the assets of the Debtors' estates will be addressed at the Confirmation Hearing, at which hearing the Debtors will discuss and submit testimony in support thereof. Moreover, the Bankruptcy Court has already ordered an investigation into the Debtors' estates, including, among other things, potential claims against JPMC, and the results of such investigation are publicly available. See *Final Report of the Examiner*, dated November 1, 2010 [D.I. 5735]. This investigation is in addition to countless other agencies and entities that have already investigated the circumstances leading to the takeover and sale of WMB, including the Debtors, the Creditors' Committee, the Equity Committee, the FDIC, the Department of Labor, the Department of Justice, the Federal Bureau of Investigation, the Internal Revenue Service, the Securities and Exchange Commission, the United States Attorney for the Western District of Washington, the Attorney General of the State of New York, numerous class action law firms pursuing claims on behalf of shareholders and the United States Congress.

24. Objections of Ben Mason **[D.I. 6883, 6884 & 6892]**	
Objection	Response
Mr. Mason objects that: (a) certain information about the Debtors' subsidiaries has not been adequately disclosed, including the reasons for the discrepancies between (i) "133 reported direct and indirect subsidiaries" in WMI's "2008 annual filing", (ii) the "33 direct and indirectly owned subsidiaries" referenced in A&M's billing records, and (iii) the "ten subsidiaries" listed on the Debtors' Schedules (as defined herein); (b) an explanation of the businesses conducted by WMI's subsidiaries has not disclosed; (c) the Debtors did not disclose the sale of a B767 aircraft; (d) the Debtors have failed to disclose fully certain details concerning WMMRC. Specifically, Mr. Mason asserts there has been no disclosure about the operations of WMMRC on a monthly basis from 2004 through 2011, in order for stakeholders to conduct a valuation of this entity; (e) the Debtors have omitted information about the value of the reinsurance trusts owned by WMMRC and the amounts paid, received and generated by such trusts on a monthly basis from 2004 through 2011; and (f) the valuation of Reorganized WMI provided by the Debtors inappropriately overlooks and/or inaccurately accounts for the effect of available NOLs.	(a) As of the Petition Date, WMI owned 33 subsidiaries (plus the stock of WMB). Mr. Mason's reference to WMI's 133 direct and indirect subsidiaries dates back to September 2007 (as reflected in WMI's 2008 annual filing). See Washington Mutual, Inc., Annual Report (Form 10-K), at Ex. 21 (Feb. 29, 2008). Further, the A&M billing statement that Mr. Mason points to clearly notes that WMI owned 33 subsidiaries "as of December 23, 2008," and not as of December 2010. See Exhibit B to Mr. Mason's Objection. Moreover, the Schedules list fifteen WMI subsidiaries (not including WMI), and not ten. Subsequent to the Petition Date, the Debtors merged certain subsidiaries into existing WMI subsidiaries, thus reducing the number of WMI subsidiaries and monetizing assets for distribution to WMI. Such events are disclosed in the Debtors' Monthly Operating Reports and in the Prior Disclosure Statement. See *Monthly Operating Report for Washington Mutual, Inc. for the Period December 1, 2008 through December 31, 2008*, dated February 2, 2009 [D.I. 639]; Prior Disclosure Statement § IV.D.17. Accordingly, the *Schedule of Assets and Liabilities for Washington Mutual, Inc.*, dated December 19, 2008 [D.I. 477], *First Amended Schedule of Assets and Liabilities for Washington Mutual, Inc.*, dated January 27, 2009 [D.I. 619], and *Second Amended Schedule of Assets and Liabilities for Washington Mutual, Inc.*, dated February 24, 2009 [D.I. 710] (collectively, the "Schedules"), accurately list WMI's fifteen subsidiaries (not including WMB) as of the date thereof. (b) As discussed above, the Debtors submit that their Monthly Operating Reports, Schedules, Prior Disclosure Statement, and Supplemental Disclosure Statement contain adequate information regarding their subsidiaries. (c) The aircraft referenced by Mr. Mason was sold by a non-debtor

24. Objections of Ben Mason **[D.I. 6883, 6884 & 6892]**	
	subsidiary – WM Citation Holdings, LLC. Thus, the sale of such assets is not subject to Bankruptcy Court approval. Additionally, all materials related to the sale process were communicated to the Creditors' Committee and its professionals. On the Effective Date, WM Citation Holdings, LLC and its assets (including the proceeds of the aircraft sale) will be assigned to the Liquidating Trust for distribution to stakeholders. (d) The Debtors submit that they have adequately disclosed information concerning WMMRC in accordance with the standards set forth in the Bankruptcy Code, and thus, no additional disclosure is needed. In particular, the Debtors point to the following non-exclusive list of documents that address the business, assets, and liabilities WMMRC: (i) Motion of Debtors to Authorize WMI to Provide Financial Support to WMMRC at 4-9 [D.I. 269, as amended by D.I. 318], (ii) Prior Disclosure Statement at 72-73, (iii) Declaration of Jonathan Goulding in Support of Entry of an Order Confirming the Sixth Amended Joint Plan of Affiliated Debtors at 58-62 [D.I. 6100], (iv) Declaration of Steven M. Zelin in Support of Entry of an Order Confirming the Sixth Amended Joint Plan of Affiliated Debtors at 9-11 [D.I. 6087] ("Zelin Declaration"), (v) Blackstone's Amended Valuation Report set forth in Exhibit A annexed to the Zelin Declaration at 10-11, 48-52, (vi) Supplemental Disclosure Statement at 74-75, and (vii) Blackstone's Updated Valuation annexed as Exhibit E to the Supplemental Disclosure Statement. Moreover, the Debtors submit that the valuation of WMMRC contained in the foregoing documents is derived in part from the monthly data that Mr. Mason alleges the Debtors have failed to disclose. In its Amended Valuation Report, Blackstone explains that it reviewed, among other things, (i) monthly WMMRC financial forecasts through December 2010, (ii) WMMRC's unaudited actual financial results through July 2010, (iii) details about WMMRC's cash and investments; (iv) a captive summary based on cession statements (monthly statements of premiums and the

24. Objections of Ben Mason **[D.I. 6883, 6884 & 6892]**	
	losses and expenses incurred under the reinsured policies, provided by the primary insurer to the reinsurer); and (v) historical book-by-book buildup of premiums from January 1997 through March 2009 for each primary mortgage insurer. See Amended Valuation Report at 10-11. In addition, the projections prepared by the Debtors relied in part on Milliman USA, Inc.'s actuarial reports, which use historical data to predict WMMRC's future capital reserve requirements. Accordingly, the Debtors do not believe that further disclosure regarding WMMRC is required. (e) The Debtors submit that they have adequately disclosed information about WMMRC's reinsurance trusts in accordance with the standards set forth in the Bankruptcy Code. The Debtors have continually provided updated valuations of WMMRC's interest in its reinsurance trusts. See, e.g., Amended Motion of Debtors to Authorize WMI to Provide Financial Support to WMMRC at 5 [D.I. 318]; Amended Valuation Report at 51; Supplemental Disclosure Statement at 74. Further, as discussed above, Blackstone has reviewed and analyzed detailed information regarding the six primary mortgage insurers for whose benefit WMMRC established the reinsurance trusts, and the premiums and losses associated therewith. The Debtors submit that the projections contained in the Prior Disclosure Statement and Supplemental Disclosure Statement show all of the information necessary to value Reorganized WMI, and details concerning the historic monthly performance of the reinsurance trusts are not required to comply with section 1125. (f) See supra Response to Moritz Objection.

25. Objection of Jeff Rogers **[D.I. 6890]**	
Objection	Response
Mr. Rogers objects that the Debtors have failed to provide "material	Mr. Rogers' objection fails to explain why he thinks the Supplemental

25. Objection of Jeff Rogers **[D.I. 6890]**	
evidence" sufficient to enable Mr. Rogers to support the Supplemental Disclosure Statement.	Disclosure Statement is insufficient or what types of information he thinks should be added. As set forth in more detail in the Motion, the Debtors submit that the Supplemental Disclosure Statement and the Prior Disclosure Statement meet the standards set forth in the Bankruptcy Code, and thus, no additional disclosure is needed.

26. Objection of Michael Rozenfeld **[D.I. 6897]**	
Objection	Response
Mr. Rozenfeld contends that the Supplemental Disclosure Statement: (a) includes coercive voting guidelines that are unethical and biased against retail shareholders because "[b]y forcing preferred shareholders to either grant releases or forever be locked out of any and all distributions, it forces shareholders to effectively hope that the debtor will pay them fair value for their releases"; (b) inappropriately forces shareholder who elect not to grant the releases to "lock up" their shares; (c) lacks an accurate independent valuation analysis; and (d) "has removed the rights offering from the lowest impaired class and moved it to the most senior classes effectively gifting them a 'windfall profit.'"	(a) Mr. Rozenfeld's contention that the voting guidelines are unethical and biased against shareholders is groundless. The Debtors have provided stakeholders with adequate information about the Debtors' assets and estimated allowed liabilities and expenses, in order for such stakeholders to assess the likelihood and amount of recovery to their respective Class. Indeed, in Section V.B of the Prior Disclosure Statement the Debtors disclose the projected percentage recovery to each Class. As set forth therein, and as the Debtors have maintained throughout these Chapter 11 Cases, the Debtors do not anticipate having any value for distribution to holders of Equity Interests. Armed with all this information, Equity Interest holders are able to make an informed decision regarding whether to grant the releases. Of course, such releases only become effective if and when holders of Equity Interests receive a distribution. See Modified Plan § 43.6; see also Opinion at 84-85. (b) The Debtors' proposed solicitation procedures required security holders who either affirmatively elect to grant the releases or affirmatively elect to not grant the releases to tender or block their securities in appropriate accounts with DTC, Euroclear or Clearstream. Because, pursuant to the Opinion, the Bankruptcy Court ruled that the Debtors could only bind stakeholders who affirmatively consented to the releases, (see Opinion at 84), the Debtors are forced to segregate and identify security

26. Objection of Michael Rozenfeld **[D.I. 6897]**	
	holders in three groups: (i) those who granted the releases (and, thus are entitled to receive a distribution); (ii) those who affirmatively elected to not grant the releases; and (iii) those who do not respond (and need to be tracked down and sent notices by the Debtors). Accordingly, the Debtors' proposed solicitation procedures in this regard are appropriate and necessary. (c) The Debtors submit that the Valuation Analysis and Liquidation Analysis are comprehensive. Mr. Rozenfeld has not presented any evidence to support his allegation that these analyses have "not been conducted by an unbiased third party." In addition, his complaint that the monthly operating reports are not presented in accordance with audited GAAP statement is without merit, as this is not required. (d) Putting aside the fact that Mr. Rozenfeld's objection regarding the Debtors' decision to cancel the Rights Offering is a confirmation objection that is premature at this time, his argument in this regard is completely wrong. The Debtors have not "moved [the Rights Offering] to the most Senior Classes" nor are they "giv[ing] the company to the Senior Note Holders." As set forth in Section IV.C of the Supplemental Disclosure Statement, based upon securities law issues that would arise in order to restructure the Rights Offering in compliance with the Opinion, the Debtors have cancelled (not moved) the Rights Offering. The proposed distribution of the Reorganized Common Stock pursuant to the Modified Plan has not changed since the Sixth Amended Plan, except to remove certain Pro Rata Share limitations. (See Supplemental Disclosure Statement at IV.B.2.) Indeed, contrary to Mr. Rozenfeld's allegations, to the extent that Allowed Senior Notes Claims are paid in full, all stock elections made by the holders of such Claims shall be disregarded. (See Modified Plan § 6.2.) Furthermore, Mr. Rozenfeld offers no explanation for how the Debtors can maintain the Rights Offering, consistent with the Bankruptcy Court's Opinion, and comply with federal securities laws. Finally, as stated above, upon the Effective Date, the board of directors of

26. Objection of Michael Rozenfeld **[D.I. 6897]**	
	Reorganized WMI will have authority to raise additional capital. See supra Response to Broadbill Plaintiffs Objection.

27. Response of Gari J. McDermott **[D.I. 6899]**	
Objection	Response
Mr. McDermott requests that his investments related to WMI Series R preferred stock be returned to him.	Mr. McDermott's response is not an objection to the Supplemental Disclosure Statement. Mr. McDermott's Preferred Equity Interest will be treated in accordance with Section 24.1 of the Modified Plan.

28. Objection of Kurt A. Zeller **[D.I. 6900]**	
Objection	Response
Mr. Zeller objects to: (a) the lack of information concerning the value of WMB subsidiaries and other assets transferred to JPMC/FDIC; (b) the lack of an asset list for Reorganized WMI; and (c) the lack of a valuation concerning the Reorganized WMI.	(a) The value of assets sold to JPMC pursuant to the Purchase and Assumption Agreement is irrelevant, except to the extent that the Debtors dispute and assert a claim to any such assets. These disputes are discussed in Sections I.B and IV.D of the Prior Disclosure Statement, attached as Exhibit A to the Supplemental Disclosure Statement, and all such disputes are resolved pursuant to the Amended Global Settlement Agreement. This resolution is discussed in Section I.C of the Prior Disclosure Statement. (b) The assets of Reorganized WMI will consist of equity interests in WMI Investment and WMMRC, debtor and non-debtor subsidiaries of WMI, respectively. See Modified Plan § 1.171; Prior Disclosure Statement § II.B.2. (c) The Debtors submit that the valuation of the Reorganized Debtors is clearly set forth in the Updated Valuation, attached as Exhibit E to the Supplemental Disclosure Statement.

28. Objection of Kurt A. Zeller **[D.I. 6900]**	

29. Objection of Jose L. Nunez **[D.I. 6909]**	
Objection	Response
Mr. Nunez alleges, among other things, that: (a) WMI has valid claims against the FDIC and JPMC that, if pursued, would result in a recovery to shareholders; (b) the Debtors should provide an accounting of the assets sold to JPMC as well as WMI's "remaining assets"; and (c) JPMC and the FDIC do not have valid claims against the Debtors.	(a) This is an objection to the Amended Global Settlement Agreement, which, pursuant to the Opinion, the Bankruptcy Court determined is fair, reasonable, and in the best interests of the Debtors' estate. (b) In accordance with the requirements of the Bankruptcy Code and the Bankruptcy Rules, the Debtors have provided detailed summaries of their assets, including, without limitation, in their schedules of assets and liabilities and their monthly operating reports, and the valuation set forth in the disclosure statement filed with the Sixth Amended Plan. (c) This is an objection to the Amended Global Settlement Agreement, which, pursuant to the Opinion, the Bankruptcy Court determined is fair, reasonable, and in the best interests of the Debtors' estate.

30. Objection of Thomas Bodenburg **[D.I. 6918]**	
Objection	Response
Mr. Bodenburg alleges, among other things, that: (a) the Debtors have not identified all their assets; (b) the Debtors have minimized the effect of potential tax benefits (NOLs and any worthless stock deduction for WMI's $26 billion in book value in WMB and WMB fsb); and (c) the Disclosure Statement lacks a complete, audited list of assets	(a) and (c) See supra Response to Shutvet Objection. (b) See supra Response to Bonaventure Objections.

30. Objection of Thomas Bodenburg **[D.I. 6918]**	
(pre and post seizure), including legal claims against the FDIC and JPMC, or an audited valuation of the reorganized Debtors.	

31. Objection of Nazila Pakroo **[D.I. 6924]**	
Objection	Response
Ms. Pakroo objects to the Supplemental Disclosure Statement.	Ms. Pakroo's objection fails to explain why she is objecting to the Supplemental Disclosure Statement, and thus, should be denied.

32. Objection of Mark P. Stevens **[D.I. 6929]**	
Objection	Response
Mr. Stevens asserts that: (a) it is inappropriate that shareholders are receiving nothing under the Modified Plan, despite the fact that the money paid by JPMC to the FDIC properly belongs in the Debtors' estate, and the FDIC and JPMC do not have any valid claims against WMI; (b) the hiring of E&Y is improper because retaining KPMG LLP ("KPMG") would be more cost efficient, and KMPG is better able to perform an impartial audit; and (c) the assets reported by the Debtors are undervalued and the shareholders deserve an accurate accounting of assets (pre and post seizure).	(a) Mr. Stevens asserts no basis to support his claim that the money paid by JPMC for WMB's assets is property of the Debtors' estate. This baseless assertion ignores the concept of entity separateness and, in any event, is not an objection to the Supplemental Disclosure Statement. In addition, Mr. Stevens' assertion regarding whether the FDIC and JPMC have valid claims against WMI relates to the reasonableness of the Amended Global Settlement Agreement, which the Bankruptcy Court, in its Opinion, found to be fair, reasonable and in the best interests of the Debtors' estate. (b) Mr. Stevens' request for the Debtors to retain KPMG is not a disclosure statement issue, and accordingly, is procedurally improper and inappropriately asserted at this time. (c) See supra Response to Shutvet Objection and Response to Nunez Objection.

33. Objection of Brenda Peremes **[D.I. 6931]**	
Objection	Response
Ms. Peremes objects that: (a) "the Liquidation Analysis is inadequate because it fails to illustrate the economic impact of paying interest on allowed claims at the Federal Judgment Rate versus the proposed contract rates in the Modified Plan"; and (b) the Debtors' valuation fails to disclose and fully consider the effect of NOLs on Reorganized WMI.	(a) See supra Response to Equity Committee Objection. (b) See supra Response to Bonaventure Objection.

34. Objection of Doug Meehan **[D.I. 6951]**	
Objection	Response
Mr. Meehan asserts identical objections as found in the Peremes Objection.	See supra Response to Peremes Objection.

35. Objection of Individual Shareholders (Form Letter A) **(The list of docket numbers is attached hereto as Exhibit 1)**	
Objection	Response
Certain holders of WMI Equity Interests (collectively, the "Form A Shareholders") submitted form letters in which they state their disapproval of the Supplemental Disclosure Statement, including that the Debtors more fully disclose the assets of WMIIC, including all securities held by WMIIC.	See Omnibus Response ¶¶ 14-17.

36. Objection of Individual Shareholders (Form Letter B) **(The list of docket numbers is attached hereto as Exhibit 2)**

36. Objection of Individual Shareholders (Form Letter B) **(The list of docket numbers is attached hereto as Exhibit 2)**	
Objection	Response
Certain holders of WMI Equity Interests (collectively, the "Form B Shareholders") submitted form letters, in which the Form B Shareholders state their disapproval of the Supplemental Disclosure Statement. Specifically, the Form B Shareholders object that: (a) shareholders are receiving nothing under the Plan, though there are plenty of assets to distribute, and that such assets have been undervalued; (b) because the Form B Shareholders estimate it costs $5 million to set up a bank branch, JPMC should have paid more than it did for 2,300 bank branches; (c) there were $160 billion in deposit liabilities (it appears that the Form B shareholders are referring to WMB at the time of seizure) and $300 billion in assets (again, it appears that the Form B shareholders are referring to WMB at the time of seizure); and (d) WMB should have been sold through an auction process. It appears that the Form B Shareholders would like the Bankruptcy Court to undo the sale of WMB to JPMC, re-value the assets to be sold, and then, assuming there will be a sale at a higher price, make distributions to common shareholders of WMI. They further assert that if common shareholders receive no distribution in this case, then it will deter equity investments in other companies.	(a) These assertions relate to (i) the reasonableness of the Amended Global Settlement Agreement, and (ii) the value of the assets in the Debtors' estates. With respect to the Amended Global Settlement Agreement, in its Opinion, the Bankruptcy Court found such settlement to be fair and reasonable. With respect to the value of the assets in the Debtors' estates, the Debtors submit that, pursuant to the Prior Disclosure Statement and the Supplemental Disclosure Statement, they have provided sufficient information on the valuation of the assets of the Debtors' estates. See, e.g., Prior Disclosure Statement §§ I.C.1-2 & 4-5, IV.D.17-20; Exhibit D to the Supplemental Disclosure Statement at 3. To the extent that certain valuations of disputed assets are not fulsome or not disclosed in the Modified Plan, Prior Disclosure Statement, or Supplemental Disclosure Statement, the Debtors submit that additional disclosure poses risks given the sensitive nature of the disputes over such assets if the Amended Global Settlement Agreement and Modified Plan are not approved by the Bankruptcy Court. The Bankruptcy Court has already ordered an investigation into the Debtors' estates, including, among other things, the value of potential claims against JPMC, and the results of such investigation are publicly available. See *Final Report of the Examiner*, dated November 1, 2010 [D.I. 5735], publicly available on on the Bankruptcy Court's docket, as well as on the website maintained by the Debtors' solicitation and voting agent, Kurtzman Carson Consultants, LLC, at www.kccllc.net/wamu. (b), (c) and (d) The Debtors submit that the objection with respect to the value of the assets transferred to JPMC is irrelevant to the Supplemental Disclosure Statement and the Modified Plan. In any event, the Debtors, JPMC and the FDIC each dispute whether certain assets were transferred to JPMC at the time of the seizure and sale of WMB, and thus, such a valuation would be impracticable. These disputes are discussed in Sections I.B and IV.D of the Prior Disclosure Statement, attached to the

36. Objection of Individual Shareholders (Form Letter B) **(The list of docket numbers is attached hereto as Exhibit 2)**	
	Supplemental Disclosure Statement as Exhibit A. Pursuant to the Purchase and Assumption Agreement, JPMC paid $1.88 billion and assumed certain liabilities for all the WMB assets it purportedly bought. In addition, the request that the Bankruptcy Court "undo the sale of WMB to JPMC," cannot be granted because the Bankruptcy Court lacks jurisdiction over that transaction. Finally, the assertion that if common shareholders receive no distribution in this case, then it will deter equity investments in other companies, has no legal basis, is speculative, and is irrelevant.

37. Objection of Individual Shareholders (Form Letter C) **(The list of docket numbers is attached hereto as Exhibit 3)**	
Objection Certain holders of WMI Equity Interests (collectively, the "Form C Shareholders") submitted form letters, in which the Form C Shareholders state their disapproval of the Supplemental Disclosure Statement. Specifically, the Form C Shareholders object to the lack of disclosure concerning six subsidiaries of WMI: Ahmanson Obligation Company, ACD2, Ahmanson Developments, H.S. Loan Corporation, Great Western Service Corporation Two, and Ahmanson Residential Developments.	Response The Debtors submit that the information contained in the *Schedule of Assets and Liabilities for Washington Mutual, Inc.*, dated December 19, 2008 [D.I. 477], *First Amended Schedule of Assets and Liabilities for Washington Mutual, Inc.*, dated January 27, 2009 [D.I. 619], and *Second Amended Schedule of Assets and Liabilities for Washington Mutual, Inc.*, dated February 24, 2009 [D.I. 710] (collectively, the "Schedules"), contain adequate information on the value of these six subsidiaries. Specifically, the Schedules list the book values of such subsidiaries. A current market valuation of such subsidiaries is not required and the Form C Shareholders have cited no law to the contrary. Since the Petition Date (i) ACD2, Great Western Service Corporation Two, and Ahmanson Residential Development have merged with/into WM Citation Holdings, LLC – a WMI subsidiary, and (ii) Ahmanson Developments, Inc. has merged/with into WMI Rainier LLC – a WMI subsidiary. On the Effective Date, these two entities – WM Citation

37. Objection of Individual Shareholders (Form Letter C) **(The list of docket numbers is attached hereto as Exhibit 3)**	
	Holdings, LLC and WMI Rainier LLC – along with H.S. Loan Corp. and Ahmanson Obligation Company will be assigned to the Liquidating Trust for distribution of their assets to holders of Liquidating Trust Interests, as applicable. The value of these entities is accounted for in the Supplemental Disclosure Statement's $7.40 billion estimate of net proceeds available for distribution to creditors.

38. Objections of Individual Common Equity Interest Holders (Form Letter D) **(The list of docket numbers is attached hereto as Exhibit 4)**	
Objection	Response
Certain holders of WMI Equity Interests (collectively, the "Form D Shareholders") submitted form letters, in which the Form D Shareholders state their disapproval of the Supplemental Disclosure Statement. Specifically, the Form D Shareholders object that: (a) since the beginning of the case, the Debtors have filed many financial documents with missing or undervalued assets and have failed to disclose fully details regarding subsidiaries; and (b) the Modified Plan (i) does not maximize the value of the estate, (ii) will cause the loss of billions of dollars in recovery for investors, and (iii) "hides the completed asset valuation list." The Form D Shareholders further request that a proper valuation hearing and investigation be conducted regarding alleged insider trading, fraudulent asset transfers, and "the planned take down of WMI."	(a) See supra Response to Shutvet Objection. (b) These objections are both procedurally improper and premature, as these are actually objections to confirmation of the Modified Plan, which is not before the Bankruptcy Court at this time. Moreover, to the extent these assertions relate to the reasonableness of the Global Settlement Agreement, such agreement was found to be fair and reasonable by the Bankruptcy Court in its Opinion. As stated above, the valuation of the assets of the Debtors' estates will be addressed at the Confirmation Hearing, at which hearing the Debtors will discuss and submit testimony in support thereof. See supra Response to Kumar Objection.

Exhibit 1

Form A Shareholder Objections

Form A Shareholder Objections

Date Filed	Docket No.
2/22/2011	6769
2/23/2011	6785
2/28/2011	6813
2/28/2011	6814
2/28/2011	6815
2/28/2011	6816
2/28/2011	6817
2/28/2011	6818
2/28/2011	6819
2/28/2011	6820
2/28/2011	6821
2/28/2011	6822
2/28/2011	6828

Exhibit 2

Form B Shareholder Objections

Form B Shareholder Objections

Date Filed	Docket No.
2/23/2011	6783
3/1/2011	6825
3/1/2011	6826
3/1/2011	6827

Exhibit 3

Form C Shareholder Objections

Form C Shareholder Objections

Date Filed	Docket No.
3/1/2011	6829
3/1/2011	6830
3/8/2011	6891
3/9/2011	6896

Exhibit 4

Form D Shareholder Objections

Form D Shareholder Objections

Date Filed	Docket No.
3/7/2011	6864
3/7/2011	6865
3/7/2011	6866
3/7/2011	6867
3/7/2011	6868
3/7/2011	6869
3/7/2011	6870
3/7/2011	6871
3/7/2011	6872
3/7/2011	6873
3/7/2011	6874
3/7/2011	6875
3/9/2011	6898
3/11/2011	6919
3/11/2011	6920
3/11/2011	6921
3/11/2011	6922
3/11/2011	6923

Exhibit B

E-mail Correspondence (and attachment)

Litvack, David

From: Maciel, John [redacted]
Sent: Monday, March 14, 2011 2:52 PM
To: Litvack, David
Subject: FW: Securities Information
Attachments: Local_Rules_2008.pdf; WMI - Securities Liquidation Recon.pdf

This is what I sent PJS. There were also a couple phone calls to discuss.

JOHN MACIEL
Chief Financial Officer -- Washington Mutual, Inc.
Senior Director -- Alvarez & Marsal
Cell: [redacted]
Office: [redacted]

From: Maciel, John
Sent: Wednesday, February 16, 2011 4:58 PM
To: 'Ethan Buyon'
Subject: FW: Securities Information

I think this should give you what you need. Let me know.

JOHN MACIEL
Chief Financial Officer -- Washington Mutual, Inc.
Senior Director -- Alvarez & Marsal
Cell: [redacted]
Office: [redacted]

From: Goulding, Jon
Sent: Wednesday, February 16, 2011 4:50 PM
To: Maciel, John
Subject: Securities Information

John,

Attached are the Securities Liquidation Reconciliation and the Delaware Local Rules. Note that 11 U.S.C 345(b) generally governs suitable investments for companies in bankruptcy. Local Rule 4001-3 gives some "modest" relief.

Early on in this case, we were able to buy some time to liquidate these securities in consultation with the US Trustee and the UCC. However, all were liquidated some time ago.

Let me know if you need anything else.

JON GOULDING
Treasurer - Washington Mutual, Inc.
Senior Director - Alvarez & Marsal
SF Office: [redacted]
Seattle Office: [redacted]
Mobile: [redacted]

Washington Mutual, Inc.

Reconciliation of Liquidation of Securities to US Bank Account #129337001 through US Bank Account #129337000 (For Internal Purposes)

CUSIP A	Description B	Date C	Quantity D	10/24 Market Price E	10/24 Market Value F = (D + J) * E	Price G	Gross Proceed H = D * G	Accrued Interest I	Princ. Pay Down J	SEC Fee K	Recon Fees **(1)** L	Net Proceed M = H + I + J - K - L	Ref **(2)** N	Ref **(3)** O
060505740	BAC 6 5/8	11/21/08	17,500.00	$18.7500	$328,125.00	$14.4500	$252,875.00	$0.00	$0.00	$0.00	$1.42	$252,873.58	42	A20
060505740	BAC 6 5/8	11/25/08	103,000.00	18.7500	1,931,250.00	15.9100	1,638,730.00	-	-	9.18	-	1,638,720.82	53	A16
060505740	BAC 6 5/8	12/01/08	110,000.00	18.7500	2,062,500.00	15.6710	1,723,810.00	-	-	-	9.66	1,723,800.34	71	A14
060505740	BAC 6 5/8	12/02/08	30,700.00	18.7500	575,625.00	15.6020	478,981.40	-	-	2.69	-	478,978.71	97	A13
060505740	BAC 6 5/8	12/05/08	76,000.00	18.7500	1,425,000.00	15.5500	1,181,800.00	-	-	6.62	-	1,181,793.38	110	A11
060505740	BAC 6 5/8	12/08/08	125,000.00	18.7500	2,343,750.00	15.0860	1,885,750.00	-	-	10.57	-	1,885,739.43	112	A10
060505740	BAC 6 5/8	12/09/08	185,000.00	18.7500	3,468,750.00	14.6230	2,705,255.00	-	-	15.15	-	2,705,239.85	117	A8
060505740	BAC 6 5/8	12/10/08	421,000.00	18.7500	7,893,750.00	14.0700	5,923,470.00	-	-	33.18	-	5,923,436.82	125	A7
060505740	BAC 6 5/8	12/11/08	79,000.00	18.7500	1,481,250.00	13.2800	1,049,120.00	-	-	5.88	-	1,049,114.12	129	A5
060505740	BAC 6 5/8	12/11/08	800,000.00	18.7500	15,000,000.00	13.4300	10,744,000.00	-	-	60.17	-	10,743,939.83	127	A6
060505740	BAC 6 5/8	12/15/08	80,000.00	18.7500	1,500,000.00	13.1830	1,054,640.00	-	-	5.91	-	1,054,634.09	131	A4
060505740	BAC 6 5/8	12/16/08	800,000.00	18.7500	15,000,000.00	13.3300	10,664,000.00	-	-	59.72	-	10,663,940.28	133	A3
060505740	BAC 6 5/8	12/17/08	126,000.00	18.7500	2,362,500.00	13.7900	1,737,540.00	-	-	9.74	-	1,737,530.26	135	A2
060505740	BAC 6 5/8	12/18/08	1,046,800.00	18.7500	19,627,500.00	13.8520	14,500,273.60	-	-	81.21	-	14,500,192.39	137	A1
373334119	SO 6 1/2 (Georgia Power)	12/04/08	50,000.00	87.0000	4,350,000.00	65.2500	3,262,500.00	-	-	18.27	-	3,262,481.73	108	A12
373334119	SO 6 1/2 (Georgia Power)	12/04/08	200,000.00	87.0000	17,400,000.00	65.0000	13,000,000.00	-	-	72.80	-	12,999,927.20	108	A9
929903276	Wachovia Corp WB 8	11/21/08	300,000.00	17.7900	5,337,000.00	14.4500	4,335,000.00	-	-	-	24.28	4,334,975.72	36	A22
929903276	Wachovia Corp WB 8	11/21/08	217,000.00	17.7900	3,860,430.00	14.7700	3,205,090.00	-	-	-	17.95	3,205,072.05	33	A23
929903276	Wachovia Corp WB 8	11/24/08	483,000.00	17.7900	8,592,570.00	15.3900	7,433,370.00	-	-	41.63	-	7,433,328.37	45	A19
172967ER8	C 8.4 04/29/49	12/02/08	20,000,000.00	0.6274	12,548,000.00	0.5550	11,100,000.00	163,333.33	-	-	-	11,263,333.33	92	B4+B5
22882VAA6	CRGT 2005-2 A1	11/21/08	6,582,481.61	0.9512	6,700,343.42	0.7100	4,673,561.94	4,810.70	461,835.83	-	-	5,140,208.47	24	B15+B16
38741YAH2	GRANM 2005-2 A6	12/02/08	24,867,271.20	0.9918	26,531,064.75	0.4950	12,309,299.24	16,396.86	1,884,225.89	-	-	14,209,921.99	74	B6+B12
38741YDC0	GRANM 2006-4 A6	12/02/08	17,866,250.64	0.9918	19,061,627.20	0.5000	8,933,125.32	11,482.79	1,353,749.36	-	-	10,298,357.47	72	B7+B11
59156R603	MET 6 1/2	11/21/08	36,600.00	16.7500	613,050.00	11.7200	428,952.00	-	-	-	2.41	428,949.59	39	A21
59156R603	MET 6 1/2	11/24/08	250,000.00	16.7500	4,187,500.00	12.0700	3,017,500.00	-	-	16.90	-	3,017,483.10	51	A17
59156R603	MET 6 1/2	11/24/08	84,742.00	16.7500	1,419,428.50	12.2200	1,035,547.24	-	-	5.80	-	1,035,541.44	48	A18
59156R603	MET 6 1/2	11/28/08	228,658.00	16.7500	3,830,021.50	12.1880	2,786,883.70	-	-	15.61	-	2,786,868.09	58	A15
693475AJ4	PNC 8 1/4 05/29/49	11/21/08	12,000,000.00	0.8291	9,949,476.00	0.8800	10,560,000.00	13,750.00	-	-	-	10,573,750.00	30	B13
693475AJ4	PNC 8 1/4 05/29/49	12/01/08	5,000,000.00	0.8291	4,145,615.00	0.8700	4,350,000.00	14,895.83	-	-	-	4,364,895.83	69	B8
693475AJ4	PNC 8 1/4 05/29/49	12/08/08	3,000,000.00	0.8291	2,487,369.00	0.8200	2,460,000.00	13,750.00	-	-	-	2,473,750.00	114	B3
693475AJ4	PNC 8 1/4 05/29/49	12/10/08	10,000,000.00	0.8291	8,291,230.00	0.7963	7,962,500.00	55,000.00	-	-	-	8,017,500.00	119	B1
693475AJ4	PNC 8 1/4 05/29/49	12/10/08	10,000,000.00	0.8291	8,291,230.00	0.7950	7,950,000.00	55,000.00	-	-	-	8,005,000.00	119	B2
71419XAD5	PERMA 9A 2A	11/26/08	24,000,000.00	0.9918	23,802,240.00	0.9200	22,080,000.00	158,080.69	-	-	-	22,238,080.69	56	B9
90042PAA3	HCARD 2006-1A A	11/21/08	15,000,000.00	0.9972	14,958,081.15	0.9300	13,950,000.00	5,564.06	-	-	-	13,955,564.06	27	B14
90042PAA3	HCARD 2006-1A A	11/25/08	10,000,000.00	0.9972	9,972,054.10	0.9000	9,000,000.00	5,770.14	-	-	-	9,005,770.14	54	B10
				10/24 Market Value	$271,328,330.6234			Proceeds from Liquidation of Securities to US Bank Account #129337000				213,590,693.18 **(4)**		
060505740	BAC 6 5/8	12/31/08	Income Received									1,213,948.44		C1
59156R603	MET 6 1/2	12/15/08	Income Received									92,892.31		C2
38741YDC0	GRANM 2006-4 A6	11/28/08	$0.00241/PV ON 19,220,000.00 PV DUE 11/20/08									103,751.49		C3
38741YAH2	GRANM 2005-2 A6	11/28/08	$0.00768/PV ON 31,500,000.00 PV DUE 11/20/08									200,992.05		C4
693475AJ4	PNC 8 1/4 05/29/49	11/21/08	Income Received									1,650,000.00		C5
90042PAA3	HCARD 2006-1A A	11/17/08	$0.00421/PV ON 25,000,000.00 PV DUE 11/15/08									105,360.00		C6
22882VAA6	CRGT 2005-2 A1	11/17/08	$0.00732/PV ON 14,650,000.00 PV DUE 11/14/08									51,564.98		C7
											Additional Proceeds to US Bank Account #129337000	3,418,509.27		
											Total Proceeds to US Bank Account #129337000 / Total Amount Transferred to US Bank Account #129337001	217,009,202.45 **(5)**		
IN-20090102-ZY-50-106		01/02/09	INTEREST FROM 12/1/08 TO 12/31/08									32,591.80		
IN-20090102-ZY-44-2589		01/02/09	INTEREST FROM 12/1/08 TO 12/31/08									4,796.22		
IN-20081201-ZY-48-110		12/01/08	INTEREST FROM 11/1/08 TO 11/30/08									2,426.29		
											Total Interest Income to US Bank Account #129337001	39,814.31 **(6)**		
											Total Cash Balance as of 1/09/09 of US Bank Account #129337001	$217,049,016.76		

Notes:

(1) Recon Fees uncovered through US Bank historical account downloads, only includes fees not already recorded on sales tickets.

(2) Internal Reference to Binder *WMI Investment Corp - Security Sales* , provided by WMI on 1/07/09.

(3) Internal Reference to US Bank historical transaction download from account #129337000 (See Tab "129337000").

(4) Amount substantiated by sales tickets in binder *WMI Investment Corp - Security Sales* .

(5) See Tab 129337000, Internal Reference D1-D29 and Tab 129337001, Internal Reference T1-T33.

(6) See Tab 129337001, US Bank historical transaction download.

Exhibit C

Order Granting Debtors' Objection to Proof of Claim Number 2134 Filed by Wells Fargo Bank, National Association, as Indenture Trustee [Docket No. 2262]

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	**Chapter 11**
WASHINGTON MUTUAL, INC., et al.,[1]	:	**Case No. 08-12229 (MFW)**
Debtors.	:	**(Jointly Administered)**
	:	**Re: Docket No. 2039**

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"),[2] 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

[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.

[2] Capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the Objection.

08122291001280000000000011

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 ($)	Allowed Accrued Interest[3] ($)	Allowed Total Amount ($)
5.375% Junior Subordinated Deferrable Interest Debentures				
Preferred Securities	May 1, 2041	756,230,623.24	9,443,576.39	765,674,199.63
Common Securities	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

[3] 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

THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

Exhibit D

Certificate of Good Standing of WMCT 2001

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "WASHINGTON MUTUAL CAPITAL TRUST 2001" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTEENTH DAY OF MARCH, A.D. 2011.

Jeffrey W. Bullock, Secretary of State

3383458 8300

110303649

AUTHENTICATION: 8626561

DATE: 03-16-11

Exhibit E

Guarantee Agreement, dated as of April 30, 2001

GUARANTEE AGREEMENT

Between

Washington Mutual, Inc.,
as Guarantor

And

.The Bank of New York,
as Guarantee Trustee

Dated as of April 30, 2001

Table of Contents

Page

This GUARANTEE AGREEMENT (the "Guarantee"), dated as of April 30, 2001, is executed and delivered by Washington Mutual, Inc., a Washington corporation (the "Guarantor"), and The Bank of New York, a New York banking corporation, as trustee (the "Guarantee Trustee"), for the benefit of the Holders (as defined herein) from time to time of the Securities (as defined herein) of Washington Mutual Capital 2001, a Delaware statutory business trust (the "Issuer").

WHEREAS, pursuant to an Amended and Restated Declaration of Trust (the "Declaration"), dated as of April 23, 2001, among the Guarantor, as Sponsor, Diane L. Kelleher, Craig S. Davis and William A. Longbrake, as the initial Administrative Trustees, The Bank of New York, as the initial Property Trustee, and The Bank of New York (Delaware), as the initial Delaware Trustee, the Issuer is issuing on the date hereof 20,000,000 (or 23,000,000 if the Underwriters's option with respect to the Units (as defined below) is exercised in full) preferred securities, stated liquidation amount of $50 per preferred security, having an aggregate stated liquidation amount of $1,000,000,000 (or $1,150,000,000 if the Underwriters's option with respect to the Units is exercised in full), such preferred securities being designated the Preferred Securities (the "Preferred Securities") and 618,600 (or 690,000 if the Underwriters's over-allotment option with respect to the Units is exercised in full) common securities, stated liquidation amount of $50 per common security, having an aggregate stated liquidation amount of $30,930,000 (or $34,500,000) if the Underwriters's option with respect to the Units is exercised in full), such common securities being designated the Common Securities (the "Common Securities" and, together with the Preferred Securities, the "Securities"); and

WHEREAS, as incentive for the Holders to purchase the Securities, the Guarantor desires irrevocably and unconditionally to agree, to the extent set forth in this Guarantee, to pay in full to the Holders the Guarantee Payments (as defined below) and to make certain other payments on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the purchase by each Holder, which purchase the Guarantor hereby acknowledges shall benefit the Guarantor, the Guarantor executes and delivers this Guarantee for the benefit of the Holders.

ARTICLE I
DEFINITIONS AND INTERPRETATION

SECTION 1.1. Interpretation

In this Guarantee, unless the context otherwise requires:

(a) capitalized terms used in this Guarantee but not defined in the preamble above have the respective meanings assigned to them in Section 1.2;

(b) terms defined in the Declaration as at the date of execution of this Guarantee have the same meaning when used in this Guarantee unless otherwise defined in this Guarantee;

(c) a term defined anywhere in this Guarantee has the same meaning throughout;

(d) all references to "this Guarantee" are to this Guarantee as modified, supplemented or amended from time to time;

(e) all references in this Guarantee to Articles and Sections are to Articles and Sections of this Guarantee, unless otherwise specified;

(f) a term defined in the Trust Indenture Act has the same meaning when used in this Guarantee, unless otherwise defined in this Guarantee or unless the context otherwise requires; and

(g) a reference to the singular includes the plural and vice versa.

SECTION 1.2. Definitions

The following terms have the following meanings:

"Accreted Value" has the meaning set forth in the Declaration.

"Affiliate" has the same meaning as given to that term in Rule 405 under the Securities Act of 1933, as amended, or any successor rule thereunder.

"Business Day" has the meaning set forth in the Declaration.

"Change of Control Repurchase Price" has the meaning set forth in the Declaration.

"Common Securities" has the meaning set forth in the Recitals hereto.

"Corporate Trust Office" means the office of the Guarantee Trustee at which the corporate trust business of the Guarantee Trustee shall, at any particular time, be principally administered, which office at the date of execution of this Agreement is located at 101 Barclay Street, 21 West, New York, New York 10286.

"Covered Person" means any Holder or beneficial owner of Securities.

"Debenture Issuer" has the meaning set forth in the Declaration.

"Debenture Trustee" has the meaning set forth in the Declaration.

"Debentures" means the series of subordinated debt securities of the Guarantor designated the 5.375% Junior Subordinated Deferrable Interest Debentures due July 1, 2041 to be purchased by the Issuer and held by the Property Trustee.

"Declaration" has the meaning set forth in the Recitals hereto.

"Event of Default" means a failure by the Guarantor to perform any of its payment or other obligations under this Guarantee.

"First Supplemental Indenture" means the First Supplemental Indenture, dated as of April 30, 2001, between the Debenture Issuer and the Debenture Trustee,

"Guarantee Payments" means the following payments or distributions, without duplication, with respect to the Securities, to the extent not paid or made by the Issuer:

(i) any accumulated and unpaid Distributions (as defined in the Declaration) that are required to be paid on such Securities to the extent the Issuer has funds legally available therefor;

(ii) the Redemption Price (as defined in the Declaration), with respect to the Securities in respect of which the related Debentures have been repaid at maturity, to the extent the Issuer has funds legally available therefor;

(iii) the Change of Control Repurchase Price (as defined in the Declaration), with respect to the Preferred Securities of Holders which exercised their right pursuant to Section 6.8 of the Declaration to require the Trust to exchange their Preferred Securities for Debentures and require the Debenture Issuer to repurchase the Debentures which they have received in exchange for their Preferred Securities, to the extent the Issuer has funds legally available therefor; and

(iv) upon a voluntary or involuntary dissolution, termination and liquidation of the Issuer (other than in connection with the distribution of Debentures to the Holders in exchange for Securities as provided in the Declaration), the lesser of:

(a) the aggregate Accreted Value of the Securities plus all accumulated and unpaid Distributions on the Securities to the date of payment, to the extent the Issuer has funds legally available therefor; and

(b) the amount of assets of the Issuer remaining available for distribution to Holders in liquidation of the Issuer.

"Guarantee Trustee" means The Bank of New York, a New York banking corporation, until a Successor Guarantee Trustee has been appointed and has accepted such appointment pursuant to the terms of this Guarantee and thereafter means each such Successor Guarantee Trustee.

"Guarantor" has the meaning set forth in the Recitals hereto.

"Holder" has the meaning given such term in the Declaration.

"Indemnified Person" means the Guarantee Trustee, any Affiliate of the Guarantee Trustee, or any officers, directors, shareholders, members, partners, employees, representatives, nominees, custodians or agents of the Guarantee Trustee.

"Indenture" means the Indenture, dated as of April 30, 2001, between the Guarantor, as Debenture Issuer, and the Debenture Trustee, as trustee, as amended or supplemented from time to time, including the First Supplemental Indenture, dated as of April 30, 2001, between the Debenture Issuer and the Debenture Trustee, pursuant to which the Debentures are to be issued.

"Indenture Event of Default" means any event specified in Section 2.10 of the First Supplemental Indenture.

"Issue" has the meaning set forth in the Recitals hereto.

"Majority in Liquidation Amount" means, except as provided by the Trust Indenture Act, a vote by Holders of outstanding Securities voting together as a single class or, as the context may require, the Holders of outstanding Preferred Securities or the Holders of outstanding Common Securities, voting separately as a class, who are the record owners of more than 50% of the aggregate stated liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accumulated and unpaid Distributions to the date upon which the voting percentages are determined) of all outstanding Securities or all outstanding Securities of the relevant class, as the case may be.

"Officers' Certificate" means, with respect to any person, a certificate signed by the Chairman, a Vice Chairman, the Chief Executive Officer, the President, a Vice President, the Chief Accounting Officer, and the Secretary or an Assistant Secretary of the Guarantor. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Guarantee (other than pursuant to Section 314(a)(4) of the Trust Indenture Act) shall include:

(a) a statement that each officer signing the Officers' Certificate has read the covenant or condition and the definitions relating thereto;

(b) a brief statement of the nature and scope of the examination or investigation undertaken by each officer in rendering the Officers' Certificate;

(c) a statement that each such officer has made such examination or investigation as, in such officer's opinion, is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

"Other Debentures" means all junior subordinated debentures issued by the Guarantor from time to time and sold to any other trust, partnership or other entity affiliated with the Guarantor that is a financing vehicle of the Guarantor, if any, in each case similar to the Issuer.

"Other Guarantees" means all guarantees to be issued by the Guarantor with respect to capital securities, if any, similar to the Securities issued by any other trust, partnership or other entity affiliated with the Guarantor that is a financing vehicle of the Guarantor, if any, in each case similar to the Issuer.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"Preferred Securities" has the meaning set forth in the Recitals hereto.

"Property Trustee" has the meaning set forth in the Declaration.

"Pro Rata" has the meaning set forth in the Declaration.

"Redemption Price" has the meaning set forth in the Declaration.

"Repurchase Price" has the meaning set forth in the Declaration.

"Responsible Officer" means any officer within the Corporate Trust Office of the Guarantee Trustee, including any vice president, any assistant vice president, any assistant secretary, the treasurer, any assistant treasurer or other officer of the Corporate Trust Office of the Guarantee Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Securities" has the meaning set forth in the Recitals hereto.

"Successor Guarantee Trustee" means a successor Guarantee Trustee possessing the qualifications to act as Guarantee Trustee under Section 4. 1.

"Trust Enforcement Event" has the meaning given such term in the Declaration.

"Trust Indenture Act" means the Trust Indenture Act of 1939, or any successor legislation, in each case, as amended.

"Unit" has the meaning set forth in the Declaration.

ARTICLE II
TRUST INDENTURE ACT

SECTION 2.1. Trust Indenture Act, Application

(a) This Guarantee is subject to the provisions of the Trust Indenture Act that are required to be part of this Guarantee and shall be governed, to the extent applicable, by such provisions; and

(b) if and to the extent that any provision of this Guarantee limits, qualifies or conflicts with the duties imposed by Section 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

SECTION 2.2. Lists of Holders of Securities

(a) The Guarantor shall provide the Guarantee Trustee (unless the Guarantee Trustee is otherwise the registrar of the Securities) with a list, in such form as the Guarantee Trustee may reasonably require, of the names and addresses of the Holders ("List of Holders"):

(i) as of the record date relating to the payment of any Guarantee Payment, at least one Business Day prior to the date for payment of such Guarantee Payment, except while the Preferred Securities are represented by one or more Global Preferred Securities; and

(ii) at any other time, within 30 days of receipt by the Guarantor of a written request from the Guarantee Trustee for a List of folders as of a date no more than fifteen days before such List of Holders is given to the Guarantee Trustee.

If at any time the List of Holders does not differ from the most recent List of Holders provided to the Guarantee Trustee by the Guarantor, the Guarantor shall not be obligated to provide such List of Holders. The Guarantee Trustee shall preserve, in as current a form as is reasonably practicable, all information contained in Lists of Holders given to it, provided that the Guarantee Trustee may destroy any List of Holders previously given to it on receipt of a new List of Holders.

(b) The Guarantee Trustee shall comply with its obligations under, and shall be entitled to the benefits of, Sections 311(a), 311(b) and Section 312(b) of the Trust Indenture Act.

SECTION 2.3. Reports by the Guarantee Trustee

Within 60 days after May 15 of each year (commencing with the first anniversary of the issuance of the Preferred Securities), the Guarantee Trustee shall provide to the Holders of the Preferred Securities such reports as are required by Section 313 of the Trust Indenture Act, if any, in the form and in the manner provided by Section 313 of the Trust Indenture Act. The Guarantee Trustee shall also comply with the other requirements of Section 313 of the Trust Indenture Act.

SECTION 2.4. Periodic Reports to the Guarantee Trustee

The Guarantor shall provide to the Guarantee Trustee such documents, reports and information as required by Section 314, if any, and the compliance certificate required by Section 314 of the Trust Indenture Act in the form, in the manner and at the times required by Section 314 of the Trust Indenture Act.

SECTION 2.5. Evidence of Compliance with Conditions Precedent

The Guarantor shall provide to the Guarantee Trustee such evidence of compliance with any conditions precedent, if any, provided for in this Guarantee that relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given by an officer pursuant to Section 314(c)(1) may be given in the form of an Officers' Certificate.

SECTION 2.6. Events of Default; Waiver

The Holders of a Majority in Liquidation Amount of the Securities may, by vote, on behalf of all Holders, waive any past Event of Default and its consequences. Upon such waiver, any such Event of Default shall cease to exist, and any Event of Default arising there from shall be deemed to have been cured, for every purpose of this Guarantee, but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

SECTION 2.7. Event of Default; Notice

(a) The Guarantee Trustee shall, within 90 days after the occurrence of an Event of Default, mail by first class postage prepaid, to all Holders, notices of all Events of Default actually known to a Responsible Officer, unless such defaults have been cured before the giving of such notice, provided, that, except in the case of default in the payment of any Guarantee Payment, the Guarantee Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or a Responsible Officer in good faith determines that the withholding of such notice is in the interests of the Holders.

(b) The Guarantee Trustee shall not be deemed to have knowledge of any Event of Default unless the Guarantee Trustee shall have received written notice from the Guarantor, or a Responsible Officer charged with the administration of the Declaration shall have obtained actual knowledge, of such Event of Default.

SECTION 2.8. Conflicting Interests

The Declaration and the Indenture shall be deemed to be specifically described in this Guarantee for the purposes of clause (I) of the first proviso contained in Section 310(b) of the Trust Indenture Act.

SECTION 2.9. Disclosure of Information

The disclosure of information as to the names and addresses of the Holders of the Securities in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law, or any law hereafter enacted which does not specifically refer to Section 312 of the Trust Indenture Act, nor shall the Guarantee Trustee be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

SECTION 2.10. Guarantee Trustee May File Proofs of Claim

Upon the occurrence of an Event of Default, the Guarantee Trustee is hereby authorized, but shall not be obligated, to:

(a) recover judgment, in its own name and as trustee of an express trust, against the Guarantor for the whole amount of any Guarantee Payments remaining unpaid; and

(b) file such proofs of claim and other papers or documents as may be necessary or advisable in order to have its claims and those of the Holders allowed in any judicial proceedings relative to the Guarantor, its creditors or its property.

ARTICLE III
POWERS, DUTIES AND RIGHTS OF GUARANTEE TRUSTEE

SECTION 3.1. Powers and Duties of the Guarantee Trustee

(a) This Guarantee shall be held by the Guarantee Trustee for the benefit of the Holders, and the Guarantee Trustee shall not transfer this Guarantee to any Person except a Holder exercising his or her rights pursuant to Section 5.4(b) or to a Successor Guarantee Trustee

on acceptance by such Successor Guarantee Trustee of its appointment to act as Successor Guarantee Trustee pursuant to Section 4.2. The right, title and interest of the Guarantee Trustee shall automatically vest in any Successor Guarantee Trustee, and such vesting and succession of title shall be effective whether or not conveyancing documents have been executed and delivered pursuant to the appointment of such Successor Guarantee Trustee.

(b) If an Event of Default actually known to a Responsible Officer has occurred and is continuing, the Guarantee Trustee shall enforce this Guarantee for the benefit of the Holders.

(c) The Guarantee Trustee, before the occurrence of any Event of Default and after the cure or waiver of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Guarantee, and no implied covenants shall be read into this Guarantee against the Guarantee Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.6) and is actually known to a Responsible Officer, the Guarantee Trustee shall exercise such of the rights and powers vested in it by this Guarantee, and use the same degree of care and skill in its exercise thereof, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(d) No provision of this Guarantee shall be construed to relieve the Guarantee Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) prior to the occurrence of any Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Guarantee Trustee shall be determined solely by the express provisions of this Guarantee, and the Guarantee Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Guarantee, and no implied covenants or obligations shall be read into this Guarantee against the Guarantee Trustee; and

(B) in the absence of bad faith on the part of the Guarantee Trustee, the Guarantee Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Guarantee Trustee and conforming to the requirements of this Guarantee; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Guarantee Trustee, the Guarantee Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Guarantee;

(ii) the Guarantee Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Guarantee Trustee was negligent in ascertaining the pertinent facts upon which such judgment was made;

(iii) the Guarantee Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a Majority in Liquidation Amount of the Securities relating to the time, method and place of conducting any proceeding, for any remedy available to the Guarantee Trustee in respect of this Guarantee, or exercising any trust or power conferred upon the Guarantee Trustee under this Guarantee; and

(iv) no provision of this Guarantee shall require the Guarantee Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if the Guarantee Trustee shall have reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Guarantee or indemnity, reasonably satisfactory to the Guarantee Trustee, against such risk or liability is not reasonably assured to it.

SECTION 3.2. Certain Rights of Guarantee Trustee

(a) Subject to the provisions of Section 3.1:

(i) The Guarantee Trustee may conclusively rely, and shall be fully protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed, sent or presented by the proper party or parties.

(ii) Any direction or act of the Guarantor contemplated by this Guarantee may be sufficiently evidenced by an Officers' Certificate.

(iii) Whenever, in the administration of this Guarantee, the Guarantee Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Guarantee Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and conclusively rely upon an Officers' Certificate which, upon receipt of such request, shall be promptly delivered by the Guarantor.

(iv) The Guarantee Trustee shall have no duty to record, file or register any instrument (or any duty to rerecord, refile or reregister such instrument).

(v) The Guarantee Trustee may consult with counsel of its selection or other experts of its selection, and the advice or opinion of such counsel with respect to legal matters shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion. Such counsel may be counsel to the Guarantor or any of its Affiliates and may include any of its employees. The Guarantee Trustee shall have the right at any time to seek instructions concerning the administration of this Guarantee from any court of competent jurisdiction.

(vi) The Guarantee Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Guarantee at the request or direction of any

Holder, unless such Holder shall have provided to the Guarantee Trustee such security and indemnity, reasonably satisfactory to the Guarantee Trustee, against the costs, expenses (including attorneys' fees and expenses and the expenses of the Guarantee Trustee's agents, nominees or custodians) and liabilities that might be incurred by it in complying with such request or direction, including such reasonable advances as may be requested by the Guarantee Trustee; provided that, nothing contained in this Section 3.2(a)(vi) shall be taken to relieve the Guarantee Trustee, upon the occurrence of an Event of Default, of its obligation to exercise the rights and powers vested in it by this Guarantee.

(vii) The Guarantee Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Guarantee Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(viii) The Guarantee Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, nominees, custodians or attorneys, and the Guarantee Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(ix) Any action taken by the Guarantee Trustee or its agents hereunder shall bind the Holders, and the signature of the Guarantee Trustee or its agents alone shall be sufficient and effective to perform any such action. No third party shall be required to inquire as to the authority of the Guarantee Trustee to so act or as to its compliance with any of the terms and provisions of this Guarantee, both of which shall be conclusively evidenced by the Guarantee Trustee's or its agent's taking such action.

(A) Whenever in the administration of this Guarantee the Guarantee Trustee shall deem it desirable to receive instructions with respect to enforcing any remedy or right or taking any other action hereunder, the Guarantee Trustee:

(B) may request instructions from the Holders of a Majority in liquidation amount of the Preferred Securities;

(C) may refrain from enforcing such remedy or right or taking such other action until such instructions are received; and

(D) shall be protected in conclusively relying on or acting in accordance with such instructions.

(x) The Guarantee Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith, without negligence, and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Guarantee.

(b) No provision of this Guarantee shall be deemed to impose any duty or obligation on the Guarantee Trustee to perform any act or acts or exercise any right, power, duty or obligation conferred or imposed on it in any jurisdiction in which it shall be illegal, or in which the Guarantee Trustee shall be unqualified or incompetent in accordance with applicable law, to perform any such act or acts or to exercise any such right, power, duty or obligation. No permissive power or authority available to the Guarantee Trustee shall be construed to be a duty.

SECTION 3.3. Not Responsible for Recitals or Issuance of Guarantee

(a) The recitals contained in this Guarantee shall be taken as the statements of the Guarantor, and the Guarantee Trustee does not assume any responsibility for their correctness. The Guarantee Trustee makes no representation as to the validity or sufficiency of this Guarantee.

ARTICLE IV
GUARANTEE TRUSTEE

SECTION 4.1. Guarantee Trustee: Eligibility

(a) There shall at all times be a Guarantee Trustee which shall:

(i) not be an Affiliate of the Guarantor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or Person permitted by the Securities and Exchange Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least 50 million U.S. dollars ($50,000,000), and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then, for the purposes of this Section 4.1(a)(ii), the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) If at any time the Guarantee Trustee shall cease to be eligible to so act under Section 4.1(a), the Guarantee Trustee shall immediately resign in the manner and with the effect set out in Section 4.2(c).

(c) If the Guarantee Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Guarantee Trustee and Guarantor shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

SECTION 4.2. Appointment, Removal and Resignation of Guarantee Trustee

(a) Subject to Section 4.2(b), the Guarantee Trustee may be appointed or removed without cause at any time by the Guarantor except during an Event of Default. Subject to the provisions of this Section 4.2, if an Event of Default shall have occurred and be continuing, the

Guarantee Trustee may be appointed or removed by the Holders of a Majority in Liquidation Amount.

(b) The Guarantee Trustee shall not be removed in accordance with Section 4.2(a) until a Successor Guarantee Trustee has been appointed and has accepted such appointment by written instrument executed by such Successor Guarantee Trustee and delivered to the Guarantor.

(c) The Guarantee Trustee shall hold office until a Successor Guarantee Trustee shall have been appointed or until its removal or resignation. The Guarantee Trustee may resign from office (without need for prior or subsequent accounting) by an instrument in writing executed by the Guarantee Trustee and delivered to the Guarantor, which resignation shall not take effect until a Successor Guarantee Trustee has been appointed and has accepted such appointment by instrument in writing executed by such Successor Guarantee Trustee and delivered to the Guarantor and the resigning Guarantee Trustee.

(d) If no Successor Guarantee Trustee shall have been appointed and accepted appointment as provided in this Section 4.2 within 30 days after delivery of an instrument of removal or resignation, the Guarantee Trustee resigning or being removed may at the expense of the Guarantor petition any court of competent jurisdiction for appointment of a Successor Guarantee Trustee. Such court may thereupon, after prescribing such notice, if any, as it may deem proper, appoint a Successor Guarantee Trustee.

(e) No Guarantee Trustee shall be liable for the acts or omissions to act of any Successor Guarantee Trustee.

(f) Upon termination of this Guarantee or removal or resignation of the Guarantee Trustee pursuant to this Section 4.2, the Guarantor shall pay to the Guarantee Trustee all amounts due to the Guarantee Trustee accrued to the date of such termination, removal or resignation.

ARTICLE V
GUARANTEE

SECTION 5.1. Guarantee

To the extent set forth in this Guarantee, the Guarantor irrevocably and unconditionally agrees to pay in full to all Holders the Guarantee Payments (without duplication of amounts theretofore paid by the Issuer) on a Pro Rata basis, as and when due, regardless of any defense, right of set-off or counterclaim that the Issuer may have or assert. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing the Issuer to pay such amounts to the Holders. If a Trust Enforcement Event has occurred and is continuing, the rights of the Holders of the Common Securities to receive Guarantee Payments shall be subordinated to the rights of the Holders of Preferred Securities to receive Guarantee Payments. Notwithstanding anything to the contrary herein, the Guarantor, in its capacity as Debenture Issuer, retains all of its rights under the Indenture to:

(i) extend the interest payment period on the Debentures and the Guarantor shall not be obligated hereunder to make any Guarantee Payments during any Extension Period (as defined in the Indenture) with respect to the Distributions on the Securities; and

(ii) change the maturity date of the Debentures to the extent permitted by the Indenture.

SECTION 5.2. Waiver of Notice and Demand

The Guarantor hereby waives notice of acceptance of this Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Issuer or any other Person before proceeding against the Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 5.3. Obligations Not Affected

The obligations, covenants, agreements and duties of the Guarantor under this Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Securities to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or an), portion of the Distributions, Redemption Price or any other sums payable under the terms of the Securities or the extension of time for the performance of any other obligation under, arising out. of, or in connection with, the Securities (other than an extension of time for payment of Distributions, Redemption Price or other sum payable that results from the extension of any interest payment period on the Debentures permitted by the Indenture);

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in, the Securities;

(f) the settlement or compromise of any obligation guaranteed or incurred in this Guarantee; or

(g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of the Guarantor, it being the intent of this Section 5.3 that the

obligations of the Guarantor with respect to the Guarantee Payments shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

No setoff, counterclaim, reduction or diminution of any obligation, or any defense of any kind or nature that the Guarantor has or may have against any Holder (except the defense of payment to such Holder) shall be available hereunder to the Guarantor against such Holder to reduce the payments to it under this Guarantee.

SECTION 5.4. Rights of Holders

(a) The Holders of a Majority in Liquidation Amount of the Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee in respect of this Guarantee or exercising any trust or power conferred upon the Guarantee Trustee under this Guarantee.

(b) If the Guarantee Trustee fails to enforce this Guarantee, subject to the subordination provisions of Section 6.2, any Holder may institute a legal proceeding directly against the Guarantor to enforce the Guarantee Trustee's rights under this Guarantee, without first instituting a legal proceeding against the Issuer, the Guarantee Trustee or any other person or entity. In addition, if the Guarantor has failed to make a Guarantee Payment, a Holder, subject to the subordination provisions of Section 6.2, may institute a legal proceeding directly against the Guarantor for enforcement of the Guarantee for payment to such Holder of the principal of or interest on the Debentures having a principal amount equal to the aggregate liquidation amount of the Securities of such Holder. The Guarantor waives any right or remedy to require that any action be brought first against the Issuer or any other Person before proceeding directly against the Guarantor.

SECTION 5.5. Guarantee of Payment

This Guarantee creates a guarantee of payment and not of collection.

SECTION 5.6. Subrogation

The Guarantor shall be subrogated to all, if any, rights of the Holders against the Issuer in respect of any amounts paid to such Holders by the Guarantor under this Guarantee; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any right that it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Guarantee Trustee for the benefit of the Holders.

SECTION 5.7. Independent Obligations

The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Securities, and that the Guarantor shall be liable as

principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 5.3 hereof.

ARTICLE VI
LIMITATION OF TRANSACTIONS; SUBORDINATION

SECTION 6.1. Limitation of Transactions

So long as any Securities remain outstanding, if an Event of Default occurs under the Guarantee or a Trust Enforcement Event occurs under the Declaration and written notice of such event has been given to the Guarantor, the Guarantor shall not:

(a) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Guarantor's capital stock (which includes common and preferred stock);

(b) make any payment of principal of or premium, if any, or interest on or repay, repurchase or redeem any debt securities of the Guarantor (including any Other Debentures) that rank *pari passu* with or junior in right of payment to the Debentures or make any guarantee payments with respect to any guarantee by the Guarantor of the debt securities of any subsidiary of the Guarantor (including Other Guarantees) if such guarantee ranks pari passu with or junior in right of payment to the Debentures other than:

(i) dividends or distributions in shares of, or options, warrants, rights to subscribe for or purchase shares of, common stock of the Guarantor;

(ii) any declaration of a dividend in connection with the implementation of a stockholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto;

(iii) payments under this Guarantee;

(iv) as a result of a reclassification of the Guarantor's capital stock or the exchange or the conversion of one class or series of the Guarantor's capital stock for another class or series of the Guarantor's capital stock;

(v) the purchase of fractional interests in shares of the Guarantor's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged; and

(vi) purchases of common stock related to the issuance of common stock or rights under any of the Guarantor's benefit plans for its directors, officers or employees or any of the Guarantor's dividend reinvestment plans.

SECTION 6.2. Ranking

This Guarantee will constitute an unsecured obligation of the Guarantor and will rank:

(i) subordinate and junior in right of payment to Senior Indebtedness (as defined in the First Supplemental Indenture), to the same extent and in the same manner that the Debentures are subordinated to Senior Indebtedness pursuant to the Indenture (except as indicated below), it being understood that the terms of Article 6 of the First Supplemental Indenture shall apply to the obligations of the Guarantor under this Guarantee as if (x) such Article 6 were set forth herein in full and (y) such obligations were substituted for the term "Debentures" appearing in such Article 6, except that with respect to Section 6 of the First Supplemental Indenture only, the term "Senior Debt" shall mean all liabilities of the Guarantor, whether or not for money borrowed (other than obligations in respect of Other Guarantees);

(ii) *pari passu* with the most senior preferred or preference stock now or hereafter issued by the Guarantor, any guarantee now or hereafter entered into by the Guarantor in respect of any preferred or preference stock of any Affiliate of the Guarantor, and any Other Guarantee; and

(iii) senior to the Guarantor's capital stock.

ARTICLE VII
TERMINATION

SECTION 7.1. Termination

This Guarantee shall terminate upon:

(i) full payment of the Redemption Price of all Securities;

(ii) distribution of the Debentures held by the Issuer to the Holders; or

(iii) liquidation of the Issuer, the full payment of the amounts payable in accordance with the Declaration or the distribution of the Debentures to the Holders.

Notwithstanding the foregoing, this Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any Holder must restore payment of any sums paid under the Securities or under this Guarantee.

ARTICLE VIII
INDEMNIFICATION

SECTION 8.1. Exculpation

(a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Guarantor or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith in accordance with this Guarantee and in a manner that such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Guarantee or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's negligence or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Guarantor and upon such information, opinions, reports or statements presented to the Guarantor by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Guarantor, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders might properly be paid.

SECTION 8.2. Indemnification

To the fullest extent permitted by law, the Guarantor agrees to indemnify each Indemnified Person for, and to hold each Indemnified Person harmless against, any and all loss, liability, damage, claim or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses (including reasonable legal fees and expenses) of defending itself against, or investigating, any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligation to indemnify as set forth in this Section 8.2 shall survive the termination of this Guarantee and shall survive the removal or resignation of the Guarantee Trustee.

ARTICLE IX
MISCELLANEOUS

SECTION 9.1. Successors and Assigns

All guarantees and agreements contained in this Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders then outstanding.

SECTION 9.2. Amendments

Except with respect to any changes that do not materially adversely affect the rights of Holders (in which case no consent of Holders will be required), this Guarantee may only be amended with the prior approval of the Holders of a Majority in Liquidation Amount of the Securities (including the stated liquidation amount that would be paid on redemption, liquidation or otherwise, plus accumulated and unpaid Distributions to the date upon which the voting percentages are determined). The provisions of the Declaration with respect to consents to amendments thereof, whether at a meeting or otherwise, shall apply to the giving of such approval.

SECTION 9.3. Notices

All notices provided for in this Guarantee shall be in writing, duly signed by the party giving such notice, and shall be delivered by hand or express courier, telecopied or mailed by first class mail, as follows:

(a) If given to the Issuer, at the Issuer's mailing address set forth below (or such other address as the Issuer may give notice of to the Holders and the Guarantee Trustee):

Washington Mutual Capital 2001
c/o Washington Mutual, Inc.
1201 Third Avenue
Seattle, WA 98101
Attention: Administrative Trustee
Telecopy: (206) 554-4954

(b) If given to the Guarantee Trustee, at the Guarantee Trustee's mailing address set forth below (or such other address as the Guarantee Trustee may give notice of to the Holders and the Issuer):

The Bank of New York
101 Barclay Street, Floor 21 West
New York, New York 10286
Attention: Corporate Trust Administration
Telecopy: (212) 815-5915

(c) If given to the Guarantor, at the Guarantor's mailing address set forth below (or such other address as the Guarantor may give notice of to the Holders and the Guarantee Trustee):

Washington Mutual, Inc.
1201 Third Avenue
Seattle, WA 98101
Attention: Fay L. Chapman
Telecopy: (206) 461-5739

(d) If given to any Holder, at such Holder's address set forth on the books and records of the Issuer.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 9.4. Benefit

This Guarantee is solely for the benefit of the Holders and, subject to Section 3.1(a), is not separately transferable from the Securities.

SECTION 9.5. Governing Law

THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.6. Counterparts

This Guarantee may contain more than one counterpart of the signature page, and this Guarantee may be executed by affixing of the signature of each of the parties to one of such

counterpart signature pages. All such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

IN WITNESS WHEREOF, this Guarantee Agreement has been entered into as of the day and year first above written.

WASHINGTON MUTUAL, INC.,
as Guarantor

By: _____
Name: Fay L. Chapman
Title: Senior Executive Vice President

THE BANK OF NEW YORK,
as Guarantee Trustee

By: _____
Name: Michael Pitfick
Title: Assistant Treasurer

Exhibit F

Excerpts of Washington Mutual, Inc., 2001 Annual Report (Form 10-K) (March 19, 2002)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR FISCAL YEAR ENDED DECEMBER 31, 2001**

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____:**

Commission File Number 1-14667

WASHINGTON MUTUAL, INC.
(Exact name of registrant as specified in its charter)

Washington **(State or Other Jurisdiction of Incorporation or Organization)**	**91-1653725** **(I.R.S. Employer Identification Number)**
1201 Third Avenue, Seattle, Washington **(Address of Principal Executive Offices)**	**98101** **(Zip Code)**

Registrant's telephone number, including area code: (206) 461-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock	New York Stock Exchange
8% Corporate Premium Income Equity Securities	New York Stock Exchange
Litigation Tracking Warrants™	NASDAQ

Securities registered pursuant to Section 12(g) of the Act: none

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO _.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of voting stock held by nonaffiliates of the registrant as of March 1, 2002:

Common Stock — $31,328,958,175[(1)]

(1) Does not include any value attributable to 18,000,000 shares that are held in escrow and not traded.

The number of shares outstanding of the issuer's classes of common stock as of March 1, 2002:

Common Stock — 971,374,311[(2)]

(2) Includes the 18,000,000 shares held in escrow.

Documents Incorporated by Reference

Portions of the definitive proxy statement for the Annual Meeting of Shareholders to be held April 16, 2002, are incorporated by reference into Part III.

A significant portion of the Parent Company's funding during 2001 was received from dividends paid by our bank subsidiaries. Although we expect the Parent Company to continue to receive bank subsidiary dividends during 2002, such dividends are limited by various regulatory requirements related to capital adequacy and retained earnings. For more information on dividend restrictions applicable to our banking subsidiaries, refer to "Business – Regulation and Supervision" and Note 17 to the Consolidated Financial Statements – "Regulatory Capital Requirements and Dividend Restrictions."

During 2001, the Parent Company consummated a private placement offering of $1.15 billion of Trust Preferred Income Equity Redeemable Securities[SM] ("PIERS[SM]"). The offering consisted of 23 million units, with each unit comprised of a preferred security issued by a special purpose subsidiary trust, and a warrant to purchase approximately 1.2 shares of Washington Mutual common stock. The trust preferred securities would qualify as Tier 1 capital for the Parent Company if it were subject to the same regulatory capital adequacy standards applicable to commercial bank holding companies. The proceeds from the PIERS[SM] were used for general corporate purposes, including the funding of acquisitions.

In November 2001, the Parent Company filed a shelf registration with the Securities and Exchange Commission that allows for the issuance of $1.5 billion of senior and subordinated debt in the United States and in international capital markets and in a variety of currencies and structures. The proceeds from the sale of the debt securities will be used for general corporate purposes. In January 2002, $1 billion of senior debt securities were issued under this shelf registration.

At December 31, 2001, the Parent Company had no commercial paper outstanding. The Parent Company shares two revolving credit facilities totaling $1.2 billion with Washington Mutual Finance. These facilities provide back-up for the commercial paper programs of the Parent Company and Washington Mutual Finance. The amount available under these shared facilities, net of the amount of commercial paper outstanding at Washington Mutual Finance, was $849 million at December 31, 2001.

Capital Adequacy

Reflecting strong earnings and the issuance of $1.15 billion of PIERS[SM], $398 million of which was attributable to the attached warrants (recorded as capital surplus), the ratio of stockholders' equity to total assets increased to 5.80% at December 31, 2001 from 5.22% at year-end 2000. These sources of capital were more than adequate to accommodate the recent acquisitions as well as support growth.

In April 1999, the Board of Directors ("Board") approved a share repurchase program. From the second quarter of 1999 through June 30, 2000, we purchased a total of 100 million shares as part of our previously authorized total of 167 million shares. We did not repurchase any of our common stock from the second quarter of 2000 until the fourth quarter of 2001. Management instead focused on internal growth and acquisitions as a means of deploying capital during this time. On October 19, 2001, we announced the resumption of our share repurchase program and repurchased an additional 7 million shares during the fourth quarter of 2001. Management may engage in future share repurchases as liquidity conditions permit and market conditions warrant.

The regulatory capital ratios of WMBFA, WMB and WMBfsb and minimum regulatory requirements to be categorized as well capitalized were as follows:

	December 31, 2001			
	WMBFA	WMB	WMBfsb	Well-Capitalized Minimum
Tier 1 capital to adjusted total assets (leverage)	5.18%	6.45%	7.30%	5.00%
Adjusted tier 1 capital to total risk-weighted assets	9.00	10.86	11.53	6.00
Total risk-based capital to total risk-weighted assets	10.93	12.08	12.78	10.00

WASHINGTON MUTUAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Number of Shares	Total	Capital Surplus — Common Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
			(in millions)		
BALANCE, December 31, 1998	890.1	$ 9,344	$ 2,995	$ 74	$ 6,275
Comprehensive income:					
Net income – 1999	-	1,817	-	-	1,817
Other comprehensive income (loss), net of tax:					
Net unrealized losses on securities arising during the year, net of reclassification adjustments	-	(754)	-	(754)	-
Minimum pension liability adjustment	-	6	-	6	-
Total comprehensive income	-	1,069	-	-	-
Cash dividends declared on common stock	-	(570)	-	-	(570)
Common stock repurchased and retired	(47.3)	(1,082)	(1,082)	-	-
Common stock issued to acquire Long Beach Financial Corp	9.5	207	207	-	-
Common stock issued	5.1	85	85	-	-
BALANCE, December 31, 1999	857.4	9,053	2,205	(674)	7,522
Comprehensive income:					
Net income – 2000	-	1,899	-	-	1,899
Other comprehensive income, net of tax:					
Net unrealized gains on securities arising during the year, net of reclassification adjustments	-	616	-	616	-
Minimum pension liability adjustment	-	4	-	4	-
Total comprehensive income	-	2,519	-	-	-
Cash dividends declared on common stock	-	(626)	-	-	(626)
Common stock repurchased and retired	(52.2)	(869)	(869)	-	-
Common stock issued	4.6	89	89	-	-
BALANCE, December 31, 2000	809.8	10,166	1,425	(54)	8,795
Comprehensive income:					
Net income – 2001	-	3,114	-	-	3,114
Other comprehensive income (loss), net of tax:					
Net unrealized losses on securities arising during the year, net of reclassification adjustments	-	(191)	-	(191)	-
Minimum pension liability adjustment	-	(1)	-	(1)	-
Net unrealized gain on cash flow hedging instruments	-	3	-	3	-
Total comprehensive income	-	2,925	-	-	-
Cash dividends declared on common stock	-	(774)	-	-	(774)
Cash dividends declared on redeemable preferred stock	-	(7)	-	-	(7)
Common stock repurchased and retired	(7.3)	(231)	(231)	-	-
Common stock warrants issued, net of issuance costs	-	398	398	-	-
Common stock issued to acquire Bank United Corp.	63.9	1,389	1,389	-	-
Common stock issued	6.7	197	197	-	-
BALANCE, December 31, 2001	873.1	$ 14,063	$ 3,178	$ (243)	$ 11,128

See Notes to Consolidated Financial Statements.

At December 31, 2001, interest rate caps embedded in advances from FHLBs were as follows:

Notional Amount	Weighted Average Strike	Index	Index at December 31, 2001	Weighted Average Remaining Life
(dollars in millions)				(in months)
$56	7.25%	3 month LIBOR	1.88%	18

Note 11: Other Borrowings

Other borrowings consisted of the following:

	December 31,			
	2001		2000	
	Amount	Interest Rate(s)	Amount	Interest Rate(s)
	(dollars in millions)			
Senior notes[1]:				
Due in 2001	$ -	-%	$ 650	5.88 - 7.75%
Due in 2002	1,183	1.92 - 8.60	764	6.00 - 8.60
Due in 2003	967	2.05 - 6.84	150	6.50
Due in 2004	1,898	2.28 - 7.38	200	5.85
Due in 2005	599	7.25 - 8.25	598	7.25 - 8.25
Due in 2006	3,062	2.24 - 7.50	1,238	7.25 - 7.50
Due in 2011	497	6.88	-	-
Subordinated notes:				
Due in 2001	-	-	150	9.88
Due in 2004	249	6.50 - 7.88	548	6.50 - 7.88
Due in 2006	99	6.63	99	6.63
Due in 2007	240	8.88	-	-
Due in 2009	160	8.00	-	-
Due in 2010	564	8.25	495	8.25
Due in 2011	1,018	6.88	-	-
Trust preferred securities[1]:				
Due in 2025	93	8.25	100	8.25
Due in 2026	149	8.36	149	8.36
Due in 2027	727	8.21 - 8.38	694	8.21 - 8.38
Due in 2041	730	5.38	-	-
Asset transfers accounted for as secured financing:				
Due in 2001	-	-	4,044	6.67
Other	341	-	51	-
Total other borrowings	$ 12,576		$ 9,930	

(1) Inclusive of capitalized issuance costs.

The Company is the guarantor of five separate issues of trust preferred securities, as discussed below:

On May 31, 1997, Washington Mutual Capital I ("WMC I"), a wholly-owned subsidiary of Washington Mutual, issued $400 million of 8.375% Subordinated Capital Income Securities. In connection with WMC I's issuance of these securities, Washington Mutual issued to WMC I $412 million principal amount of its 8.375% Junior Subordinated Debentures, due 2027 (the "subordinated debentures due 2027"). The sole assets of WMC I are and will be the subordinated debentures due 2027.

Exhibit G

Excerpt of Washington Mutual, Inc., 2007 Annual Report (Form 10-K) (Feb. 29, 2008)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

Commission File Number 1-14667

WASHINGTON MUTUAL, INC.
(Exact name of registrant as specified in its charter)

Washington	**91-1653725**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1301 Second Avenue, Seattle, Washington	**98101**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(206) 461-2000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock	New York Stock Exchange
Depositary Shares each representing a 1/40,000th interest in a share of Series K Perpetual Preferred Non-Cumulative Floating Rate Stock	New York Stock Exchange
7.75% Series R Non-Cumulative Perpetual Convertible Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Litigation Tracking Warrants™	NASDAQ

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No ☐.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2007, based on the closing sale price as reported on the New York Stock Exchange:

Common Stock – $36,953,361,076[(1)]

[(1)] Does not include any value attributable to 6,000,000 shares held in escrow.

Advances from FHLBs and other borrowings consisted of the following:

By remaining contractual maturity at December 31, 2007:	Under 1 year	1 to 5 years	After 5 years	2007 Total	2006 Total
			(dollars in millions)		
Advances from FHLBs[1]					
Fixed rate	$ 17,824	$ 11,232	$ 238	$ 29,294	$ 10,184
Floating rate	22,318	11,500	740	34,558	34,113
Interest rates	3.11-6.93%	1.78-8.27%	4.06-8.57%	1.78-8.57%	1.78-8.57%
Total Advances from FHLBs	$ 40,142	$ 22,732	$ 978	$ 63,852	$ 44,297
Other Borrowings					
Washington Mutual, Inc. (Parent)					
Senior notes[2]:					
Fixed rate	$ 749	$ 2,417	$ 745	$ 3,911	$ 4,794
Floating rate	250	1,697	–	1,947	1,940
Interest rates	4.38-5.08%	4.00-5.54%	5.25%	4.00-5.54%	4.00-5.76%
Subordinated notes[2][3]:					
Fixed rate	$ –	$ 539	$ 1,980	$ 2,519	$ 2,803
Interest rates	–	8.25%	4.63-7.25%	4.63-8.25%	4.63-9.33%
Subtotal	$ 999	$ 4,653	$ 2,725	$ 8,377	$ 9,537
Washington Mutual Bank and its Subsidiaries[4]					
Senior notes[2]:					
Fixed rate	$ 290	$ 249	$ –	$ 539	$ 541
Floating rate	1,000	6,354	–	7,354	7,718
Interest rates	4.00-5.13%	4.96-6.48%	–	4.00-6.48%	3.85-5.57%
Subordinated notes[2]:					
Fixed rate	$ –	$ 1,215	$ 5,476	$ 6,691	$ 6,849
Floating rate	–	–	1,141	1,141	1,199
Interest rates	–	6.88-8.00%	4.50-10.18%	4.50-10.18%	4.50-10.18%
Other[2]:					
Fixed rate	$ 751	$ 6,251	$ 18	$ 7,020	$ 1,944
Floating rate	100	2,533	5,203	7,836[5]	5,064[5]
Interest rates	4.00-6.63%	4.29-6.60%	4.31-8.47%	4.00-8.47%	0.34-7.40%
Subtotal	$ 2,141	$ 16,602	$ 11,838	$ 30,581	$ 23,315
Total Other Borrowings	$ 3,140	$ 21,255	$ 14,563	$ 38,958	$ 32,852
Total Advances from FHLBs and Other Borrowings[6][7]	$ 43,282	$ 43,987	$ 15,541	$ 102,810	$ 77,149

(1) Included within Washington Mutual Bank and its subsidiaries.

(2) Includes capitalized issuance costs and Statement No. 133 hedge adjustments.

(3) Includes $741 million at December 31, 2007 of junior subordinated notes relating to trust preferred securities.

(4) Intercompany borrowings have been eliminated and are not included within this table.

(5) Includes $7.74 billion and $5.05 billion of covered bonds that were outstanding at December 31, 2007 and 2006.

(6) The aggregate principal amount of advances from FHLBs and other borrowings that matures in each of the five years subsequent to 2007 is $43.28 billion in 2008, $21.23 billion in 2009, $10.64 billion in 2010, $9.66 billion in 2011 and $2.37 billion in 2012.

(7) The total weighted average interest rate of advances from FHLBs and other borrowings was 4.87% at December 31, 2007.

Trust Preferred Securities

Exhibit H

Office of Thrift Supervision – Holding Company Capital Guidelines (March 2009)

Introduction

Capital serves many purposes, and the level and composition of capital a company holds is an important measure of its overall financial health, as well as the health of its subsidiaries. Holding companies must ensure that they have sufficient capital to support their underlying risks. Capital provides a holding company with a buffer in times of poor operating performance, maintains public confidence in the holding company, and supports growth. Raising capital for the enterprise often takes place at the holding company level. An efficient capital structure is one that combines the appropriate mix of equity and debt to fund an enterprise's strategic plan and enhance financial performance without unduly burdening subsidiaries, particularly the thrift. Hybrid instruments add one more option to the capital funding mix. A hybrid instrument is generally a security that has both equity and debt characteristics.[1]

The scope and complexity of banking and other financial services, particularly the array of financial products, makes it important to evaluate capital based on a company's overall risk profile. High capital ratios alone do not indicate capital adequacy, especially when an organization is involved in risky activities or capital arbitrage techniques. Organizations use internal processes to assess risks and to ensure that capital, liquidity, and other financial resources are sufficient in relation to their risk profile. The sophistication and level of detail of a holding company's capital management techniques varies based on the complexity and size of the enterprise. You should request the holding company's support and analysis for its capital management strategies in the pre-examination response kit or during the course of the examination.

LINKS
Appendix A

OTS-regulated holding companies should have a prudential level of capital to support their risk profile. OTS does not impose consolidated or unconsolidated regulatory capital requirements on thrift holding companies. As a result, examiners must consider all aspects of an organization's risk profile to determine if capital is adequate on a case-by-case basis. In the capital component you will review:

OTS-regulated holding companies should have a prudential level of capital to support their risk profile.

- The level of debt/hybrid instruments and the ability of the holding company to service its obligations.
- The quality and quantity of capital using several different measures as well as the availability of capital and the ability of the holding company to raise new capital if needed.
- The holding company's dividend practices.

[1] Appendix A provides an overview of hybrid capital instruments.

CAPITAL SUFFICIENCY/RISK ANALYSIS

Assessing the Overall Risk Profile

The need to assess overall risk is inherent in each component of the holding company examination. This process starts by completing the Risk Classification Checklist in the Administrative Program, Section 710. The examination team then refines and updates this preliminary risk assessment as its understanding of the holding company evolves during the examination. Many of the conclusions that you will make in addressing the capital strength of a holding company will be dependent on findings in other examination components. For example, the following questions help assess the overall risk profile of a holding company's capital structure. In many cases, you will need to review other sections of this handbook to properly address them:

Organizational Structure Issues

- What is the nature and level of risk associated with the holding company's activities?
- Is the volume or term of intra-group transactions cause for regulatory concern?
- Are levels of exposures or concentrations acceptable?

Risk Management Issues

- Does management effectively identify and control major risks?
- Are internal controls and audit procedures reliable?
- Are board and senior management oversight, policies and limits, risk monitoring procedures, reports and management information systems effective?

Earnings Issues

- Is the overall financial condition of the holding company deteriorating, stable, or improving?
- Does the holding company have sufficient earnings to support dividends?

Other Capital Related Issues

- Do the holding company and other affiliates have off-balance sheet contracts or activities (with explicit or implied recourse) that result in a higher degree of risk exposure than is apparent from the balance sheet?
- Are there any terms, conditions, or covenants in the holding company's or other affiliate's securitization documents or securities prospectuses that could trigger early amortization, the transfer of servicing, or other events?

- How does the holding company capital level compare to its peers?
- How do ratings and other industry analysts perceive the holding company?
- Has the holding company issued equity securities with terms that could adversely affect its ability to raise capital by issuing additional shares?

Evaluating Debt and Hybrid Instruments

Financial leverage is the use of debt to supplement the equity in a company's capital and funding structure. Debt includes borrowings with specific terms and excludes deposits and transactional liabilities. To analyze the holding company's overall use of leverage, you should also include trust preferred securities or similar hybrid instruments that possess both debt and equity characteristics.

From the perspective of management and stockholders, debt/hybrid instruments can represent a favorable financial tool as the owners only need to provide a small portion of the total financing, and the lenders will bear much of the financial risk. This allows the existing owners to maintain control with a limited investment at stake and, assuming the proceeds are reinvested at a positive spread, the earnings generated will increase the overall Return on Equity (ROE). Some companies use debt/hybrid instruments for the acquisition of other entities.

Although the judicious use of leverage is a favorable financial management technique, you should be alert to the following pitfalls:

- Leverage may pressure management to produce short-term revenues to service obligations resulting in greater risk taking.
- Highly leveraged firms are more susceptible to losses during economic downturns in the general economy or in specific industries. These losses compound because declining financial condition increases borrowing costs. As debt or hybrid securities mature, the company must renew them, often at higher interest rates.
- The use of leverage reduces management's flexibility in making future decisions; lenders may impose the following types of covenants that could adversely affect the thrift:
  - Limits on future issues;
  - Provisions to accelerate repayment in certain circumstances;
  - Limits on dividend payments; or
  - Specific constraints on operating ratios.

You must assess the role of leverage within the consolidated holding company operations/financial structure. You should also assess the actual and potential affect such leverage may have on its operations, or on the operations of the thrift. Implicit in such analysis, you need to identify the extent the holding company utilizes debt or hybrid instruments to capitalize/fund the thrift's operations, and the degree to which the parent relies upon the thrift to provide cash flow to service obligations resulting from debt or hybrid issuances.

Holding company boards of directors should develop prudent capital management plans before undertaking financing activities in the marketplace. Otherwise, they may be implementing a funding strategy that creates financial burdens. You should review the way the holding company deploys the proceeds of such financings and services such obligations. You will also need to determine if the holding company is overextended given its financial characteristics.

Holding company boards of directors should develop prudent capital management plans before undertaking financing activities in the marketplace.

You should consider the following questions:

- What is the ratio of holding company debt as a percentage of tangible capital?[2]
- What is the ratio of holding company hybrid instruments as a percentage of tangible capital?
- Is the level of debt/hybrid instruments rising?
- What investments or activities do the debt/hybrid instruments fund?
- What effect could the terms, conditions, or covenants have?
- What is the maturity schedule for debt or hybrid instruments' effect on liquidity?
- What is the level of interest expense?
- Is interest expense a significant percentage of recurring income?
- What is the primary source of funds to pay interest or principal payments?
- If the holding company will repay debt/hybrid instruments with an additional issuance, or the interest rate on the instrument is adjustable, what is the interest rate risk?
- What ratings on its debt or hybrid securities has the holding company received from nationally recognized credit organizations?

There are several ratios that you may use to assess these factors.

[2] Tangible Capital = Capital minus intangible assets.

Calculate the parent company leverage by looking at the debt to capital ratio. Include trust preferred or other hybrid instruments in the numerator with long-term debt:

$$\textit{Debt to Capital Ratio} = \frac{\text{Long-Term Debt}}{\text{Tangible Capital}}$$

A holding company with a low debt to capital ratio will generally have greater access to the capital markets.

There are no "bright line" thresholds for categorizing highly leveraged operations, and the company's earnings power primarily dictates the acceptable level of long-term obligations. Accordingly, you should focus your review on the ability of the company to generate cash flow to meet its fixed debt service. The higher the debt ratio, the more attention you should focus on holding company cash flow needs and earnings power. You should be sensitive to long- and short-term trends and management's plans for using leverage.

You should also compute the total debt to equity ratio on a book and market value basis including trust preferred securities or other hybrid instruments with total debt in the numerator.

$$\textit{Total Debt to Equity Ratio at Book Value} = \frac{\text{Total Debt at Book Value}}{\text{Equity at Book Value}}$$

$$\textit{Total Debt to Equity Ratio at Market Value} = \frac{\text{Total Debt at Book Value}}{\text{Equity at Market Value}}$$

If the market value of equity is higher than the book value, the market value ratio will be lower than the book value ratio. This indicates a favorable market perception and the ability to raise capital at an attractive price. However, if the market value of equity is lower than the book value, the market value ratio will exceed the book value ratio, indicating the market will only provide capital at a discount to book value.

Note: For holding companies with significant nonthrift operations, the ratio of debt to total assets may be more meaningful. This would be especially true for holding companies involved in industries with a high percentage of fixed assets. (Such debt should be long-term to match the maturity of the assets acquired.) Ratios over ten percent may require follow-up. You should also compare the ratios to the holding company's peers.

Another important step in analyzing parent company leverage is calculating the debt leverage ratio. Include trust preferred securities along with long-term debt in the numerator and denominator.

$$\textit{Debt Leverage Ratio} = \frac{\text{Long-Term Debt}}{\text{Long-Term Debt plus Capital}}$$

A lower ratio signifies less exposure to loss when the company's performance is poor, but also a lower return on equity when performance is good.

Simple versus Double Leverage

The parent company may advance the proceeds of long-term debt or hybrid instruments to the thrift as debt or equity. Simple leverage exists when the holding company advances the proceeds as debt. Such debt should have repayment terms matching those of the holding company, and the thrift should service it from its current earnings. Double leverage exists when the holding company invests funds it obtains from debt or hybrid instrument proceeds into the thrift subsidiary as equity. Increasing the capital base of the thrift allows the thrift to increase its borrowings, thereby compounding the original holding company debt and resulting in higher consolidated leverage. In this situation, thrift revenues must be sufficient to service both levels of debt because typically the parent will rely upon dividends from the thrift subsidiary to fund its debt service requirements.[3] This can generate substantial pressure on the thrift to maintain its earnings to support future dividend payments, thereby increasing the temptation for the thrift to engage in higher risk operations.

Within complex operations, double leverage will not always be evident, as holding companies may not directly allocate parent level debt/hybrid instruments to provide equity in the thrift. You can use the double leverage ratio as a proxy to identify the role of double leverage:

$$\textit{Double Leverage Ratio} = \frac{\text{Thrift \$ Equity}}{\text{Holding Company \$ Equity}}$$

Higher ratios or a trend of increasing ratios can indicate the existence or growth of double leverage in the holding company/thrift relationship. A ratio of 100 percent indicates that there is no double leverage in the organization, while a ratio of 125 percent indicates that the thrift derived 20 percent of its equity capital from sources other than parent equity investments. You should review the impact of double leverage on both the holding company and the thrift.

You should also identify when nonthrift subsidiaries of highly leveraged holding companies experience operating problems. Even when the holding company does not advance debt/hybrid instrument proceeds to the thrift, the parent may rely on the thrift for cash flow. This can result in the parent imposing a more aggressive or high risk operating philosophy upon the thrift to generate near term earnings to support higher dividends, management fees, or tax sharing payments.

If you determine that any further leveraging of the holding company poses a risk to the stability of the holding company or the thrift, you must immediately advise the Regional Director. It may be appropriate to require the holding company to provide specific information on its capital planning and allocation process or notice before incurring, renewing, or rolling over any debt or hybrid securities with debt-like characteristics. Such action may be most appropriate for holding companies:

- Whose subsidiary thrift institution has a composite CAMELS rating of 3, 4, or 5;
- That have a holding company composite rating of 3, 4, or 5; or

[3] Capital distributions must be within the limits prescribed by 12 CFR 563, Subpart E (563.140 – 563.146).

- That would cause supervisory concern by issuing additional debt.

Quality and Availability of Capital

Capital provides a secondary source of financial protection for the holding company if operating capacity is insufficient. A holding company that has capital does not necessarily have sufficient cash flow to meet contractual obligations when they are due. Capital can provide cash only if the holding company can sell selected assets, use the capital to secure new debt, or issue new equity. A particular capital position can be a function of a company's accounting practices, and you should not view capital as a proxy of a company's financial health. Accounting standards are often assumption driven and aggressive accounting assumptions can overstate the value of assets and shield a company's true capital position.

OTS typically considers three capital measures in determining thrift holding company capital sufficiency:

GAAP Equity

Before you can calculate any relevant quantitative capital measures, you must determine the GAAP total equity of the holding company. GAAP total equity represents the aggregate of holding company equity, including all subsidiaries, after the elimination of intercompany items. The holding company must compute total equity in accordance with GAAP, or some other approved regulatory accounting for functionally or foreign regulated affiliates. For functionally or foreign regulated affiliates, determine if there are any agreements or conditions imposed that would require the holding company to devote financial resources (including capital contributions) to that entity. If such agreements or conditions exist, determine what effect they could ultimately have on other subsidiaries in the enterprise, including the subsidiary thrift.

Holding companies report GAAP equity on their financial statements in accordance with generally accepted accounting principles (GAAP). OTS does not adjust this number, which companies often express as a percentage of consolidated total assets. You must review GAAP equity relative to risk to accurately assess a holding company's capital adequacy.

Tangible Capital

Tangible capital is a more conservative measure than GAAP equity. You derive tangible capital by deducting intangible assets from GAAP equity. In banking organizations, mortgage servicing rights are often the largest intangible asset. You may express tangible capital as a percentage of tangible assets (consolidated total assets minus intangible assets).

Proxy Regulatory Measure

Banking regulators may impose regulatory capital levels that rely on additions or deductions from GAAP equity. Other functional or foreign regulators may also impose regulatory capital measures that rely on adjusting a common capital calculation to meet regulatory requirements. This measure becomes

less helpful for diversified holding companies that engage in financial and commercial activity, which have a much different balance sheet than monoline financial companies. Nevertheless, such an analysis can lead to important findings. OTS considers regulatory conventions, including the thrift and the bank holding company regulatory capital framework, when appropriate for its assessment of the holding company's financial condition.

Although savings and loan holding companies (SLHCs) are not subject to an explicit uniform minimum regulatory capital requirement, if a thrift holding company's activities are mostly banking-related, OTS performs a proxy regulatory capital calculation. Calculating a regulatory proxy facilitates comparison with bank holding company peers. OTS calculates the capital level by including or deducting certain balance sheet items to create an approximation of a Tier 1 core capital calculation. You should calculate a proxy using the formula below:

Proxy Formula

Tier 1 Proxy	**Numerator Calculation**
HC630	Consolidated HC Total Equity
HC620	***Plus*** Minority Interests[4] (see discussion below on restricted elements)
HC670	***Plus*** Trust Preferred Instruments (see discussion below on restricted elements)
HC655	***Minus*** Intangible Assets (Nonmortgage Servicing Assets and Others)
	Denominator Calculation
HC600	Consolidated Total Assets
HC655	***Minus*** Intangible Assets (Nonmortgage Servicing Assets and Others)

There are a few points to note with regard to the *proxy* calculation:

Nonfinancial equity investments. The proxy calculation does not deduct nonfinancial equity investments to recognize the difference in the scope of permissible activities for SLHCs. Depending on the risk and amount of nonfinancial investments, you may choose to exclude all or a portion of nonfinancial equity investments.

[4] On December 4, 2007, the FASB issued Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements" (FAS 160). As a result, the noncontrolling interest (minority interest) will be reclassified from a liability or "mezzanine" item to equity, and reported in the consolidated statement of financial position within equity, separately from the parent's equity. FAS 160 will become effective for most entities with a calendar year-end on January 1, 2009. The proxy formula will be modified accordingly once this change in GAAP is implemented.

Restricted elements – Noncummulative perpetual preferred stock (including trust preferred securities and other hybrid investments) and minority interest. In the proxy calculation you should limit the amount of these investments to 25% of the tier 1 proxy capital amount (15% for large internationally active holding companies[5]). This limit should also include all minority interest except that related to qualifying common or noncumulative perpetual preferred stock directly issued by a consolidated U.S. depository institution or foreign bank subsidiary.

Reaching a Conclusion on Capital Sufficiency

You must assess capital sufficiency on qualitative and quantitative factors. To determine whether the holding company's capital is sufficient, you should answer several questions:

- How do the different measures of capital compare and do they highlight any particular weakness?

- To what extent does the holding company rely on trust preferred securities or other hybrid equity securities as a source of financing? Did you include such securities as restricted elements in the regulatory proxy calculation? Is the amount of restricted elements approaching 25 percent of the regulatory proxy calculation? If you did not compute a regulatory proxy measure, you should closely scrutinize any holding company that has trust preferred securities, or similar hybrid instruments with both debt and equity characteristics, that approach 25 percent of the holding company's tangible capital.

- Does the holding company have a high proportion of assets that a thrift would be unable to count as capital?

- Does the holding company have the ability to raise new equity capital or generate capital internally, through earnings other than from the thrift?

- Has the holding company's capital position deteriorated since the last examination, and if so, why?

- Have significant asset/liability restructurings, acquisitions, or divestitures occurred?

[5] An internationally active holding company is defined as one that has 1) total consolidated assets equal to $250 Billion or more or 2) on a consolidated basis reports total on-balance-sheet foreign exposure of $10 Billion or more. The 15% limit increases to 25% for trust preferred securities that mandatorily convert into an equity instrument within a short period.

As you review capital, there are some positive factors that enhance capital protection. These include:

- Strong management that has a record of superior capital management;
- Sound asset quality; and
- A history of strong, consistent, and recurring operating earnings and cash flow.

Similarly, potential adverse factors that detract from the holding company's capital condition include:

- Demonstrably weak or ineffective management;
- Poor asset quality;
- A history of weak earnings or reliance on nonrecurring earnings;
- Low liquidity, high interest rate risk exposure, or high foreign exchange exposure;
- Significant levels of off-balance sheet activities, including asset securitization activities, which can result in the retention of substantial recourse;
- Reliance on wholesale and short-term funding sources, or a significant amount of longer-term debt that will mature soon;
- Engaging in higher risk activities, unless adequately hedged and well-managed;
- Internal inability to generate sufficient capital because asset growth exceeds sustainable equity capital formation;
- No, or limited, access to capital markets; and
- Excessive capital distributions paid to, or the divestiture of subsidiaries to, stockholders.

DIVIDENDS

Dividends are the primary way that organizations provide return to shareholders on their investment. During profitable periods, dividends represent a return of a portion of an organization's net earnings to its shareholders. During less profitable periods, dividend rates are often reduced or sometimes eliminated. The payment of cash dividends that are not fully covered by earnings, in effect, represents the return of a portion of an organization's capital at a time when circumstances may indicate instead the need to strengthen capital and concentrate financial resources on resolving the organization's problems.

The dividend practices of the holding company may affect the financial position of its thrift and other subsidiaries. Dividend policy influences the sustainable growth rate of any organization based on its effect on retained internal capital.

You should determine if the holding company's dividend payout and prospective rate of earnings retention are consistent with its capital needs, asset quality, growth, cash flow, and overall financial condition. You may calculate the dividend payout ratios for the parent and any holding company subsidiaries.

$$\textit{Dividend Payout Ratio} = \frac{\text{Dividends Paid}}{\text{Net Income}}$$

The holding company's dividend payout ratio should be reasonable and consistent with its existing business plan. You should compare the dividend payout ratio, net income, and asset growth of each significant affiliate of the holding company. When analyzing holding company dividends the following guidance applies:

- Sustainable core earnings should suffice to pay the dividend over the long term.
- There should be adequate liquid assets on hand to make dividend payments.
- Generally, a holding company and its thrift should avoid borrowing funds for stock repurchases, or to provide for the payment of dividends to shareholders of the holding company. (Management may propose this when it wants to avoid the negative market reaction that may result if it cuts the dividend. Similarly, the company may need borrowing if its cash flows are seasonal, such as a retailer heavily dependent on holiday sales.)
- Neither the holding company nor the thrift should have to sell assets to provide funds for the payment of dividends to the holding company's shareholders.
- The prospective rate of earnings retention should be consistent with the organization's capital needs, asset quality, and overall financial condition. Dividends should not be paid if there is a reasonable expectation that the capital will be needed to support the subsidiary thrift or to cover losses, deteriorating asset quality, or downturns in the economy.

The inability to sustain or increase stockholders' dividends may demonstrate holding company weaknesses. Often, the suspension of dividends results from a shortage of liquidity. Even the perception of the holding company running low on cash can lead to repercussions for its subsidiaries. When the thrift subsidiary's public identity links to the holding company, a crisis or loss of confidence in the holding company could adversely affect the subsidiary regardless of its financial stability. For example, consumers not familiar with the distinction between the thrift and its parent may withdraw deposits if there is the perception that the holding company is running out of cash. To avoid loss of market confidence, a thrift may face pressure to provide extra support to a holding company or affiliate to avoid a crisis.

CAPITAL MANAGEMENT AND OVERSIGHT

Strong capital management is a positive qualitative factor affecting the adequacy of capital. Managers and directors should anticipate capital needs and maintain adequate capitalization. Holding company management should develop a capital management plan if the holding company's ratios are low or fluctuating relative to others with similar risk profiles in its industry. A good plan outlines management's specific strategies to reach its established goals.

Most financial organizations consider several factors in evaluating capital adequacy. These include:

- Peer comparison of capital ratios;
- Risk concentrations in credit and other activities;
- Current and desired credit-agency ratings; and
- Historical experiences, including severe adverse events.

Many holding companies and other financial organizations use stress testing and scenario analysis as tools to estimate unexpected losses. This helps organizations project the performance of their assets under conservative "stress test" scenarios. Stress testing can estimate the portfolio exposure to deteriorating economic, market, and business conditions. It also allows management to input different assumptions and thereby foresee potential consequences.

Holding companies should demonstrate sound capital and risk management. One method of demonstrating this is to meet an objective measure of financial health, such as a target public-agency debt rating or a statistically measured maximum probability of becoming insolvent over a given time horizon. This latter method is the foundation of the Basel Framework's treatment of capital requirements for market and foreign-exchange risk. Risk assessment must address all relevant risks including credit risk, market risk, liquidity risk, interest rate risk, operational risk, legal risk, and others.

You should criticize a holding company without adequate procedures to estimate and document the level of capital necessary to support its activities.

You should interview holding company management to identify its plans for ensuring a safe cushion of capital. During your conversations, you also should emphasize that the holding company's level of capital is a major consideration in the overall examination rating. Specifically, you should inquire whether it plans:

- New debt issues or sales of equity;
- Additional capital contributions;
- Loans, transfers, or distributions of holding company assets within the holding company structure; or

- Acquisitions.

RATING THE CAPITAL COMPONENT

To properly assess risk at the holding company, you must consider the thrift subsidiary, the nonbank subsidiaries, the parent only and the consolidated entity. You should consider capital on a consolidated basis because holding company management has some discretion for the allocation of capital within the organization. It may also be useful to consider capital after deducting thrift capital. For holding companies with functionally regulated subsidiaries, you should also analyze capital after deducting capital held within such functionally regulated subsidiaries.

Evaluate capital sufficiency, on a case-by-case basis, considering among other things, the holding company's documented analysis of the capital it needs to support its activities. Capital levels should be risk sensitive.

Further, all the holding company examination components are integral to the overall examination process. For example, your findings about earnings will have an impact on your conclusions about capital adequacy.

The capital rating reflects the adequacy of an enterprise's consolidated capital position, from a regulatory perspective and an economic capital perspective, as appropriate to the holding company enterprise. During your review of capital adequacy, you should consider the risk inherent in an enterprise's activities and the ability of capital to absorb unanticipated losses, to provide a base for growth, and to support the level and composition of the parent company and subsidiaries' debt. The capital rating is based on the following rating definitions:

- ***Capital Rating 1.*** A rating of 1 indicates that the consolidated holding company enterprise maintains a more than sufficient amount of capital to support the volume and risk characteristics of its business lines and products; to provide a significant cushion to absorb unanticipated losses; and to fully support the level and composition of borrowing. In addition, the enterprise has more than sufficient capital to support its business plans and strategies, it has the ability to enter capital markets to raise additional capital as necessary, and it has a strong capital allocation and planning process.

- ***Capital Rating 2.*** A rating of 2 indicates that the consolidated holding company enterprise maintains sufficient capital to support the volume and risk characteristics of its business lines and products; to provide a sufficient cushion to absorb unanticipated losses; and to support the level and composition of borrowing. In addition, the enterprise has sufficient capital to support its business plans and strategies, it has the ability to enter capital markets to raise additional capital when necessary, and it has a satisfactory capital allocation and planning process.

- ***Capital Rating 3.*** A rating of 3 indicates that the consolidated holding company enterprise may not maintain sufficient capital to support the volume and risk characteristics of certain business lines and products; the unanticipated losses arising from the activities; or the level and composi-

tion of borrowing. In addition, the enterprise may not maintain a sufficient capital position to support its business plans and strategies, it may not have the ability to enter into capital markets to raise additional capital as necessary, or it may not have a sufficient capital allocation and planning process. The capital position of the consolidated holding company enterprise could quickly become insufficient if there is deterioration in operations.

- ***Capital Rating 4.*** A rating of 4 indicates that the capital level of the consolidated holding company enterprise is significantly below the amount needed to ensure support for the volume and risk characteristics of certain business lines and products; the unanticipated losses arising from activities; and the level and composition of borrowing. In addition, the weaknesses in the capital position prevent the enterprise from supporting its business plans and strategies, it may not have the ability to enter into capital markets to raise additional capital as necessary, or it has a weak capital allocation or planning process.

- ***Capital Rating 5.*** A rating of 5 indicates that the level of capital of the consolidated holding company enterprise is critically deficient. Immediate assistance from shareholders or other external sources of financial support is required.

SUMMARY

The capital sufficiency of a holding company is a critical factor in the regulation of thrift holding companies. You must consider the:

- Necessary capital based on the risk exposure of each holding company and nonbank subsidiary activity;

- Relationship between debt, hybrid instruments, and capital;

- Existence of long-term debt in the capital structure;

- Extent and use of debt at the parent to fund capital investments of subsidiaries;

- Trend of capital in comparison to peer groups;

- Ability of management to devise capital plans for capital deficiencies or planned expansions;

- Ability to access the capital markets;

- Extent of concentration in any one asset or type of asset, including intangibles, interest only (I/O) strips, illiquid assets, and deferred tax assets; and

- Extent of off-balance sheet exposure.

HYBRID INSTRUMENTS

Hybrid capital instruments have characteristics of both common stock and unsecured debt. They resemble debt because they generally pay a fixed or floating interest rate, coupon, or dividend. At the same time, these securities are deeply subordinated, often have long maturities, and may be similar to common equity in their ability to absorb losses. Banking organizations in the United States rely on hybrid capital instruments and other innovative instruments for capital funding. Sources of hybrid capital funding are continually evolving. These sources of funding, especially if double leveraged,[1] can increase an institution's risk profile by generating substantial pressure to maintain earnings to support dividend payments. An institution's over-reliance on double leverage will trigger increased supervisory scrutiny.

Advantages to issuers for considering hybrid instruments include a lower cost of capital, tax deductibility, regulatory and rating agency equity credit recognition, and diversity in funding source. However, the overuse of hybrid instruments could lead to increased levels of risk that warrant management's close attention. Risks may include increased leverage, a thinner capital base for the consolidated organization (including both the savings association and its holding company), increased interest rate risk, and increased funding and liquidity risks.

During the thrift and holding company examinations, as well as through ongoing supervisory monitoring, OTS will review capital levels and the ability to service debt both individually and on a consolidated basis. While hybrid capital instruments can help banking organizations manage their capital structure, OTS expects parent-infused Tier 1 capital to derive predominantly from voting common stock or retained earnings of its parent. In addition, OTS considers the following features as guiding principles when evaluating hybrid instruments: loss absorption ability, permanence of the instrument, ability to suspend dividend payments, and certainty in cost of funding.

Some of the more familiar types of hybrid capital instruments include trust preferred securities (TPS) and asset-driven securities, particularly real estate investment trust (REIT) preferred securities. There are also innovative hybrid instruments such as mandatory convertible preferred securities and enhanced trust preferred securities that have resulted from regulatory and rating agency changes.

Trust Preferred Securities

Trust preferred securities are non-perpetual cumulative preferred securities. In most cases, the holding company establishes a special purpose entity (SPE), usually in the form of a trust, to issue the securities. The SPE issues preferred securities to outside investors. With the proceeds, the SPE purchases an equivalent amount of junior subordinated debentures with stated maturities from the holding company. The subordinated note, which is senior only to a holding company's common and preferred stock, has terms that generally mirror those of trust preferred securities, except that the subordinated note often has a fixed maturity of at least 30 years.

Generally, the terms of the trust preferred securities allow the trust to defer dividends for at least a twenty-consecutive-quarter period without creating an event of default or acceleration. If the trust fails to pay the

[1] For a source of capital, savings associations sometimes rely on debt the holding company issues. Double leverage exists when a holding company invests funds it obtains from debt proceeds into the savings association as equity. Increasing the capital base allows the savings association to increase its borrowings as well, thereby compounding the original holding company debt resulting in higher consolidated leverage.

cumulative dividend after this period, default occurs, and the principal and interest on the note becomes immediately due and payable. Dividends paid on trust preferred securities are a tax deductible interest expense thus representing a key advantage for holding companies.

Pooled issuances of trust preferred securities typically involve thirty or more separate holding company issuers and have made the issuance of trust preferred securities possible for small holding companies, most of which did not previously have this form of capital market access.

Real Estate Investment Trust (REIT) Preferred Securities

Subordinate organizations of the savings association often issue REIT preferred securities. A thrift-controlled REIT issues noncumulative perpetual preferred securities into the market and uses the proceeds to buy mortgages and mortgage-backed securities from its majority common shareholder, its parent institution. A SPE must qualify under federal tax laws to be a REIT. The two main qualifications for a REIT are that it must (a) hold predominantly real estate assets and (b) annually pay out a substantial portion of its income to investors. The benefit of qualifying as a REIT is that its income is not subject to an entity-level tax. Rather, taxation occurs at the investor level.

In a typical structure where the thrift controls a REIT, the REIT subsidiary preferred securities, in general, could qualify for inclusion in Tier 1 capital as minority interests in a consolidated subsidiary subject to certain prudential standards. The terms and conditions include but are not limited to a capital limitation and a convertibility provision. Preferred securities may constitute no more than 25 percent of a savings association's Tier 1 capital. In addition, the convertibility provision allows the thrift to exchange noncumulative REIT preferred securities directly for issued noncumulative perpetual preferred securities of the parent institution upon the occurrence of certain events, such as the institution becoming undercapitalized, going into receivership, or at the direction of the regulator.

Enhanced Trust Preferred Securities

Enhanced trust preferred securities have more equity characteristics than traditional trust preferred securities and receive equity credit from credit-rating agencies. Revised rating agency guidelines that allow partial equity credit treatment of these securities has driven the growth of enhanced trust preferred securities. Enhanced trust preferred securities differ from traditional trust preferred securities in several ways:

- A longer maturity of 60-80 years versus 30 years;
- A longer deferral period of ten years versus five years;
- Inclusion of replacement capital covenant (similar hybrid security needs to be issued to replace an existing hybrid in the event of redemption); and
- Alternative payment mechanism (permits issuer to settle omitted coupon payments in cash via the market issuance of securities, or by giving the hybrid holder equity-like securities).

Mandatory convertible preferred securities

Mandatory convertible preferred securities involve the joint issuance by a holding company to investors of trust preferred securities and a forward purchase contract. The forward contract obligates the investors to purchase a fixed amount of the holding company's common stock, generally in three to five years.

Exhibit I

Excerpts of Washington Mutual, Inc., Washington Mutual Capital Trust 2001 Registration Statement (Form S-3) (June 27, 2001)

S-3 1 a2050803zs-3.htm FORM S-3
QuickLinks -- Click here to rapidly navigate through this document

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 27, 2001

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

WASHINGTON MUTUAL, INC.
WASHINGTON MUTUAL CAPITAL TRUST 2001

(Exact Name Of Registrant As Specified In Its Charter)

WASHINGTON DELAWARE (STATE OF INCORPORATION)	**1201 THIRD AVENUE SEATTLE, WASHINGTON, 98101 (206) 461-2000**	**91-1653725 —** (I.R.S. EMPLOYER IDENTIFICATION NUMBER)

(Address, Including Zip Code, And Telephone Number, Including Area Code, Of Registrant's Principal Executive Offices)

FAY L. CHAPMAN
WASHINGTON MUTUAL, INC.
1201 THIRD AVENUE
SEATTLE, WA 98101
(206) 461-2000
(Name, Address, Including Zip Code, And Telephone Number, Including Area Code, Of Agent For Service)

WITH A COPY TO:

DAVID R. WILSON
HELLER EHRMAN WHITE & MCAULIFFE LLP
6100 BANK OF AMERICA TOWER
701 5TH AVENUE
SEATTLE, WA 98104-7098
(206) 447-0900

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this registration statement as determined by market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /x/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

	Our obligations under the guarantee are subordinate and junior in right of payment to all of our senior indebtedness.
The Trust	Washington Mutual Capital Trust 2001 is a Delaware statutory business trust. The sole assets of the Trust are the debentures. The Trust issued the preferred securities and the common securities. All of the common securities are owned by Washington Mutual, in an aggregate liquidation amount of 3% of the total capital of the Trust.
Ranking	Payment of distributions on, and the redemption price of, the Trust securities, will generally be made pro rata based on their liquidation amounts. However, if on any payment date, an indenture event of default has occurred and is continuing, no payment on the common securities will be made unless payment in full in cash of all accumulated and unpaid distributions on all of the outstanding preferred securities for all current and prior distribution periods (or in the case of payment of the redemption price, the full amount of such redemption price on all of the outstanding preferred securities then called for redemption), has been made or provided for.
Form and Denomination	The Depository Trust Company ("DTC") acts as securities depositary for the units, preferred securities and warrants, each of which will be issued only as fully registered securities registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC. One or more fully registered certificates were issued for each of the units, the preferred securities and the warrants, and were deposited with the property trustee as custodian for DTC. The debentures were issued as fully registered securities registered in the name of the property trustee or its nominee and deposited with the property trustee. The preferred securities will be issued in denominations of $50 stated liquidation amount and whole multiples of $50.
Use of Proceeds	We will not receive any of the proceeds from the sale of the securities by the selling securityholders.
Material United States Federal Income Tax Consequences	Each Unit will be treated for United States federal income tax purposes as consisting of two separate and distinct assets: (1) a preferred security representing an undivided beneficial interest in the debentures, acquired at an original issue for a price of $32.33, and (2) a warrant to purchase 1.2081 shares of Washington Mutual common stock acquired at an original issue for a price of $17.67. In the opinion of Heller Ehrman White & McAuliffe LLP, counsel to Washington Mutual, purchasers of preferred securities will be treated as owning an undivided beneficial ownership interest in the debentures and the debentures will be treated as debt for United States federal income tax purposes. If a preferred security and a warrant are purchased together as a unit, the purchase price of such unit will be allocated between the preferred security and the warrant in proportion to their relative fair market values at the time of purchase. Because the debentures were originally issued for an amount less than their face amount, the debentures will be treated as having been issued with original issue discount, and, if you purchase a preferred security and are a United States taxpayer, you will be required to include as ordinary income amounts constituting original issue discount as they accrue. The amount of interest income, including original issue discount, on which you will be taxed will exceed your share of the cash interest payments received by the Trust on the debentures.

	See "Material United States Federal Income Tax Consequences" in this prospectus.
ERISA Considerations	Each purchaser and subsequent transferee of the units (including the underlying debentures, preferred securities and warrants and any shares of common stock of Washington Mutual received upon the exercise or redemption thereof) will be deemed to have represented and warranted that the acquisition and holding of such securities by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.