IN THE 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: July 13, 2011 at 9:30 a.m. ET**

DEBTORS' OMNIBUS RESPONSE TO OBJECTIONS TO CONFIRMATION OF THE MODIFIED SIXTH AMENDED JOINT PLAN OF AFFILIATED DEBTORS PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

CERTAIN PORTIONS FILED UNDER SEAL (PER DOCKET NOS. 4863 AND 6831)

Washington Mutual, Inc. ("WMI") and WMI Investment Corp., as debtors and debtors in possession (together, the "Debtors"), as and for their omnibus response (the "Omnibus Response") to the objections interposed to confirmation of the *Modified Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* (as has and may be further amended, modified, or supplemented, the "Modified Plan"),[2] respectfully represent:

The Sixth Amended Plan and the Prior Disclosure Statement

1. 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*

[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, Suite 2500, Seattle, Washington 98104.

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Modified Plan.

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[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"), the Federal Deposit Insurance Corporation (the "FDIC"), and certain creditor constituencies resolving certain claims and causes of action among such parties (as amended on December 7, 2010, the "Global Settlement Agreement").

2. On December 1-3, and 6-7, 2010, this Court (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") and related Order [D.I. 6529] (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.

3. Specifically, in the Opinion, the Bankruptcy Court evaluated the likelihood of the Debtors succeeding in certain disputes over certain assets, and determined, among other things, that:

- "Based on the pleadings filed in the Turnover Action . . . the Debtors had a strong likelihood of success on the merits of their claim to the Deposit Accounts, although the issues were hotly contested and the FDIC vowed to fight the issue to the Supreme Court." Id. at 26.

- "[T]he Debtors have a fair likelihood of prevailing on the tax claims in the first instance. Even if the Debtors were correct and the tax refunds were

property of the WMI estate, however, it would create a corresponding claim by JPMC (or the FDIC Receiver) for the vast majority of those tax refunds. Because creditors are being paid almost in full under the [Sixth Amended] Plan, the likelihood that the Debtors would succeed in obtaining a net result better for the estate than the Global Settlement with respect to the tax refund issue is not strong." Id. at 29-30.

- "[T]here is a legitimate disagreement as to whether the [Trust Preferred Securities] were already conveyed to JPMC in September, 2008, and whether value was received by the Debtors for that transfer. Further, there are defenses that JPMC has asserted it would raise in any action the Debtors may take to avoid the assignment of the [Trust Preferred Securities] to WMB. Finally, even if the Debtors were successful in avoiding the transfer of the [Trust Preferred Securities], JPMC and/or the FDIC would have a corresponding claim (potentially administrative) for the value of the [Trust Preferred Securities] under the Assignment Agreement in the amount of $4 billion. Given these difficult legal issues and the other consideration being given to the estates under the Global Settlement . . . it is unlikely that the Debtors could achieve a result on the [Trust Preferred Securities] claim that is superior to the Global Settlement." Id. at 33.

- "[T]he Debtors' likelihood of success on the Business Tort Claims is not high. The [Texas Litigation] has already been dismissed on the basis that it had to be brought in the FDIC receivership action. ANICO, 705 F. Supp. 2d at 21. There is a question whether the Business Tort Claims were included in the claim the Debtors originally filed in the FDIC receivership action. Further, as noted above, any claim for damages under the Business Tort Claims would require that the Debtors prove that they were solvent at the time of the seizure of WMB, a position diametrically opposed to assertions they would need

to prove in the preference and fraudulent conveyance claims."[3] Id. at 55-56.

- Pursuant to the terms of the Global Settlement Agreement, "the BOLI/COLI policies will be owned by the entity on whose records they are listed," and consequently, "the Debtors do not have a strong likelihood of getting a significantly better result than reflected in the Global Settlement on these policies." Opinion at 42.

- "[T]he Debtors are likely to succeed on the claim to the intellectual property, because it was titled in WMI's name. However, the fact that WMB (rather than WMI) used the marks historically in the operation of its business and the marks are closely associated with WMB's failure, suggests that their intrinsic value is not high. Further, the fact that WMI has virtually no remaining business operations convinces the [Bankruptcy] Court that the marks, if owned by WMI, have insignificant value." Id. at 34-35.

- "[E]ven though the Visa shares may be titled in WMI's name and therefore are property of the estate, JPMC has a plausible claim that WMB is the equitable owner of them because it had been the Visa U.S.A. member, not WMI. In addition, though the shares may currently be worth $150 million, the liability associated with the escrow could diminish that value. Therefore . . . the Debtors do not have a strong likelihood of getting a significantly better result on this claim than is reflected in the Global Settlement." Id. at 44-45.

4. In addition to the foregoing, on January 7, 2011, by separate order and opinion filed in that certain adversary proceeding styled Black Horse Capital LP, et al. v. JPMorgan Chase Bank, N. A., et al., Case No. 08-12229, Adv. No. 10-51387 (MFW) (Bankr. D. Del.) (the "TPS Action"), the Bankruptcy Court granted the defendants'

[3] [redacted]

motions for summary judgment and concluded, among other things, that the holders of the Trust Preferred Securities that are the subject of that dispute and are proposed to be transferred to JPMC pursuant to the Global Settlement Agreement ("TPS") no longer have any interests in the TPS because their interests have been converted to interests in preferred stock of WMI. As a result, in the Opinion, the Bankruptcy Court determined that "the Debtors are able to transfer their interest in the TPS to JPMC (or to acknowledge that the transfer already occurred pursuant to the Assignment Agreement dated September 25, 2008)." Opinion at 31.

5. In addition, the Bankruptcy Court denied summary judgment in the 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 "Dime Warrant Adversary Proceeding"), and subsequently established a maximum reserve in the amount of $337 million on account of the claims of holders of Dime Warrants, which amount fully protects such holders.

The Modified Plan and the Supplemental Disclosure Statement

6. In accordance with the Opinion and the Bankruptcy Court's directions at a status conference held on January 20, 2011, on February 8, 2011, the Debtors filed the Modified Plan and a related supplemental disclosure statement (as amended, the "Supplemental Disclosure Statement").

7. The Modified Plan is premised upon that certain 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) excludes certain creditors who were previously parties to the Global Settlement Agreement, and (ii) has been amended to conform to certain revisions reflected in the Modified Plan, or otherwise required by the Bankruptcy Court and set forth in the Opinion.

8. 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].

9. Certain parties interposed objections to approval of the Supplemental Disclosure Statement (collectively, the "Supplemental Disclosure Statement Objections"). In their omnibus response to the Supplemental Disclosure Statement Objections [D.I. 6963], the Debtors asserted that certain of the Supplemental Disclosure Statement Objections were, in fact, objections to the confirmation of the Modified Plan. Accordingly, the Debtors submitted that such objections should be reserved and raised in connection with the hearing to consider confirmation of the Debtors' Modified Plan.

10. On March 21, 2011, the Bankruptcy Court conducted a hearing to consider approval of the Supplemental Disclosure Statement Motion (the "Supplemental Disclosure Statement Hearing"). At such hearing, the Bankruptcy Court concluded that it would grant the Debtors' motion, subject to the Debtors making certain changes to the Supplemental Disclosure Statement. In addition, the Bankruptcy Court indicated, as it did at the January 20, 2011 status conference (see Hr'g Tr., Jan. 20, 2011, at 51:22-52:3), that it would not reconsider, as part of the confirmation hearing, its prior ruling with respect to

the reasonableness of the Global Settlement Agreement. See Hr'g Tr., Mar. 21, 2011, at 100:25-101:1. Shortly after the Supplemental Disclosure Statement Hearing, the Bankruptcy Court entered an order, dated March 30, 2011 [D.I. 7081] (the "Supplemental Disclosure Statement Order"), approving, among other things, the Supplemental Disclosure Statement and the solicitation procedures proposed in the Supplemental Disclosure Statement Motion.

11. Pursuant to the Supplemental Disclosure Statement Order, except with respect to certain parties whom the Debtors granted extensions of time, the deadline to file objections to the Modified Plan (collectively, and inclusive of certain Supplemental Disclosure Statement Objections, the "Objections") was May 13, 2011 (the "Objection Deadline").[4]

12. The Bankruptcy Court originally scheduled the hearing to consider confirmation of the Modified Plan (the "Confirmation Hearing") to commence on June 6, 2011. Subsequently, with the full support of the Creditors' Committee, Equity Committee and major creditor constituencies, the Debtors adjourned the Confirmation Hearing, including in order to permit negotiation and documentation of an agreed upon and announced understanding among the Equity Committee and certain other parties in interest regarding modifications to the Modified Plan. After several weeks of efforts to document such understanding, the Equity Committee withdrew from negotiations and suggested the Debtors proceed with confirmation of the Modified Plan. As a result, on June 17, 2011,

[4] Although the Bankruptcy Court overruled all the Supplemental Disclosure Statement Objections, out of an abundance of caution, the Debtors include herein certain of the Supplemental Disclosure Statement Objections (to the extent relevant to the Modified Plan and not duplicative of an objection to the Modified Plan filed after the Objection Deadline by the same party) that the Debtors believe may constitute objections to confirmation of the Modified Plan.

the Debtors filed a notice informing all parties of their intention to seek confirmation of the Modified Plan at the Confirmation Hearing commencing on July 13, 2011 [D.I. 7921].

13. As a result of the further limited adjournment, the Equity Committee sought and obtained an extension of its deadline to file an objection to the Modified Plan to July 1, 2011. See *Order Granting Motion of the Official Committee of Equity Security Holders of Washington Mutual, Inc., et al. for Extension of Time to Object to the Modified Sixth Amended Plan*, dated June 23, 2011 [D.I. 7976]. Thereafter, pursuant to that certain order, dated June 28, 2011 [D.I. 8010], the Bankruptcy Court authorized the Debtors to file an omnibus reply to any objection to confirmation of the Modified Plan on July 11, 2011, but required the Debtors to submit all other documentation in support of confirmation on or before July 8, 2011.

14. On July 1, 2011, the Equity Committee filed, under seal, its objection to confirmation of the Modified Plan. Although many of the objections raised in that submission are addressed in the Debtors' memorandum of law filed contemporaneously herewith, in accordance with the order of the Bankruptcy Court, the Debtors intend to file a supplemental memorandum (the "Supplemental Confirmation Memorandum") on July 11, 2011, which memorandum will address certain allegations set forth in the Equity Committee's objection.[5]

Omnibus Response to the Objections

15. Attached hereto as Exhibit A is a chart summarizing the Objections filed on or prior to the Objection Deadline, and the Debtors' responses thereto (the

[5] In addition, on July 7, 2007, the TPS Consortium (defined below) filed an untimely, supplemental objection to confirmation of the Modified Plan [D.I. 8100]. The Debtors intend to address the arguments raised therein either in the Supplemental Confirmation Memorandum or in another supplemental response to be filed.

"Omnibus Response Chart").[6] For the reasons stated in the Omnibus Response Chart and in the *Memorandum of Law in Support of Confirmation of the Modified Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* (the "Confirmation Brief") filed contemporaneously herewith, the Debtors submit that the Objections should be overruled in their entirety.[7] As more fully set forth in the Confirmation Brief, the Debtors believe that the Modified Plan complies with and satisfies all of the requirements of section 1129 of the Bankruptcy Code. Accordingly, the Debtors respectfully request that the Bankruptcy Court confirm the Modified Plan.

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[6] Certain holders of equity interests in WMI (collectively, the "Shareholders") filed Objections to confirmation of the Modified Plan (the "Shareholder Objections"). In addition, certain Shareholders filed letters (the "Shareholder Letters") in connection with the Bankruptcy Court's approval of the Global Settlement Agreement. The Omnibus Response Chart includes the Debtors' responses to both the non-duplicative Shareholder Objections and the Shareholder Letters (to the extent that the Shareholder Letters include objections related to confirmation of the Modified Plan). A list of each of the Shareholder Objections and Shareholder Letters and, if applicable, the corresponding docket number, is annexed to the Omnibus Response Chart as Exhibit 1.

[7] Failure of the Debtors to address other assertions made in the Objections does not constitute a waiver of the Debtors' rights to object to such assertions at the Confirmation Hearing. The Debtors deny many of the factual and legal assertions and characterizations contained in the Objections. Nothing contained herein shall be deemed an admission or acceptance of any statement contained in the Objections.

WHEREFORE the Debtors respectfully request entry of an order (i) overruling the Objections, (ii) confirming the Modified Plan, and (iii) granting the Debtors such other and further relief as the Bankruptcy Court may deem just and appropriate.

Dated: Wilmington, Delaware
July 8, 2011

Mark D. Collins (No. 2981)
Chun I. Jang (No. 4790)
Travis A. McRoberts (No. 5274)
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

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Nantahala Capital Partners LP and Blackwell Capital Partners, LLC, Axicon Partners LLC, Brennus Fund Limited, Costa Brava Partnership III, LP, and Sonterra Capital Master Fund, Ltd. (collectively, the "Dime Warrant Plaintiffs"), purported class representatives in the Dime Warrant Adversary Proceeding, assert in their Objections and/or their reply to the Objection filed by Aurelius (defined below) that: (a) the treatment of Dime Warrant holders pursuant to the Modified Plan is "improperly vague" because use of the phrase "or as otherwise determined by the Bankruptcy Court" in 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); (b) Section 32.6(c) of the Modified Plan is unfair to holders of Dime Warrants because it forces holders of Dime Warrants to decide, within one year of the Effective Date of the Modified Plan, whether to grant the releases set forth in Section 43.6 of the Modified Plan in order to receive a distribution, but there is no guarantee that the Dime Warrant Adversary Proceeding will have been resolved by such date (which will be determinative of whether such holders are even eligible to receive a distribution pursuant to the Modified Plan); (c) the Modified Plan improperly restricts the trading of Dime Warrants if a holder of Dime Warrants elects to grant the releases under the Modified Plan and/or elects to receive stock as part of such holder's distribution (in the event Dime Warrants are determined to constitute Class 12 Allowed General Unsecured Claims); (d) notwithstanding the fact that the PIERS Claims are classified as	(a) The treatment of Dime Warrant holders pursuant to the Modified Plan is dependent upon the outcome of the Dime Warrant Adversary Proceeding. The Modified Plan expressly considers the possibility that the Bankruptcy Court may determine that the Dime Warrants constitute Claims against, rather than Equity Interests in, the Debtors. See Modified Plan § 25.1. Specifically, the Modified Plan contemplates that the Bankruptcy Court may determine that holders of Dime Warrants have Claims in Class 12 (General Unsecured Claims). See id. The Modified Plan, however, also must account for the possibility that such Claims may be subordinated in accordance with section 510 of the Bankruptcy Code. This is the purpose of the phrase in Section 1.209 of the Modified Plan which provides that such claims will be treated as Class 12 Allowed General Unsecured Claims unless such claims are "otherwise subordinated in accordance with section 510 of the Bankruptcy Code." (b) Counsel to the Dime Warrant Plaintiffs raised this objection at the hearing to consider the Supplemental Disclosure Statement, at which time, plaintiffs' counsel agreed that, as long as Dime Warrant holders had up to one year to decide whether to grant the release and still could submit contingent stock elections without having to make a decision about the releases, then counsel's concern was addressed. See Hr'g Tr., Mar. 21, 2011, 149:24-151:5. The only caveat was that counsel reserved his right to return to the Bankruptcy Court within such one year period for a further extension if it seemed like the Dime Warrant Adversary Proceeding would not be resolved in time. Consistent with this, the Debtors modified the Dime Warrant election forms to make it clear that holders of Dime Warrants could wait up to one year before deciding whether to grant the releases. Thus, this is a non-issue. In any event, the Debtors submit that holders of Dime Warrants have more than adequate time to decide whether to grant the releases under the Modified Plan, given that the Dime Warrant Adversary Proceeding trial will commence shortly after confirmation

1. Objections of Dime Warrant Plaintiffs **[D.I. 6886, 7912 & 8067]**	
debt pursuant to the Modified Plan, a portion of value to be distributed to PIERS Claim holders is on account of the equity warrant portion of such securities; (e) the Debtors have acted in bad faith by excluding the Rights Offering (as defined in the Supplemental Disclosure Statement) from the Modified Plan, which means that the Reorganized Debtors may not have sufficient capital to utilize their net operating loss; (f) the definition of "Late Filed Claims" should be amended to include late filed claims that are allowable based on "excusable neglect"; (g) the Modified Plan improperly provides a distribution to holders of PIERS Preferred Securities, in part, on account of turnover from the PIERS Common Securities held by WMI; (h) the appropriate rate of interest for the payment of postpetition interest should be the federal judgment rate; (i) late-filed claims are entitled to received distributions from the Debtors' estates; (j) to the extent that late-filed claims are not entitled to any distributions from the Debtors' estate, the Debtors' Chapter 11 Cases should be converted to a chapter 7 proceeding because, in that scenario, the Debtors could not satisfy the "best interest of creditors" test; (k) if the Bankruptcy Court denies confirmation of the Modified Plan, the Bankruptcy Court should consider converting the Debtors Chapter 11 Cases to a chapter 7 proceeding based upon the duration of these cases, the Debtors' failure to propose a "self-adjusting plan	(September 12, 2011) and, on that basis, the one year period set forth in Section 32.6(c) likely will not expire until August 2012. (c) The procedures for tendering securities 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 (because they have granted the releases) as well as those who elect to receive Reorganized Common Stock, and to ensure that the Debtors can match and reconcile all such elections. Contrary to the assertions of the Dime Warrant Plaintiffs, these restrictions were not put into place to discourage Dime Warrant holders from electing stock or to disrupt the trading market for Dime Warrants. Pursuant to the Modified Plan and the procedures approved by the Bankruptcy Court in the Supplemental Disclosure Statement Order, every class of securities is subject to identical tendering requirements, which the Debtors implemented after substantial analysis and discussions with professionals at Kurtzman Carson Consultants LLC, who are highly experienced in the solicitation of security holders, based upon their experience with similar elections procedures in other bankruptcy cases or company offerings. (d) The PIERS Claims constitute debt and, accordingly, the proposed treatment of the PIERS Claims under the Modified Plan is appropriate. See Confirmation Brief at 17-23. As set forth in the Modified Plan, while WMI may receive distributions on account of the PIERS Common Securities, it is not retaining such distributions pursuant to contractual subordination provisions contained in the PIERS governing documents. See Modified Plan § 20.1. Further, no value is being distributed to holders of PIERS Claims on account of the warrant component of the PIERS Claims and that certain order, dated January 28, 2010 [D.I. 2262] (allowing the PIERS Claims as Unsecured Claims), does not take into account the warrant component of the PIERS Claims. (e) As set forth in Section IV.C of the Supplemental Disclosure Statement,

1. Objections of Dime Warrant Plaintiffs **[D.I. 6886, 7912 & 8067]**	
of reorganization," and the ongoing costs to the Debtors' estates, which costs consist of professional fees and postpetition interest; and (l) the Bankruptcy Court should reconsider the Global Settlement Agreement based upon the Dime Warrant Plaintiffs' interpretation of certain statements made in Aurelius Objection.	in accordance with the Opinion, in order to maintain the Rights Offering, the Debtors would have had to make it available to all holders of PIERS Claims. See Opinion at 100. Modifying the Rights Offering in such manner, however, raised significant and complex issues pursuant to federal securities law and, therefore, maintenance of the Rights Offering was rendered impracticable. Furthermore, the Debtors are not required to include the Rights Offering. Upon the Effective Date, the board of directors and management of Reorganized WMI will have authority – and may elect in their discretion – to raise additional capital. (f) The proposed amendment is unnecessary. If the Bankruptcy Court deems any late-filed Claim to be timely filed based upon the excusable neglect standard, then such claim would not be a Late-Filed Claim. Instead, such Claim would be an allowed, timely-filed claim in whichever Class such Claim belongs (e.g., Class 12 (General Unsecured Claims)). (g) The Dime Warrant Plaintiffs do not provide any explanation for why this is "improper." In any event, even if this mechanism were not in place and the Debtors took whatever distribution that otherwise would go to WMI as holder of the PIERS Common Securities and instead contributed it to the "pot" of assets to be distributed to stakeholders,, such distributions ultimately would be distributed to the holders of the PIERS Preferred Securities in any case. (h) See Confirmation Brief at 62-72. (i) In the Opinion, the Bankruptcy Court stated that, pursuant to sections 726(a) and 1129 of the Bankruptcy Code, the Debtors must satisfy Late-Filed Claims prior to paying Postpetition Interest Claims. See Opinion at 90. In accordance with the Opinion, the Debtors created Class 12A for Late-Filed Claims. See Supplemental Disclosure Statement at 36, Modified Plan § 16.2.

1. Objections of Dime Warrant Plaintiffs **[D.I. 6886, 7912 & 8067]**	
	(j) Because the Modified Plan provides for payment of Late-Filed Claims, the Dime Warrant Plaintiffs' hypothetical regarding conversion is moot and does not warrant a response. Nevertheless, the Dime Warrant Plaintiffs remaining assertions with respect to conversion are addressed below. (k) The Debtors submit that conversion of the Chapter 11 Cases is not an objection to confirmation of the Modified Plan and therefore does not merit a response. Nevertheless, the Dime Warrant Plaintiffs' assertions are meritless. The protracted length of these Chapter 11 Cases is the result of numerous filings by certain stakeholders that have hampered the Debtors and other parties' efforts to obtain confirmation of the Debtors' proposed reorganization plans. For example, even after the Examiner determined that the Global Settlement Agreement was fair and reasonable, and that equity interest holders, like the Dime Warrant Plaintiffs, were "out-of-the-money," the same parties that requested the appointment of the Examiner engaged in efforts to bar the inclusion of the Examiner's findings at the hearing to consider confirmation of the Sixth Amended Plan. Based on these and other facts, the Debtors believe that conversion is wholly unwarranted. (l) The Dime Warrant Plaintiffs have failed to set forth any basis for reconsideration of the Global Settlement Agreement. Furthermore, the Bankruptcy Court has stated that its prior ruling with respect to the reasonableness of the Global Settlement Agreement is the "law of the case." See Hr'g Tr., Jan. 20, 2011, at 51:22-52:3; Hr'g Tr., Mar. 21, 2011, at 100:25-101:1.

2. Objections of the Equity Committee

[D.I. 6902 & 8073]

Objection	Response
The Equity Committee:	

2. Objections of the Equity Committee **[D.I. 6902 & 8073]**	
[redacted]	

3. Objections of Washington Mutual, Inc. Noteholders Group **[D.I. 6903 & 7919]**	
Objection	Response
The Washington Mutual, Inc. Noteholders Group ("WMI Noteholders") assert that: (a) the Debtors' Waterfall Recovery Matrix (referred to in the Modified Plan as the Subordination Model) does not adequately reflect the contractual subordination rights of holders of Senior Notes because (i) holders of Senior Subordinated Notes are not entitled to receive any distribution until Senior Notes Claims are paid in full, including Postpetition Interest Claims, and (ii) even if Senior Subordinated Note holders are not subordinated to the Postpetition Interest Claims of holders of Senior Notes, the Debtors' Waterfall Recovery Matrix improperly allocates the distributions in Tranche 2 between such Claims; (b) if the WMI Noteholders are not paid in full in cash as of the Effective Date, the Modified Plan's election rights violate the subordination rights of holders of Senior Notes; and (c) the Modified Plan should be amended to provide holders of "Senior Floating Rate Notes" with postpetition interest at a rate that is at least equal to the federal judgment rate.	(a)-(b) The Debtors submit that holders of Senior Notes Claims are not entitled to have their Postpetition Interest Claims paid ahead of Senior Subordinated Notes Claims because the so-called "Rule of Explicitness" applies and, even if it were not to apply, the relevant subordination provisions found in the applicable indentures do not envision the subordination of the Senior Subordinated Notes Claims below Postpetition Interest Claims of Senior Notes. The Rule of Explicitness prevents a senior creditor from collecting postpetition interest from distributions that would otherwise flow to a junior creditor unless the applicable subordination agreement unequivocally envisioned such a result and put the junior creditor on notice that it is subordinate to the payment of postpetition interest on senior debt. While Section 15.2 of the Senior Subordinated Notes Indenture provides that "Senior Debt shall be first paid and satisfied in full before any payment or distribution of any kind or character, whether in cash, property or securities," the indenture makes no mention of postpetition interest. The Debtors submit that the Rule of Explicitness should apply. Although some circuit courts have questioned the viability of the Rule of

3. Objections of Washington Mutual, Inc. Noteholders Group **[D.I. 6903 & 7919]**	
	Explicitness after Congress's enactment of section 510(a) of the Bankruptcy Code, other circuits have found that the rule may be enforced through section 510(a). See, e.g., In re Southeast Banking ("Southeast Banking I"), 156 F.3d 1114 (11th Cir. 1998). Indeed, section 510(a) of the Bankruptcy Code provides that "[a] subordination agreement is enforceable in a case under this title to the same extent that such agreement is enforceable under applicable nonbankruptcy law." 11 U.S.C. § 510(a). Pursuant to Section 1.12 of the Senior Subordinated Notes Indenture, the indenture is governed by New York law. Importantly, the New York Court of Appeals has applied the Rule of Explicitness and held that "New York law would require specific language in a subordination agreement to alert a junior creditor to its assumption of the risk and burden of allowing the payment of a senior creditor's post-petition interest demand." In re Southeast Banking Corp. ("Southeast Banking II"), 93 N.Y.2d 178, 185-86 (1999) ("[W]e are persuaded that the commercial and legal policies underlying the Rule of Explicitness remain sound and relevant."). Thus, in accordance with New York law, applicable pursuant to section 510(a) of the Bankruptcy Code, the Rule of Explicitness applies to preclude recovery of postpetition interest by Senior Notes Claims prior to any distributions to holders of the Senior Subordinated Notes. Additionally, even if the Rule of Explicitness were not to apply, under general rules of contract interpretation, the Senior Subordinated Notes Indenture does not expressly provide for the payment of postpetition interest to senior claimants prior to any distribution to holders of the Senior Subordinated Notes. Although the WMI Noteholders assert that, by its plain meaning, the phrase "paid and satisfied in full" in Section 15.2 of the Senior Subordinated Notes Indenture unambiguously includes principal and interest, the Debtors do not agree. See Southeast Banking I, 156 F.3d at 1124 ("We note that although the 'paid in full' language present in the subordination agreements sounds in absolute terms, in the context of bankruptcy proceedings (which the parties to a subordination agreement obviously contemplated to some extent), the phrase is ambiguous."). Accordingly, the Waterfall Recovery Matrix correctly

3. Objections of Washington Mutual, Inc. Noteholders Group [D.I. 6903 & 7919]	
	places the Senior Note holders' Post-Petition Interest Claims in the proper tranche. (ii) The Debtors submit that their Waterfall Recovery Matrix properly implements the subordination rights of holders of Senior Notes. The WMI Noteholders object that, in calculating the ratio for distribution in Tranche 2, the Waterfall Recovery Matrix inappropriately excludes the amount of prepetition Senior Notes Claims. The Debtors submit that there is nothing objectionable about this procedure, and in fact, it is envisioned in the PIERS Indentures, which states that "the holders of all Senior Indebtedness shall be entitled first to receive payment of the full amount due thereon . . . ." See First Supplemental Junior Subordinated Notes Indenture § 6.1 (emphasis added). Thus, amounts that already have been paid are not "due thereon." Further the CCB Indenture also contemplates the Debtors' pro rata calculations as payments to holders of senior debt are to be made pro rata, after taking into account payments already made to such holders of senior debt. See CCB Indenture § 15.03 (stating that payments shall be made to "holders of Senior Indebtedness of the Company (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders, as calculated by the Company) . . . to the extent necessary to pay such Senior Indebtedness in full, in money or money's worth, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness . . .) Accordingly, it would be improper to include any Senior Indebtedness already paid (i.e., the full amount of the prepetition Senior Notes Claims) in determining the pro rata distribution of amounts subject to pay-over. (b) The Debtors submit that the election rights in the Modified Plan comport with creditors' applicable subordination rights. In addition to having the right, pursuant to Section 6.2 of the Modified Plan, to elect to receive Reorganized Common Stock as part of a holder's initial distribution from the Debtors, to the extent that holders of Senior Notes Claims are not paid in full on the Effective Date, such holders may,

3. Objections of Washington Mutual, Inc. Noteholders Group **[D.I. 6903 & 7919]**	
	pursuant to the applicable subordination provisions in the Indentures and Guarantee Agreements and Sections 6.1 and 6.2 of the Modified Plan, claw back distributions made to junior creditors until holders of Senior Notes are paid in full. To the extent that holders of Senior Notes Claims did not elect to receive Reorganized Common Stock on account of payover rights, holders of Senior Notes Claims have waived their rights to claw back Reorganized Common Stock from holders of PIERS Claims or other junior creditors. Pursuant to Section 19.2 of the Modified Plan, failure to elect to receive Reorganized Common Stock is deemed to be a waiver and relinquishment of such right. The Class 2 Ballot, which was approved pursuant to the Supplemental Disclosure Statement Order, also explicitly states that, "[f]ailure by any holder of an Allowed Senior Notes Claim to elect to exercise election rights on or before the Voting Deadline shall constitute a deemed waiver and relinquishment of such rights by such holder." Thus, based upon the waivers set forth in the Modified Plan and in the Ballots, these holders of the Senior Notes Claims have no basis on which to object to the distribution of Reorganized Common Stock to holders of PIERS Claims as they effectively waived this argument and any rights notwithstanding the relevant subordination provisions. (c) Consistent with the Opinion, the Debtors will pay postpetition interest to unsecured creditors at a rate that is at least the federal judgment rate.

4. Objection of the WMB Noteholders **[D.I. 6905 & 7483]**	
Objection	Response
The WMB Noteholders, represented by Drinker Biddle & Reath LLP (the "DBR Group"), object to the allegedly improper treatment of postpetition interest and late-filed claims in the Modified Plan, because:	(a)-(b) Payment of (i) Postpetition Interest Claims of non-subordinated unsecured creditors and (ii) Late-Filed Claims prior to payment of Allowed Subordinated Claims is consistent with section 726 of the Bankruptcy Code, which expressly provides that its distribution scheme

4. Objection of the WMB Noteholders **[D.I. 6905 & 7483]**	
(a) pursuant to section 726(a) of the Bankruptcy Code and the Opinion, non-subordinated unsecured creditors should not receive postpetition interest before holders of Allowed Class 18 Subordinated Claims receive full payment; (b) pursuant to section 726(a) of the Bankruptcy Code, holders of Late-Filed Claims should not receive any payment before holders of Allowed Class 18 Subordinated Claims receive full payment; (c) classification in Class 17A of both direct and derivative claims (referred to in the Objection as "Misrepresentation Claims") related to WMB Senior Notes places dissimilar claims in the same class in violation of section 1122(a) of the Bankruptcy Code and results in disparate treatment of claims within the same class in violation of section 1123(a)(4) of the Bankruptcy Code; and (d) the members of the DBR Group would receive more in a chapter 7 liquidation than they are projected to receive pursuant to the Modified Plan.	applies "except as provided in section 510 of this title," and the Bankruptcy Court's Opinion, which recognizes that "[t]he priority of distributions established under section 726(a) . . . is expressly subject to subordination under section 510." Opinion at 89. (c) The DBR Group's objection regarding the appropriateness of the classification of their Misrepresentation Claims is groundless and mischaracterizes the Modified Plan. On October 17, 2010, the Debtors filed the *Debtors' Fifty-Fifth Omnibus (Substantive) Objection to Claims* [D.I. 5616], and the *Debtors' Fifty-Sixth Omnibus (Substantive) Objection to Claims* [D.I. 5618] (together, the "Omnibus Objections"). In the Omnibus Objections, the Debtors objected to all the claims asserted by the holders of WMB Subordinated Notes, including the Misrepresentation Claims. At the hearing on the Omnibus Objections, the Bankruptcy Court ruled from the bench, and subsequently memorialized in the Opinion, see Opinion at 103-05, that the Misrepresentation Claims held by the holders of WMB Subordinated Notes should be subordinated pursuant to section 510(b) of the Bankruptcy Code. Moreover, the Debtors have commenced an adversary proceeding, Adv. Pro. No. 10-53420 (MFW), in which the Debtors seek, to the extent that a WMB Senior Notes Claim includes both direct and Misrepresentation Claims, the bifurcation of such Claim, with the subordinated portion (referred to in the Modified Plan as a "Section 510(b) Subordinated WMB Notes Claim") to be classified as a Class 18 Subordinated Claim. Thus, contrary to the DBR Group's assertions, the Debtors have not classified direct Claims and Misrepresentation Claims related to WMB Senior Notes in the same Class. In addition, the allegation of disparate treatment in violation of section 1123(a)(4) of the Bankruptcy Code is insupportable in light of the Bankruptcy Court's prior rulings. As stated in the Opinion, in analyzing alleged discrimination, "[w]hat is important is that each claimant within a

4. Objection of the WMB Noteholders **[D.I. 6905 & 7483]**	
	class have the same opportunity to receive equal treatment." Opinion at 86. The DBR Group's contention that certain claimants in Class 17A are "required" to relinquish claims while other claimants in the same Class are not, is incorrect. Consistent with the Opinion, each holder of a Claim in Class 17A has the same opportunity. (d) See supra (a). The Debtors further submit that, in the event of a chapter 7 liquidation of the Debtors' estates, creditors – including the DBR Group, to the extent they hold valid Claims against the Debtors' estates – likely would receive smaller distributions than they would otherwise receive under the proposed Modified Plan. As set forth in the Supplemental Disclosure Statement, after considering the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the chapter 11 cases, including (i) the costs and expenses of a chapter 7 liquidation arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, who would need to become familiar with the many complex legal and factual issues in the Debtors' bankruptcy cases and (ii) the erosion in value of assets in a chapter 7 case resulting from the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, the Debtors have determined that confirmation of the Modified Plan will provide each holder of an Allowed Claim with a recovery that is greater than the distribution such holder would receive upon the liquidation of the Debtors' estates pursuant to chapter 7 of the Bankruptcy Code. See Supplemental Disclosure Statement, Exhibit D (Liquidation Analysis). This is all without even considering that the positive results obtained through the Amended Global Settlement Agreement may be totally lost through adverse determinations in litigations. Furthermore, the Debtors believe that, under a chapter 7 liquidation, the DBR Group likely would receive a zero recovery because the members of the DBR Group, by admission, have only derivative claims of WMB, and, therefore, would not be entitled to a distribution as the FDIC has

4. Objection of the WMB Noteholders **[D.I. 6905 & 7483]**	
	negotiated a resolution on their behalf. There is no guarantee that a chapter 7 trustee would provide such a favorable settlement (or any settlement for that matter).

5. Objection of Black Horse Capital Management LLC[8] **[D.I. 6906]**	
Objection	Response
Black Horse Capital Management LLC ("Black Horse") objects that the Debtors mischaracterize the potential impact of sections 269 and 382 of the Internal Revenue Code (the "Tax 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, raise new capital in excess of $140 million, and use their net operating losses ("NOLs") consistent with sections 269 and 382 of the Tax Code.	Blackstone's estimation of the amount of new capital that Reorganized WMI could raise – up to $115 to $140 million (the value of Reorganized WMI excluding the NOL) – is principally based upon the constraints effectively imposed by section 269 of the Tax Code given the facts and circumstances. Blackstone's valuation necessarily assumes that all actions undertaken by the Reorganized Debtors are for sound business purposes; however, this assumption does not diminish the tax risks implicated by section 269 of the Tax Code with respect to the creditors' acquisition of Reorganized WMI pursuant to the Modified Plan. Specifically, as discussed in the *Revised Supplemental Disclosure Statement for the Modified Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* [D.I. 6966] (the "Revised Supplemental Disclosure Statement"), section 269 operates to disallow the NOLs in any case where the IRS determines that the principal purpose of any group of persons acquiring control of the reorganized company is to obtain the use of NOLs. See Revised Supplemental Disclosure Statement at 57-59. Thus, where a substantial portion of the value of the reorganized company arises from the availability of NOLs, the IRS may determine that the distribution of stock pursuant to the plan is primarily motivated by tax avoidance goals and may disallow the NOLs pursuant to section 269. The fact that the Reorganized Debtors will only pursue acquisitions that make sound business sense does not address the

[8] Black Horse Capital Management LLC's objection was filed in connection with the Supplemental Disclosure Statement. It did not file a separate objection to confirmation of the Modified Plan.

5. Objection of Black Horse Capital Management LLC[8] **[D.I. 6906]**	
	reason for which the stock of Reorganized WMI is being acquired by the creditors in the first instance, and, thus, is not relevant for determining whether section 269 may limit Reorganized WMI's ability to use the full amount of the NOLs post-emergence. Section 382 of the Tax Code also imposes certain constraints. As discussed in the Supplemental Disclosure Statement, under section 382 of the Tax Code, if a corporation (or consolidated group) undergoes an "ownership change," the amount of its pre-change losses (including certain losses or deductions which are "built-in," i.e., economically accrued but unrecognized, as of the date of the ownership change) that may be utilized to offset future taxable income generally are subject to an annual limitation. This is true regardless of whether a "principal business purpose" and "sound business motivations" exist for the ownership change. The Debtors expect that an initial "ownership change" for purpose of section 382 will occur pursuant to the Modified Plan on the Effective Date.

6. Objection by the ANICO Plaintiffs **[D.I. 6907 & 7477]**	
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 (collectively, the "ANICO Plaintiffs") reserve their rights to object to the Modified Plan.	The Debtors submit that no response is required with regard to the ANICO Plaintiffs' Objection.

7. Objection of Policeman's Annuity and Benefit Fund of the City of Chicago and Doral Bank Puerto Rico Objection of Meltzer Investment and Walden Management Co. Pension Plan **[D.I. 7478 & 7479]**	
Objection	Response
Policemen's Annuity and Benefit Fund of the City of Chicago ("Policemen's Fund"), Doral Bank Puerto Rico ("Doral"), Meltzer Investment GmbH ("Metzler"), and Walden Management Co. Pension Plan ("Walden" and, collectively with Policeman's Fund, Doral and Metzler, the "Lead Plaintiffs"), each on behalf of the members of their respective putative securities classes, object that: (a) the Modified Plan should not impact the rights of Lead Plaintiffs and the classes they represent to proceed with their claims against the Debtors to the extent of available insurance coverage, irrespective of any injunction, discharge or distribution under the Modified Plan; (b) the Modified Plan does not provide any basis for the extension of stays or injunctions beyond the Confirmation Date or Effective Date, and such extension is inappropriate and prejudicial to Lead Plaintiffs and the classes they represent; and (c) the Modified Plan should provide for postpetition interest to General Unsecured Creditors at the federal judgment rate rather than the contract rate.	(a) The Debtors submit that there is no basis to grant the Lead Plaintiffs' request to limit the discharge of the Debtors provided in the Modified Plan so that the Lead Plaintiffs, on behalf of each of their respective classes, may pursue their claims against the Debtors, to the extent of available insurance proceeds. Section 1141(d) of the Bankruptcy Code expressly authorizes the discharge of prepetition claims against a debtor. In accordance with section 1141(d) of the Bankruptcy Code, Section 43.2(a) of the Modified Plan provides that, upon the Effective Date, the Debtors shall be deemed discharged and released from, among other things, any and all Claims, suits, and causes of action of any nature whatsoever, including, without limitation, liabilities that arose before the Effective Date. See Modified Plan § 43.2. Furthermore, the Lead Plaintiffs' claim that the discharge provisions of the Bankruptcy Code and the Modified Plan are inapplicable because WMI is allegedly liquidating ignores the unambiguous provisions of the Modified Plan, which provide, among other things, that the Reorganized Debtors will continue to operate as a going concern. Because the Modified Plan is consistent with the provisions of the Bankruptcy Code, the Lead Plaintiffs' request for an exception to the Modified Plan's discharge and injunction provisions should be denied. (b) The Debtors believe that the extension of stays and injunctions provided in Section 43.13 of the Modified Plan is necessary and appropriate to protect the Liquidating Trustee from parties seeking to assert claims and causes of action against the Liquidating Trust, and will enable the Liquidating Trustee to effectively manage and administer the Liquidating Trust Assets and distribute the proceeds thereof to creditors. Moreover, the extension of injunctions to the closing of the case is typical in large, complex chapter 11 cases involving liquidating trusts. See, e.g., In re Motors Liquidation Co., No. 09-50026 (REG) (Bankr. S.D.N.Y.

7. Objection of Policeman's Annuity and Benefit Fund of the City of Chicago and Doral Bank Puerto Rico Objection of Meltzer Investment and Walden Management Co. Pension Plan **[D.I. 7478 & 7479]**	
	Mar. 29, 2011) [D.I. 9941] (confirming chapter 11 plan containing a similar provision); In re Enron Corp., No. 01-16034 (AJG) (Bankr. S.D.N.Y. July 15, 2004) [D.I. 19759] (same). To the extent necessary, the Lead Plaintiffs or other parties may seek relief from the Bankruptcy Court from stays and injunctions set forth in the Modified Plan. Accordingly, the Debtors submit that Section 43.13 of the Modified Plan will not prejudice the Lead Plaintiffs or the classes they represent. (c) See Confirmation Brief at 62-72.

8. Objection by Keystone Entities **[D.I. 7472]**	
Objection	Response
Keystone Holdings Partners, L.P. ("KH Holdings") and Escrow Partners, L.P. (the "Escrow Partners" and, together with KH Holdings, the "Keystone Entities") object that, in connection with the Debtors' proposed assumption of that certain Escrow Agreement, dated December 20, 1996, as amended, by and among The Bank of New York, WMI, KH Holdings and Escrow Partners (the "Escrow Agreement"): (a) the Escrow Agreement must be identified completely and, in that regard, the Debtors must assume that certain Agreement for Merger, dated as of July 21, 1996, among WMI, KH Holdings, Keystone Holdings, Inc., New American Holdings, Inc., New American Capital, Inc., N.A. Capital Holdings, Inc. and American Savings Bank, F.A., and all related schedules and exhibits (the "Merger Agreement") because it is an integral part of the Escrow Agreement; (b) the Debtors must cure any defaults under the Escrow Agreement (including $6,861,813 allegedly owed to the Keystone Entities; the	(a)-(c) The Keystone Entities previously raised the same objections to the Sixth Amended Plan and, at that time, the Debtors and the Keystone Entities resolved such objections by entering into that certain *Stipulation and Agreement Between the Debtors, Keystone Holdings Partners, L.P., and Escrow Partners, L.P.*, dated December 6, 2010 (the "Keystone Stipulation"). On December 7, 2010, the Debtors filed a motion requesting that the Bankruptcy Court enter an order approving the Keystone Stipulation, and that such order be entered "in conjunction with entry of an order approving the Plan." Accordingly, the Debtors believe that, upon entry of an order approving the Keystone Stipulation, the Keystone Entities' Objection will be moot. Indeed, the Keystone Entities note in their Objection that the objections raised therein will be resolved upon entry of an order approving the Keystone Stipulation. The Debtors submit that, to the extent the Bankruptcy Court determines that approval of the Keystone Stipulation is warranted, the Bankruptcy Court should grant such approval at the outset of the Confirmation Hearing, and thereby obviate the need to address this

8. Objection by Keystone Entities **[D.I. 7472]**	
repayment of step down payments made by the Escrow Agent to WMI in the approximate amount of $1.3 million; and the Keystone Entities' legal fees in prosecuting their rights in connection with the Escrow Agreement) and the Modified Plan or the Plan Supplement must specify the appropriate cure associated with the Debtors' proposed assumption of the Escrow Agreement; and (c) the Debtors and the Liquidating Trust must provide (and specify in the Modified Plan), adequate assurance of future performance with respect to the Escrow Agreement pursuant to section 365 of the Bankruptcy Code.	Objection.

9. Objection of Stephen J. Rotella **Limited Objection of Todd Baker, Thomas Casey, Alfred Brooks, Debra Horvath, John McMurray, and David Schneider** **[D.I. 7473 & 7476]**	
Objection	Response
Stephen J. Rotella and the other above-named former employee claimants (collectively, the "Employee Claimants") object: (a) that the Debtors, pursuant to Section 36.6 of the Modified Plan, impermissibly seek to reject their indemnification obligations to their prepetition directors and officers, which arise from their employment agreements with WMI, the articles of incorporation and by-laws of WMI, Washington state law, and federal regulations, none of which constitute "executory contracts" subject to rejection; and (b) to the extent that rejection of the indemnification obligations has any effect on the insurance policies covering the Debtors' indemnification obligations or the obligations of insurers under those policies.	(a) The Debtors seek to reject the indemnification obligations pursuant to the Modified Plan only out of an abundance of caution. Whether or not the contracts relating to the Debtors' indemnification obligations are executory, the net result is the same: the Employee Claimants have prepetition contingent claims against the Debtors' estates for indemnification, to which the Debtors objected in their *Sixtieth Omnibus Objection to Claims* [D.I. 5970], pending before the Bankruptcy Court. (b) The Debtors believe that the rejection of their indemnification obligations will have no effect upon the obligations of insurers under the related insurance policies.

10. Objection by Normandy Hill Capital L.P. **[D.I. 7475 & 7481]**	
Objection	Response
Normandy Hill Capital L.P. ("Normandy") asserts that: (a) if the Bankruptcy Court finds that the federal judgment rate of interest is the correct rate of postpetition interest to be paid by the Debtors on account of Allowed Claims, then the subordination of the recoveries of holders of PIERS Claims to Postpetition Interest Claims of senior debt holders also must be limited to the federal judgment rate; and (b) if the Bankruptcy Court finds that the contract rate of interest is the correct postpetition interest rate, then the Bankruptcy Court should equitably subordinate the postpetition interest owed by holders of PIERS Claims to senior creditors in excess of the federal judgment rate of interest.	(a)-(b) The objections interposed by Normandy reflect certain disputes between creditors arising from certain inter-creditor agreements. As the resolution of such disputes has no bearing on confirmation of the Modified Plan, the Debtors do not believe a response to Normandy's Objection is warranted.

11. Objection by TPS Consortium **[D.I. 6908, 7480 & 8100]**	
Objection	Response
Certain holders of interests in trust preferred securities (collectively, the "TPS Consortium") object that: (a)(i) the filing of the notice of appeal from the Bankruptcy Court's ruling in the TPS Action (the "TPS Appeal") divested the Bankruptcy Court of its jurisdiction to complete the conditional exchange or consider any aspect of the Modified Plan's proposed releases or the Amended Global Settlement Agreement that would (A) affect any of the TPS Consortium's claims against JPMC (or any of JPMC's affiliates), or (B) purport to deliver the trust preferred securities to JPMC "free and clear" of the claims currently on appeal; and (ii) the Bankruptcy Court should deposit the trust preferred securities into an escrow account and avoid ruling on any provision	(a)(i),(ii) See Supplemental Confirmation Memorandum. (b) See Confirmation Brief at 62-72. (c) In accordance with the Bankruptcy Courts' Opinion, the Modified Plan only contains consensual third party releases, which releases are permissible. See Confirmation Brief at 41-42. (i) The proposed releases in Section 43.6 of the Modified Plan are expressly limited to the parties that have elected to grant such releases and have received a distribution. In fact, Section of 43.6 unambiguously states Each Entity that (i) has held, currently holds or may hold a Released

11. Objection by TPS Consortium **[D.I. 6908, 7480 & 8100]**	
of the Modified Plan that "would interfere with the pending appeal"; (b) the Modified Plan inappropriately pays postpetition interest on allowed unsecured claims at the contract rate rather than the federal judgment rate; (c) the Modified Plan continues to provide nonconsensual releases to third parties and enjoins actions against assets and properties provided to such third parties, and specifically asserts that (i) Section 43.6 (A) "fails to explicitly preserve the rights of non-electing holders to pursue claims against non-debtor third parties notwithstanding any other provision of the Plan," and (B) "does nothing to limit the applicability of the Plan's illegal releases to the third- party claims of those punished holders"; (ii) Section 43.1 is overbroad and impermissible to the extent the "free and clear" language would deprive non-electing holders of the ability to seek recovery from assets delivered to JPMC, including the Trust Preferred Securities and the value of Washington Mutual Preferred Funding LLC which are being transferred to JPMC under the Plan; (iii) Section 43.2 discharges and releases Debtors and Reorganized Debtors from any and all Claims and suits whether or not the holder of a Claim based upon such debt voted to accept the Plan. This provision is overbroad and impermissible to the extent it fails to carve out the pending appeal of the TPS Litigation, the subject matter of which is now before the District Court; (iv) Section 43.3 provides injunctive protection to all of the Released Parties (which includes JPMC and its Related Persons) and with respect to their assets. This provision is overbroad and impermissible to the extent such injunction applies to non-electing holders or purports to affect the appeal of the TPS Litigation, (v) Section 43.10 "should explicitly limit deemed consent with respect to each Claim or Equity Interest for which the election is made, as discussed above, so that holders are able to elect whether to grant such release with respect to each Claim or Equity Interest held" (emphasis omitted);	Claim, (ii) is entitled to receive, directly or indirectly, a distribution or satisfaction of its claim pursuant to the Plan, and (iii) elects, by not checking or checking the appropriate box on its Ballot or election form, as the case may be, to grant the releases set forth in this Section 43.6 . . . Modified Plan, § 43.6 (emphasis added). Accordingly, the modification proposed by the TPS Consortium is unnecessary. (ii) The TPS Consortium's objection to the scope of Section 43.1 of the Modified Plan appears to be based upon a misconception. Section 43.1 provides for the vesting of "title to all assets and properties encompassed by the Plan" on the Effective Date. Modified Plan, § 43.1. Although the Modified Plan contemplates the transfer of title to certain assets to JPMC, non-electing holders of claims do not have ownership interests in such assets. Therefore, to the extent that non-electing holders have claims against JPMC, Section 43.1 of the Modified Plan does not impact such claims. (iii) The proposed discharge set forth in Section 43.2 of the Modified Plan is based upon the statutory discharge provided under the Bankruptcy Code. Section 43.2 protects the Debtors against parties asserting claims against assets of the estates other than in the manner set forth in the Modified Plan. Accordingly, Section 43.2 ensures that any distributions on account of claims against the Debtors are made in accordance with the Modified Plan. (iv) Section 43.3 of the Modified Plan plainly excludes parties that have opted out of the proposed releases in Section 43.6. See Modified Plan, § 43.3 ("Except as otherwise expressly provided in Section 43.6 . . . ."). As discussed above, a stakeholder that does not elect to grant the releases in Section 43.6 and does not receive a distribution, is not bound by such releases.

11. Objection by TPS Consortium **[D.I. 6908, 7480 & 8100]**	
(d) the Modified Plan violates sections 1129(a)(1) and 1129(a)(3) of the Bankruptcy Code because (i) the Plan's proposed assumption of the Trust Preferred Securities exchange agreements (each calling for the issuance of the WMI preferred stock that was to have been "exchanged" for the Trust Preferred Securities) violates the prohibition against assumption of agreements "to issue a security of the debtor" set forth in section 365(c)(2) of the Bankruptcy Code; (ii) the alleged insider trading activities of the Settlement Note Holders, if proven, preclude a finding that the Modified Plan was proposed in good faith; and (iii) the Modified Plan provides (A) unequal treatment to members within Class 19 based upon their votes on the Sixth Amended Plan, and (B) separate, and unfair treatment of Class 19 and Class 20, which is comprised of other WMI preferred equity holders with rights pari passu to those held by members of Class 19, because Class 20 is allowed to vote and obtain estate distributions, but Class 19 is not; (e) the Bankruptcy Court lacks jurisdiction to consider approval of the Global Settlement Agreement because approval thereof is beyond the Bankruptcy Court's constitutional authority, and that the TPS Consortium's supplemental Objection, filed after the Objection Deadline is timely because it challenges the Bankruptcy Court's jurisdiction; and (f) the Bankruptcy Court must reconsider its approval of the Global Settlement Agreement in light of a recent ruling by the D.C. Circuit Court with respect to the Texas Litigation.	(v) The Bankruptcy Court already has ruled that, to the extent a stakeholder grants a release on account of its Claim in a given Class, such release will be deemed to only apply to such Claim, and not to any other Claims that the stakeholder may have in any other Classes. Accordingly, the TPS Consortium's objection is moot. (d)(i) As discussed in more detail in the Defendants' Joint Reply in Support of their Motions for Summary Judgment and Opposition to Plaintiffs' Cross-Motion for Summary Judgment, filed November 22, 2010 [TPS Action, D.I. 149], because the Conditional Exchange occurred prior to the Debtors' chapter 11 filing, and because, as of the occurrence of the Conditional Exchange, the Trust Preferred Securities were deemed to be held by WMI, the Exchange Agreements are not executory contracts, and section 365(c)(2) of the Bankruptcy Code is not implicated. At the time the Conditional Exchange became effective on September 26, 2008, all material obligations of the parties had been performed. See In re Federal-Mogul Global, Inc., 385 B.R. 560, 575 (Bankr. D. Del. 2008) (citing Sharon Steel Corp. v. Nat'l Fuel Gas Dist. Corp., 872 F.2d 36, 29 (3d Cir. 1989) (stating that an executory contract is "a contract under which the obligation of both the bankrupt and the other party to the contract are so far unperformed that the failure of either to complete performance would constitute a material breach excusing performance of the other"). Out of an abundance of caution, however, the Debtors have included the Exchange Agreements in the list of executory contracts to be assumed pursuant to the Modified Plan. See Plan Supplement, Exhibit D at 7. Section 365(c)(2), however, poses no bar to assumption of these agreements. The rationale behind passage of section 365(c)(2) was Congress' concern that non-debtors might be forced to provide "new money" to the estate if debtors could assume contracts for the issuance of securities. See S. Rep. No. 95-989, at 58-59 (1978) ("The purpose of this subsection is to make it clear that a party to a transaction which is based upon the financial strength of a debtor should not be required to extend new credit to the debtor whether in form of loans, lease financing, or the

11. Objection by TPS Consortium	**[D.I. 6908, 7480 & 8100]**
	purchase or discount of notes." (emphasis added)); see In re Teligent, Inc., 268 B.R. 723, 737 (Bankr. S.D.N.Y. 2001) (examining the legislative history of section 365(c) and concluding that: Section 365(c)(2) was intended to deal with a specific fear: forcing a lender to extend new cash or new credit to a trustee or his assignee through the assumption of a pre-petition financial agreement. Contracts to . . . issue a security of the debtor were the variations of the type of agreement that raised this concern. . . . Accordingly, a contract to "issue a security of the debtor," as used in § 365(c)(2), refers to a pre-petition agreement obligation the non-debtor to advance new cash or credit in exchange for the debtor's . . . stock (an equity security). Section 365(c)(2) does not, however, apply to every contract involving an extension of credit, or by analogy, the issuance of a security. (certain emphases in original)). The Teligent case held that a contract containing an incidental promise to deliver stock was "no more a contract to issue a security than it is a contract to extend credit[, . . . because, importantly,] the Merger Agreement does not call upon the Shareholders to delivery new cash or credit in exchange for Teligent's common stock." Id. at 738. Here, the remaining administrative steps that Debtors' seek to complete through the Plan does not disturb the status quo of the estate – no money is changing hands, and no value will come into or leave the estate. Even more directly on point is Judge Farnan's decision in Chase Manhattan Bank v. Iridium Africa Corporation, No. 00-564 (JJF), 2004 WL 323178 (D. Del. Feb. 13, 2004). There, the court held that an agreement requiring LLC members to purchase additional LLC interests from the debtor upon an event of default was not subject to section 365(c)(2) because the purchase commitment was "analogous to an old 'equity investment' that the Member already made." That is precisely the circumstance here because the plaintiffs in the TPS Action made their investment long ago and no one is calling on them to commit new money.

11. Objection by TPS Consortium **[D.I. 6908, 7480 & 8100]**	
	Issuance of WMI preferred stock to the plaintiffs in the TPS Action in order to complete the documentation of the exchange does not require any payment or new money coming into the estate. The exchange agreements thus are not agreements "to issue" a security of the debtor within the meaning of section 365(c)(2) and that section does not stand as an obstacle to a ruling by the Bankruptcy Court that the Modified Plan is confirmable. Here, before the Trust Preferred Securities even issued, the WMI Board of Directors established the REIT Series out of previously authorized preferred stock and authorized their issuance "if and only if a Conditional Exchange occurs." (McCombs Decl., Exs. 1A-1E (board resolutions); id., Exs. 2A-2E (articles of amendment creating REIT Series); id., Ex. 2E, p. 2 ("There is hereby created . . . a series of [WMI] preferred stock designated as the 'Series N . . . Preferred Stock'" (emphasis added).) Thus, under the Washington Business Corporation Act, every corporate act necessary for issuance of the WMI preferred shares was duly approved by the Board of Directors. See Wash. Rev. Code § 23B.06.210. Any steps that may be necessary to appropriately document the status of the plaintiffs in the TPS Action as WMI preferred shareholders can be accomplished under section 1142 of the Bankruptcy Code without assumption of the Exchange Agreement or any other agreement. See 11 U.S.C. § 1142(b) ("The Court may direct the debtor . . . to execute or deliver. . . any instrument required to effect a transfer of property dealt with by a confirmed plan, and to perform any other act . . . that is necessary for the consummation of the plan.") (ii) [redacted]

11. Objection by TPS Consortium **[D.I. 6908, 7480 & 8100]**	
	Bankruptcy Court has unequivocally found "no evidence of lack of good faith . . . More than innuendo and speculation is needed to establish a lack of good faith." Opinion at 106. (iii)(A)-(B) The prior rulings of the Bankruptcy Court leave no room for either of these objections. First, the Bankruptcy Court already has determined that the analysis of alleged discriminatory treatment turns on whether uniform treatment was offered to each member of a Class. See Opinion at 86 ("What is important is that each claimant within a class have the same opportunity to receive equal treatment."); see also Opinion at 85 ("Providing different treatment to a creditor who agrees to settle instead of litigating is permitted by section 1123(a)(4).") All holders of Claims in Class 19 were eligible to opt into – not opt out of – receiving a distribution from JPMC in exchange for a release. Notwithstanding that certain members of Class 19 belatedly may wish to obtain the previously-available distributions, at the time such distributions were made available, all members of Class 19 had the opportunity to receive them. For this reason, the allegation of unfair treatment is meritless. Second, the Bankruptcy Court already has considered and ruled on whether the Debtors should have given holders of Claims in Class 19 the opportunity to revote. At the Supplemental Disclosure Statement Hearing, the Bankruptcy Court acknowledged that such holders already cast their votes, and further observed that, even if the holders of Claims in Class 19 were permitted to revote, "JPMC has asserted that the distribution to [Class 19] is only available to those who previously voted to give the release." Hr'g Tr., Mar 21, 2011, 168:11-13. Accordingly, these objections should be overruled. (e) See Supplemental Confirmation Memorandum. (f) [redacted]

12. Statement and Consolidated Response of Bank of New York Mellon Trust Co. **[D.I. 7920 & 8103]**	
Objection	Response
The Senior Notes Trustee (a) requests, in its statement, that the Bankruptcy Court permit each senior note holder to exercise their subordination rights on an individual basis (as opposed to enforcing rights only as a class) against distributions of Reorganized Common Stock in the event that the Senior Notes Claims are not paid in full in Cash on the Effective Date and the holders of Senior Notes Claims are entitled to elect to receive redistributions of Reorganized Common Stock from junior creditors, and (b) in its response to certain Objections, expressly states that it supports the Modified Plan and that the issues raised in its response "do not go to confirmability of the [Modified] Plan but rather to intercreditor issues."	The Debtors submit that the Senior Notes Trustee's statement and response to certain Objections address an intercreditor dispute and does not constitute an objection to confirmation of the Modified Plan. Accordingly, the Debtors do not believe a response is necessary.

13. Statement of Wells Fargo Bank, N.A. as Indenture Trustee for the PIERS **[D.I. 7939]**	
Objection	Response
Wells Fargo Bank N.A., as Indenture Trustee for the PIERS ("Wells Fargo") asserts that: (a) based on the "Rule of Explicitness" as applied to the subordination provision of the PIERS Indenture, the PIERS Claims are subordinate to the Postpetition Interest Claims of senior debtholders only to the extent of the post-petition interest rate awarded by the Bankruptcy Court. Therefore, Wells Fargo argues, if the Bankruptcy Court awards post-petition interest to senior debtholders at the federal judgment rate, the PIERS creditors are subordinate to senior creditors' Post-Petition Interest Claims at the federal judgment rate, rather than the contract rate;	(a) See supra Response to WMI Noteholders' Objection. (b) See infra Response to Normandy's Objection. (c) [redacted]

13. Statement of Wells Fargo Bank, N.A. as Indenture Trustee for the PIERS **[D.I. 7939]**	
(b) if the Bankruptcy Court finds that the equities of the case require the estates to pay post-petition interest at the federal judgment rate, it should apply the same equitable post-petition interest rate to the subordination obligations of the PIERS creditors to "preserve PIERS Creditors' equitable subrogation rights" and contractual subrogation rights and avoid unjust enrichment of the senior debtholders; (c) if the Bankruptcy Court awards post-petition interest at the federal judgment rate based on the improper conduct of certain senior creditors, "it would be unfair" and "contrary to the public policy of New York" to require all PIERS holders to pay postpetition interest to the senior creditors at the contract rate because parties who have committed a wrong should not benefit at the expense of the PIERS holders.	

14. Objection of Aurelius Capital Management **[D.I. 7951]**	
Objection	Response
Aurelius Capital Management ("Aurelius") objects that: (a) approval of the Amended Global Settlement Agreement must be reconsidered and the Modified Plan cannot be confirmed unless the Amended Global Settlement Agreement is further amended to require JPMC to provide additional consideration to compensate the Debtors for the delay in consummating the settlement; (b) the Modified Plan impermissibly provides for distributions to Late-Filed Claims in Class 12A in violation of applicable bankruptcy law because the priorities set forth in section 726 of the Bankruptcy Code do not apply in a case under chapter 11; and	(a) The Aurelius objection to the Amended Global Settlement Agreement is a thinly-veiled attempt to relitigate the terms of the Amended Global Settlement Agreement – something the Bankruptcy Court has stated will not be countenanced. See Hr'g Tr., Jan. 20, 2011, at 51:22-52:3; Hr'g Tr., Mar. 21, 2011, at 100:25-101:1. Putting aside the fact that Aurelius has not filed a motion for reconsideration or provided any legal support for such request, at the January 20, 2011 status conference, the Bankruptcy Court noted that it would not reconsider its prior ruling with respect to the reasonableness of the Global Settlement Agreement. Accordingly, the attempt by Aurelius to do so should not succeed. Furthermore, Aurelius's statement that the Global Settlement Agreement's

14. Objection of Aurelius Capital Management **[D.I. 7951]**	
(c) although Aurelius believes the Debtors have satisfied all of their obligations under certain postpetition confidentiality agreements with Aurelius and other parties, in light of the Equity Committee's investigation of the Settlement Note Holders, the Modified Plan should not be confirmed unless it preserves claims that Aurelius may hold against the Debtors and their officers and professionals related to the postpetition confidentiality agreements and reserves cash for the payment of any administrative expenses relating to such claims.	previous termination date of January 31, 2011 was "integral to the fairness of the settlement" is absurd. The Court rendered its Opinion on January 7, 2011. The Global Settlement Agreement was (and the Amended Global Settlement Agreement is) conditioned on confirmation of the underlying plan. Clearly, the Bankruptcy Court was aware that it would be extremely difficult – if not impossible – to confirm a plan of reorganization consistent with the Opinion, and subsequently go effective, in a mere twenty-four days. Thus, in finding that the Global Settlement Agreement was fair and reasonable, the Bankruptcy Court recognized that the termination date would be further extended – as had been done numerous times in the past – to allow for the confirmation of a plan of reorganization consistent with the Opinion. While the Debtors can appreciate the consequences caused by the delays in this case, not a single party, including Aurelius, has alleged that the delays since the issuance of the Opinion have been caused by JPMC. In essence, Aurelius argues that the Debtors should extract additional value from JPMC because of the delay-causing actions of others. Such reasoning is flawed, self-serving, and at odds with a settlement that has already been found to be fair and reasonable. Moreover, it is curious that Aurelius has waited until now to raise this issue, after the Debtors and their professionals have expended substantial time and resources to propose and seek confirmation of the Modified Plan; if Aurelius were truly committed to its position, it would have timely filed an appeal of the Bankruptcy Court's determination six months ago. (b) The Opinion states that "[l]ate-filed claims are entitled to be paid . . . before interest is paid on any claims (§ 726(a)(5))." Opinion at 90 n.44. The Debtors drafted the Modified Plan to be consistent with this section of the Opinion. Accordingly, the Debtors do not believe that a response is required to Aurelius's Objection. (c) Assuming, arguendo, that Aurelius were to hold a claim against the

14. Objection of Aurelius Capital Management **[D.I. 7951]**	
	Debtors or their officers and professionals for a breach of the postpetition confidentiality agreements, such claim would be a breach of contract claim giving rise to an Administrative Claim, and nothing more. Moreover, the Debtors are not obligated to reserve for amounts on account of un-filed claims – especially considering the fact that Aurelius itself acknowledges that the Debtors "did in fact comply" with the contract at issue. Furthermore, reserving on account of such illusory claims also injures other creditors as parts of their distributions are delayed. Likewise, the Debtors are not obligated to amend the exculpation provisions in Section 43.8 of the Modified Plan to preserve nonexistent claims. Additionally, to the extent that Aurelius made its own determination as to whether additional disclosures were necessary or that the Debtors' disclosures were inadequate or deficient, it was not prevented from making such disclosures itself pursuant to the Confidentiality Agreements (as defined in the Objection) once the Confidentiality Agreements had terminated according to their terms.

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
Objection	Response
Certain individual holders of Equity Interests in WMI (collectively, the "Shareholders") object to confirmation of the Modified Plan and/or the Bankruptcy Court's approval of the Amended Global Settlement Agreement, and specifically object: (a) to the releases embodied in the Modified Plan and specifically assert that (i) the release of Wells Fargo (as indenture trustee with regard to the Junior Subordinated Notes Indenture) is improper; (ii) there should be no release for FDIC Corporate (and its Related	(a) The Debtors have modified the proposed release provisions set forth in the Modified Plan and submit that, as revised, such provisions comply with both the modifications described in the Opinion and the requirements of the Bankruptcy Code. See Confirmation Brief at 37-43. Moreover: (i) In accordance with the Opinion, the Modified Plan does not provide for a release of the Debtors' claims against the members of the Creditors' Committee. See Modified Plan § 43.5. Consequently, the

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
Persons) because FDIC Corporate may have caused WMI to file for bankruptcy and has not provided any consideration for the proposed releases; (iii) Section 43.5 of the Modified Plan impermissibly releases the JPMC Entities and their Related Persons because there is no evidence of any substantial contribution by any of the Related Persons of the JPMC Entities, FDIC Corporate or the FDIC Receiver; (iv) with respect to Claims of stakeholders who hold Claims in more than one Class, the Modified Plan does not clearly address what happens to the Claims if such stakeholders elect to grant (or not grant) the releases in connection with certain of their Claims but not others; (v) the language in the Class 16 ballot, which states that "[b]y failing to check the above [opt-out] box, even if you vote to reject the Modified Plan, you will be deemed to consent to the release" is inconsistent with the Bankruptcy Court's Opinion; (vi) to the exclusion of the JPMC Entities, and the Related Persons of the JPMC Entities, FDIC Corporate and FDIC Receiver pursuant to Section 43.6 of the Modified Plan because "the framers seek to use the power of the federal judiciary to alter the effectiveness of states' courts by having those most affected, if gross negligence or willful misconduct were uncovered, preemptively enjoin themselves from pursuing claims thus reducing local bases for prosecution"; and (vii) to the release by the Debtors of "acts of gross negligence or willful misconduct with respect to the JPMC Entities and their respective Related Persons"; (b) to the lack of disclosure and valuation of the assets that the FDIC transferred to JPMC; (c)(i) that the Debtors have failed to disclose the identity or correct value of many of their assets, and have failed to provide sufficient evidence in support of the valuation of their assets; (ii) to the use of non-standard accounting principles to determine the current listed value of certain of the Debtors' assets; (iii) that the Debtors should disclose	Shareholders' objection regarding the release of Wells Fargo is moot. (ii) The Court already has determined that the releases granted in the Amended Global Settlement Agreement, including the release of FDIC Corporate, are fair and reasonable. See Opinion at 64; see also infra Response to Shareholder Letters. In fact, the Bankruptcy Court determined that the FDIC, in its corporate and receivership capacities, has "made a substantial contribution to the Plan by waiving claims they had asserted against numerous assets of the Debtors . . . and by waiving the proof[ ] of claim they have filed . . . ." Opinion at 65. (iii) In the Opinion, the Bankruptcy Court specifically addressed the scope of the releases and directed that certain entities not be included within the definition of Related Persons. See Opinion at 72. The Debtors submit that the scope of "Related Persons," as set forth in Section 1.163 of the Modified Plan, is consistent with the Opinion. (iv) See supra Response to TPS Consortium's Objection. (v) The Bankruptcy Court previously approved the Class 16 Ballot and solicitation procedures in the Supplemental Disclosure Statement Order. Moreover, the language at issue was necessary to provide holders of PIERS Claims with the option of rejecting the Modified Plan without giving up the ability to receive a distribution if the plan is confirmed. Thus, the procedures set forth in the Class 16 Ballot are in accordance with the Supplemental Disclosure Statement Order, and afford holders of Claims in Class 16 maximum flexibility with respect to voting on the Modified Plan and granting the releases provided therein. (vi) As stated above, the Debtors have modified the proposed releases set forth in Section 43.6 of the Modified Plan to comply with the Opinion and, therefore, submit that the proposed releases comport with

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the valuation of their intellectual property, and any valuation hearing to determine the value of such assets should include experts from the Equity Committee; and (iv) that the Debtors have failed to disclose certain "unclaimed property"; (d) to the Liquidation Analysis and assert that the Modified Plan cannot satisfy section 1129(a)(7) of the Bankruptcy Code because the Liquidation Analysis is factually incorrect and fails to illustrate the economic impact of paying interest on Allowed Claims at the federal judgment rate; (e) to the lack of an investigation into the circumstances surrounding the seizure of WMB and, in particular, JPMC's alleged involvement with the failure of WMB; (f) the Modified Plan and the Amended Global Settlement Agreement incorporated therein do not maximize the value of the estate, and will cause the loss of billions of dollars in recovery for investors; (g)(i) that WMB should have been sold through an auction process; (ii) that the Bankruptcy Court should provide evidence of JPMC's evaluation of WMB's branches; (iii) that the Purchase and Assumption Agreement is not a finalized transaction, and JPMC is trying to renegotiate that agreement through the Amended Global Settlement Agreement; and (iv) that JPMC is destroying the value of certain assets of WMB, which continue to be assets of WMI because the Purchase and Assumption Agreement is not finalized; (h) to the Debtors' Valuation Analysis, generally, and specifically object: (i) that the Debtors fail to disclose and fully consider the effect of NOLs on Reorganized WMI; (ii) to the lack of an asset list for Reorganized WMI; (iii) to the lack of a valuation of Reorganized WMI beyond the	applicable law. See Confirmation Brief at 37-43. (vii) The proposed releases set forth in Section 43.5 of the Modified Plan are consistent with the Opinion and are necessary components of the settlement set forth in the Amended Global Settlement Agreement. Importantly, the Amended Global Settlement Agreement contemplates, among other things, the release of all of the Debtors' claims against the JPMC Entities and their Related Persons. See Amended Global Settlement Agreement § 3.2. Moreover, in the Opinion, the Bankruptcy Court specifically noted that the Sixth Amended Plan released the JPMC Entities and their Related Persons for gross negligence or willful misconduct, and did not take issue with this aspect of the releases. See Opinion at 78. (b) The identity and value of the assets transferred to JPMC by the FDIC Receiver is irrelevant for purposes of confirmation of the Modified Plan. Moreover, because 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, such a valuation would be impracticable. In any event, 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. (c)(i) 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, their monthly operating reports, and the Supplemental Disclosure Statement. (ii) The objecting Shareholders provide no basis for their objection to the use of so-called "non-standard accounting principles" and, accordingly, such objection is without merit.

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
potential NOLs and WMMRC; (iv) to the lack of an accurate independent valuation analysis; (v) to the Debtors' failure to explain the difference between their 2008 public filing, which valued WMMRC at $330 million to $395 million, and their current valuation of WMMRC; (vi) to the lack of a "valuation hearing"; (vii) that the 13% to 15% range of discount rates used by Blackstone is too high in light of "today's low interest rate environment"; (viii) that the NOLs should be added to the cash flow amounts, which should be discounted at rates between 2.5 to 5%; (ix) that, as in In re Coram, the Bankruptcy Court should find that 30% of the face value of the NOL is available here; (x) that it is improper for the Debtors to attempt to abandon the stock of WMB because such treatment minimizes the usefulness of certain tax attributes whereas "alternative characterization without abandonment of the WMB stock would allow for full retention of the same tax benefits, with the added benefit of allowing use of all historical business activities associated with the WMB stock," thus increasing the usefulness of the estate's forward looking tax benefits; (xi) the Debtors' failure to pursue alternative options for extracting values from the NOL carry forwards is a violation of the good faith requirement of section 1129(a)(3) of the Bankruptcy Code; (xii) that the basis in WMB stock can be treated as an ordinary loss (pursuant to a recent IRS private letter ruling), yet the Debtors attempt to abandon this $17 billion asset; (xiii) that the Debtors have failed "to include the tax benefits accrued from the proposed distribution of over $3 [billion] in cash" to JPMC and the FDIC, in disregard of the Bankruptcy Court's directive to do so; (xiv) that the Debtors have undervalued their NOLs because they have underestimated the effects that postpetition activities will or can have on the value of the NOLs available to the estate, and assert that (A) the Debtors have failed to take into account that the payment of tax refunds	(iii) The Bankruptcy Court, in the Opinion, has already concluded that the value of the intellectual property is immaterial. See Opinion at 33-34. This conclusion is based on the fact that the marks are associated with "the largest bank failure in the country's history" and because "WMI has virtually no remaining business operations." Id. To the extent that any party in interest disagrees with the Debtors' valuation of these assets, such party had the opportunity to submit evidence demonstrating that the Debtors' analysis is incorrect in connection with the hearing to consider confirmation of the Sixth Amended Plan. This included the Equity Committee. Except to the extent that the Equity Committee has appealed the Bankruptcy Court's ruling on the Settlement, this issue is not now open for reconsideration. (iv) The assertions that the Debtors have failed to disclose certain "unclaimed property" are baseless. To recover funds with respect to unclaimed property, the Debtors must be able to attest ownership of such property. Throughout the Debtors' Chapter 11 Cases, the Debtors, through their agent, have actively searched for "unclaimed property" assets that belong to WMI and/or WMI's subsidiaries that existed on September 26, 2008. Based upon these searches, the Debtors have determined that all but one of the assets (discussed below) cited by the shareholders as "unclaimed" are either (a) assets held by WMB, or (b) assets of third parties held by WMB in name only (e.g., proceeds from an escrow account). One asset – "WMI RA Everett" – also is cited as unclaimed, but the Debtors have determined that WMI RA Everett is not, and never was, a subsidiary of WMI. Consequently, WMI may not claim any funds held by that entity. Moreover, the exhibits submitted by at least one Shareholder regarding the allegedly unclaimed property are misleading. As discussed above, most of the property is held by WMB (now JPMC), and not WMI.

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
to JPMC and WMB are deductible under section 162 of the Tax Code because such payments are in the ordinary course of the Debtors' business, (B) the Debtors have failed to take into account that the $335 million payment to the senior WMB bondholders is a deductible settlement payment under Section 162 of the Tax Code; (C) "the [Trust Preferred Securities] asset transfer to WMB alone produces a 50% increase in the NOL value over that presented by the Debtors"; (xv) that the Debtors have offered the lowest possible range of usefulness for the NOLs because the Debtors are being "overly conservative" and wrongly assume that any future capital raising will run afoul of section 269 of the Tax Code, and assert that section 269 would not apply because the future owners of the Reorganized Entity (namely, members of Class 2 and Class 3) are sophisticated investors, and, accordingly, they would be able demonstrate that the acquisition of control had a business purpose other than tax evasion; and (xvi) that "[b]y insisting that an ownership change must occur, the Debtors are essentially destroying potential assets of the estate that could serve to benefit Junior Subordinated (PIERS) claim holders" because they are not taking advantage of the "bankruptcy exception" of section 382 of the Tax Code; (i) that, if holders of Common Equity Interests receive no distribution in this case, then it will deter equity investments in other companies; (j) that 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; (k) that the Modified Plan "has removed the rights offering from the lowest impaired class and moved it to the most senior classes effectively gifting them a 'windfall profit'";	Indeed, searches for "Washington Mutual, Inc.," and variations thereof, on the websites referenced in a certain Shareholder's objection only yield four results and, upon information and belief, the total amounts in these accounts are inconsequential (approximately $1,000). (d) The Debtors submit that the Liquidation Analysis is both accurate and comprehensive. See Confirmation Brief at 58-62. Moreover, the Updated Liquidation Analysis, requested by the Bankruptcy Court and annexed to the Supplemental Disclosure Statement as Exhibit D, sets forth the estimated cash proceeds available to creditors, both in a chapter 11 and chapter 7 scenario, with alternative assumptions for the rate at which the Debtors may pay Postpetition Interest Claims, i.e., the contract rate or the federal judgment rate. (e) 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 generally, Examiner's Report. 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, the assertion that there has been a lack of an investigation into JPMC's involvement with the seizure and sale of WMB's assets is patently false. Moreover, objections to the procedures employed by the FDIC in seizing WMB are not relevant to plan confirmation. (f) See infra Response to Shareholder Letters.

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
(l) that Weil, Gotshal & Manges ("Weil") has a conflict of interest based upon its representation of JPMC in other matters, and Weil should be removed as lead counsel due to "repeated and intentional minimization of estate value"; (m) to William Kosturos serving as Liquidating Trustee and the proposed constitution of the Trust Advisory Board; (n)(i) that the terms of the directors elected to WMI's board of directors (the "WMI Board") in 2008 may have expired and, consequently, the WMI Board may lack the authority to bind WMI to the Amended Global Settlement Agreement, and (ii) the Debtors should provide documentation that (A) establishes the number and the identity of members 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; (o)(i) that the FDIC and JPMC conspired to sell WMB to JPMC at a fire sale rate and to wipe out common shareholders; (ii) that the Debtors, their counsel, the FDIC and JPMC are perpetrating bankruptcy fraud and insider trading; and (iii) that the Debtors have committed constructive fraud, as evidenced by the disappearance, sale, transfer, and concealment of certain assets; (p) 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"); (q) that the Sixth Amended Plan provided that holders of Claims in Class 2 would receive payment in full in cash, but that the Modified Plan provides that such holders will receive different treatment;	(g)(i) The Bankruptcy Court lacks jurisdiction over the sale of WMB to JPMC pursuant to the Purchase and Assumption Agreement and, accordingly, cannot unwind that transaction in order to auction the assets of WMB. (ii) Likewise, JPMC's valuation of the assets of WMB in connection with that transaction is wholly unrelated to confirmation of the Modified Plan, and similarly outside the jurisdiction of the Bankruptcy Court. (iii) The objecting Shareholders provide no support for the allegation that the Purchase and Assumption Agreement has not "closed" and, in any event, fail to demonstrate the relevance of that allegation to confirmation of the Modified Plan. As stated herein, the seizure of the assets of WMB by the FDIC is not an issue before the Bankruptcy Court. Furthermore, the allegation that JPMC is seeking to "renegotiate" the Purchase and Assumption Agreement through the Amended Global Settlement Agreement is wholly unsupported. Nevertheless, the Amended Global Settlement Agreement resolves, among other things, the ownership of certain disputed assets to which JPMC and the Debtors have asserted claims. As further detailed herein, the Bankruptcy Court already has determined that this settlement is both fair and reasonable. (iv) Because the assets of WMB are not part of the Debtors' estates, the assertion that JPMC is "destroying" any such assets is not an objection to confirmation of the Modified Plan. (h)(i) The Debtors have thoroughly disclosed and fully considered the potential NOLs that may be available and the impact of such NOLs on Reorganized WMI. Specifically, the Updated Valuation Analysis provides that Blackstone's valuation of Reorganized WMI, inclusive of

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
(r) that Class 2 is not receiving full payment in cash; (s)(i) that the holders of junior subordinated debt should have first priority to purchase the shares of Reorganized WMI; (ii) that Reorganized WMI is undervalued because the Debtors are not fully utilizing the NOLs and, consequently, holders of senior Claims may recover more than 100% of the value of such Claims if they elect to receive shares of Reorganized WMI in lieu of cash, and (iii) that the Modified Plan violates the absolute priority rule and/or violates sections 1123(a)(4) and 1129(a)(1) of the Bankruptcy Code by failing to treat claims or interests within a particular Class similarly because (A) senior noteholders who elect to receive stock in Reorganized WMI in lieu of cash will receive more than 100% of the value of their Claims when Class 16 (PIERS) are not projected to recover in full, and (B) to the extent such senior noteholders also are members of more junior Classes of Claims or Equity Interests that are not receiving 100% recovery, such senior noteholders will receive more favorable treatment under the Modified Plan than the other members of the junior Classes to which they also belong; (t) that the Modified Plan does not mention Second and Union LLC; (u) that it is "unbelievable and against any commercial rationality" that WMMRC will continue to operate as a run-off reinsurance business and not acquire new businesses or raise new capital; (v) that the Amended Global Settlement Agreement is not fair and reasonable, and was not proposed in good faith, because: (i) the Equity Committee did not have an opportunity to participate in the negotiation of the Amended Global Settlement Agreement; (ii) the Debtors have failed to analyze the value of their actionable claims and, therefore,	the NOLs, is approximately $135 million to $185 million, with a midpoint valuation of approximately $160 million. See Supplemental Disclosure Statement at 60. Furthermore, in the Supplemental Disclosure Statement, the Debtors clearly explain the changes between the Prior Valuation Analysis and the Updated Valuation Analysis. Specifically, the Debtors state in the Supplemental Disclosure Statement that the Prior Valuation Analysis was based upon an analysis as of December 24, 2010. See id. at 59. The Updated Valuation Analysis, as amended, also explains and assumes the Debtors will not emerge from chapter 11 until August 31, 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. (The Debtors submit that the same will be true assuming an Effective Date of August 31, 2011.) Despite the anticipated increase in potentially-available NOLs, the Updated Valuation Analysis 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. The Debtors intend to provide additional testimony regarding the Valuation Analysis at the Confirmation Hearing. (ii) 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. (iii) The Debtors submit that the valuation of the Reorganized Debtors is clearly set forth in the Updated Valuation Analysis, attached as Exhibit E to the Supplemental Disclosure Statement and will be supplemented with testimony presented at the Confirmation Hearing.

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have not maximized the value of their estates; (iii) JPMC will receive a disproportionate benefit from the Amended Global Settlement Agreement compared to the consideration it contributed; (iv) the Debtors provided insufficient evidence that the agreement is fair and reasonable; (v) the plan supporters overestimated the length of time and the expenses it would take to litigate the issues resolved thereby, and, accordingly, overstated the benefits of entering into the agreement; and (vi) the expense of continued litigation with regard to the disputed assets is less than the value of the disputed assets; (w) that the Debtors have repeatedly breached their fiduciary duties to the shareholders by (i) failing to cooperate, (ii) failing to provide requested documents, (iii) strenuously opposing the annual shareholders' meeting, and (iv) objecting to a large number of motions filed by the shareholders in the Chapter 11 Cases; (x) that the attorneys' and advisors' fees are excessive; (y) that (i) "JPMC has no claim to the tax refunds and is barred from receiving them"; (ii) as a TARP recipient, JPMC is precluded from receiving any portion of the Homeownership Carryback Refund Amount; (iii) the Amended Global Settlement Agreement improperly designates amounts transferred from WMI to WMB as capital contributions from WMI to WMB that were subsequently transferred from WMB to JPMC, in violation of the "Substance over Form Doctrine"; and (iv) the tax refund amounts paid under the Amended Global Settlement Agreement should be reduced or disallowed and the Debtors are inappropriately giving away "NOL money" to the FDIC and JPMC; (z) that naked shorting occurred;	(iv) The Updated Valuation Analysis is both accurate and comprehensive. Moreover, Blackstone has provided an independent analysis in accordance with that certain order, dated May 5, 2010 [D.I. 3664], pursuant to which the Bankruptcy Court expressly authorized the Debtors, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, to retain Blackstone to perform a valuation analysis of the Debtors' assets. The objecting Shareholders have not presented any evidence to support the allegation that these analyses have "not been conducted by an unbiased third party." (v) The Debtors will provide testimony in support of the Updated Valuation Analysis, including the valuation of WMMRC, at the Confirmation Hearing. (vi) All issues concerning valuation will be considered at the Confirmation Hearing. (vii),(viii) The objecting Shareholders' naked assertion that the range of discount rates applied by Blackstone is "too high," and that a more appropriate discount rate range is between 2.5 to 5%, is unsupported by any evidence. [redacted] (ix) The objecting Shareholders' request that the Bankruptcy Court apply the same percentage value to the NOL potentially available in this case as the Coram court applied is patently absurd. Moreover, the objecting Shareholders fail to provide any basis for disregarding the Updated Valuation Analysis, which includes a valuation of the NOLs,

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(aa) that, pursuant to the "Rule of Explicitness" recognized by New York state law, senior noteholders are not entitled to receive postpetition interest at the expense of the PIERS Claims because the junior subordinated notes indenture does not explicitly state that the junior subordinated debentures are subordinate to payment of the senior noteholders' postpetition interest; (bb) that the Debtors must provide a detailed list of the causes of action available to the Liquidating Trustee against non-released parties and must identify those causes of action that the Liquidating Trustee intends to pursue against such parties; (cc) that the Bankruptcy Court must scrutinize potential insider trading activity of parties other than the Settlement Note Holders; (dd) that the FDIC wrongly seized WMB because it failed to issue a capital warning letter prior to the seizure, and the details of Project Fillmore support a claim that the FDIC committed actual fraud by seizing WMB; (ee) the Debtors have failed to submit a business plan for Reorganized WMI; (ff) that the Bankruptcy Court has violated and suspended senior note holders' constitutionally-protected property rights through its "actions, delays, confiscation etc. [sic]," and has confiscated their property; (gg) that JPMC has kept certain assets of WMB, but is not honoring certain bonds of Washington Mutual; (hh) that the FDIC is overstepping its congressionally-provided powers with regard to the Purchase and Assumption Agreement;	and which the Bankruptcy Court expressly authorized Blackstone to perform, in favor of an assessment of the value of NOLs in a separate and wholly unrelated proceeding. (x) The assertion that the Debtors may be better off not abandoning the WMB stock is incorrect. As explained in the Supplemental Disclosure Statement, substantially all of the consolidated NOL (estimated at approximately $17.7 billion as of December 31, 2010) is attributable to WMB and will cease to be available to the Reorganized Debtors as of the date WMB ceases to be a member of the WMI consolidated tax group (the "Tax Group") – which would occur when the FDIC distributes all of the WMB receivership assets to WMB creditors (if WMI did not earlier abandon its stock interest in WMB). See Supplemental Disclosure Statement at 55. Moreover, an "ownership change" of WMI is expected to occur upon the Effective Date as a result of the issue of the stock of Reorganized WMI under the Modified Plan. As a result of such change, the continued availability of the estimated $17.7 billion NOL would be subject in its entirety to the annual limitation imposed by section 382 of the Tax Code with respect to the ownership change that is expected to occur pursuant to the Modified Plan on the Effective Date. The annual limitation is estimated to be at most approximately $7 million per year. (xi) The allegation that the Debtors have not pursued alternative options with regard to maximizing the value from the NOL carry forwards is baseless. Moreover, as explained in (x) above, the availability of the NOL carry forwards is limited, in both duration and amount. First, although the NOL carry forward currently is available to WMI, it will cease to be available once WMB ceases to be a member of the Tax Group. Second, only about $7 million per year of the entire $17.7 billion NOL carry forward would be available to the Tax Group to use to offset future income due to the application of section 382 of the Tax

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(ii) that the Washington Mutual Bank Bondholders were allowed to vote on the Modified Plan because their Claims allegedly are unimpaired; (jj) that the holders of Claims in Class 16 should not be eligible to vote on the Modified Plan because the Settlement Note Holders, holding 69% of Claims in Class 16, are insiders who negotiated the Global Settlement Agreement, on which the Amended and Restated Settlement Agreement is based; (kk) that the Equity Committee should sue the FDIC for $145 to $500 billion for fraudulent conveyance; (ll) that any recovery by Classes junior to Class 16 (PIERS), specifically, Class 17A, violates the absolute priority rule contained in section 1129(b)(2)(B) of the Bankruptcy Code because Class 16 has voted to reject the Sixth Amended Plan; (mm) that distribution of interests in the BB Liquidating Trust to members of Class 17A constitutes improper gifting of estate assets in exchange for Class 17A's support of the Modified Plan, in violation of section 1129(b)(2)(B) of the Bankruptcy Code, and further demonstrates that the Modified Plan is not fair and equitable pursuant to section 1129(b)(1) of the Bankruptcy Code, and was not proposed in good faith in violation of section 1129(a)(3) of the Bankruptcy Code; moreover, the distribution to Class 17A demonstrates an attempt by the Debtors to manufacture a consenting impaired class through improper gerrymandering; (nn) that the Bankruptcy Court should enforce its December 2, 2009 Order on the Motion of JPMC to Compel the WMI Noteholders Group to Comply with Bankruptcy Rule 2019 [D.I. 1952], and expand the	Code. (xii) The statement that the abandonment of WMB stock is akin to the abandonment of a $17 billion asset is absurd. As explained in (x) above, the existing NOLs are of nominal value after the Effective Date. In contrast, as explained in the Supplemental Disclosure Statement and the Debtors' motion seeking authority to abandon the WMB stock, the abandonment of the WMB stock is being undertaken to trigger the recognition of the loss inherent in WMB stock in such a manner as to maximize the amount of NOL available post-Effective Date under section 382 of the Tax Code. (xiii), (xiv) (A), (C) The objecting Shareholders' contentions are that the Debtors failed to take into account the cash payable to JPMC (in the form of an allocation of tax refunds), and the deemed contribution of the of the Trust Preferred Securities to WMB. As disclosed in the Supplemental Disclosure Statement, WMI's adjusted tax basis in the WMB stock, and thus the resulting NOL subject to proration under section 382 of the Tax Code, may potentially increase in the event certain amounts (including Tax Refunds and the Trust Preferred Securities) provided for under the Amended Global Settlement Agreement are respected for federal income tax purposes as capital contributions. The payments of the Tax Refunds are not within the context of the Amended Global Settlement Agreement settlement payments simply allowable as an ordinary course deduction. Whether such amounts will be respected as capital contributions, or the extent of the increase in the WMB stock basis, for federal income tax purposes is uncertain. If respected, the basis could potentially increase by up to $3.6 billion, such that the post-Effective Date portion (assuming an August 31, 2011 Effective Date) would increase by approximately $1.2 billion. Nevertheless, as noted previously, and based upon the Updated Valuation Analysis, the Debtors believe that any increase in the

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order to (i) compel all ad hoc committees to comply with Bankruptcy Rule 2019, (ii) prohibit further participation in the Chapter 11 Cases by the ad hoc committees pending full compliance with Bankruptcy Rule 2019, and (iii) to direct the Debtors to withhold further payments to or on behalf of such ad hoc committees, and the parties that they represent, pending full compliance with Bankruptcy Rule 2019; (oo) that the Debtors should explain what value was received by the estate in return for their retention and payment of $150,000 to Kadesh & Associates, LLC; (pp) the Bankruptcy Court should compel parties who have been paid on a account of credit default swaps of WMI to divulge the "nature and amount of such interest, as well as any payment received"; (qq) to the application of the contract rate to certain contractual provisions of the junior subordinated notes indenture because enforcing provisions of the indenture will effectively negate any determination by the Bankruptcy Court that the federal judgment rate is appropriate and will further impair the PIERS' recoveries to the benefit of more senior creditors; (rr) that it is improper for the Modified Plan to require the Equity Committee to withdraw, with prejudice, all proceedings that it initiated and that are still pending, because the claims involved in such proceedings, such as willful misconduct, fraud and fraudulent transfers, should be preserved; (ss) that is improper for the Escrow Account to be kept at Wells Fargo, an entity which is also a member of the Creditors' Committee, and request that the Escrow Account should be kept at a bank that holds a neutral position in the case;	substantial amount of losses already assumed to be available to the Reorganized WMI will be of little incremental value. The Debtors believe that the exchange of the Trust Preferred Securities for preferred stock of the Debtors on September 26, 2008, the day before the Petition Date, is likely to be treated as a fully taxable event which will result in an adjusted basis to WMI in the Trust Preferred Securities equal to the fair value of the preferred stock issued in connection with such exchange (i.e., cost basis). The Debtors believe that the fair value of the preferred stock on September 26, 2008 would likely be determined to be insubstantial as WMI likely would be considered to have been insolvent on such date. Pursuant to certain terms of the Amended Global Settlement Agreement, the Trust Preferred Securities are to be treated as a contribution to WMB and, to the extent respected as such, would result in an increase in the WMI's basis in WMB stock by an amount equal to WMI's tax basis in the Trust Preferred Securities which, for the reasons previously cited, would likely be an immaterial amount. Note, however, that the Debtors have not performed a detailed analysis regarding the value of WMI's preferred stock. The Debtors submit that, even if it were determined that WMI's adjusted tax basis in the Trust Preferred Securities was significantly greater than an immaterial amount, the incremental value (if any) of such increase would be immaterial. (B) The $335 million payment to senior WMB bondholders is an incremental amount that would increase the available NOL unlimited by section 382 of the Tax Code by approximately $110 million assuming an August 31, 2011 Effective Date. The Debtors submit that the incremental value (if any) of such increase is immaterial. (xv) Blackstone and the Debtors have set forth a sufficient explanation

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(tt) that the ballots and voting procedures are unclear – specifically with regards to the procedures and ballots for voting Claims in multiple Classes – and that certain Shareholders did not automatically receive ballots and/or would allegedly have been charged approximately $150 by their broker in order to receive a ballot; (uu) that the Debtors have failed to provide evidence to resolve whether the holders of PIERS Claims should be classified as holders of Claims against, or Equity Interests in, the Debtors; (vv) that new information has become available to suggest that the Amended Global Settlement Agreement is no longer fair and reasonable; (ww) that the Modified Plan fails the "legal reasonable test" because the Settlement Note Holders allegedly engaged in trading while in possession of material non-public information; (xx) that the Modified Plan is "overly rigid" and provides the Bankruptcy Court with little flexibility; and (yy) that the Debtors have breached their fiduciary duties by allegedly failing to disclose material non-public information and condoning and enabling the Settlement Note Holders to trade while in possession of such information.	of the tax risks implicated by section 269 of the Tax Code, and, based on those tax risks, it is reasonable for Blackstone's analysis to assume that section 269 may effectively limit Reorganized WMI's ability to use the full amount of the NOLs post-emergence. See Revised Supplemental Disclosure Statement at 57-58; Updated Valuation Analysis at 3. Moreover, no shareholder has provided any support for the assertion that Blackstone and the Debtors have wrongly interpreted section 269 of the Tax Code as applied to the Debtors' reorganization. As discussed in the Revised Supplemental Disclosure Statement, section 269 operates to disallow the NOLs in any case where the IRS determines that the principal purpose of any group of persons acquiring control of the reorganized company is to obtain the use of NOLs – the level of sophistication of those acquiring control of the reorganized entity is irrelevant. (xvi) The Objecting Shareholder's assertion that the Debtors insist that an ownership change must occur is absurd. The Debtors simply expect that an ownership change will occur as a result of the outcome of the Modified Plan. (i) The assertion that, if holders of Common Equity Interests receive no distribution in this case, then it will deter equity investments in other companies, has no legal basis, is speculative, and is irrelevant to confirmation of the Modified Plan. (j) The unsupported assertion that amounts paid by JPMC pursuant to the Purchase and Assumption Agreement are assets of the Debtors' estates disregards the fact that, prior to the Petition Date, the FDIC seized the assets of WMB. Consequently, on the Petition Date, the Debtors did not own such assets and are not entitled to the proceeds from the sale thereof. In addition, the assertion regarding whether the FDIC and JPMC have valid claims against WMI relates to the

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	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. See infra Response to Shareholder Letters. The Bankruptcy Court has stated that its prior ruling with respect to the reasonableness of the Global Settlement Agreement is the "law of the case." See Hr'g Tr., Jan. 20, 2011, at 51:22-52:3; Hr'g Tr., Mar. 21, 2011, at 100:25-101:1. (k) 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. (l) The Bankruptcy Court addressed the alleged conflict of interest and has determined that "the record in this case refutes the suggestion that the Debtors' professionals acted in any manner other than in the best interests of the estate." Opinion at 14. Additionally, the objecting Shareholders have failed to provide any support or basis for the numerous factual representations and conflict allegations set forth in their Objections, nor is there any evidence or basis for the request for Weil's removal as lead counsel. Moreover, the Debtors' application to retain Weil, dated October 13, 2008 [D.I. 64] (the "Weil Retention Application"), incorporates Weil's express disclosure of its representation of JPMC and certain of its affiliates. See Weil Retention Application, Exhibit B. As disclosed in the Weil Retention Application, such representation is wholly unrelated to the Debtors or the Chapter 11 Cases. Weil's representation also was disclosed and discussed before the Bankruptcy Court at the hearing on the Weil Retention Application. See Hr'g Tr., Oct. 30, 2008, at 16:15-20:6. By order, dated November 6, 2008 [D.I. 244], the Bankruptcy Court approved the Debtors' retention of Weil as Debtors' counsel.

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	(m) The Debtors submit that, 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 the Trust Advisory Board will be selected by the Equity Committee. These provisions sufficiently address the Shareholders' objections, as well as related concerns raised by the Bankruptcy Court in the Opinion. Specifically, one member of the Trust Advisory Board is to be appointed by the Equity Committee. The Equity Committee has identified Michael Willingham as its designee. (n)(i) The 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, WMI's directors had authority to bind WMI to the Amended Global Settlement Agreement. (ii) With regard to the request for documentation establishing the number and identity of the directors on the WMI Board, the Debtors submit that such information is publicly available at www.sec.gov. In addition, the Supplemental Disclosure Statement plainly states that WMI's current directors are Stephen E. Frank, Alan Fishman, Margaret Osmer McQuade, Phillip Matthews, Regina T. Montoya, Michael K. Murphy, William G. Reed, Jr., Orin Smith, and James H. Stever. See Supplemental Disclosure Statement at 9. (o)(i) – (iii) Allegations that the FDIC improperly seized WMB, with or without the help of JPMC, are not relevant to confirmation of the

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	Modified Plan. In any event, the Debtors submit that the objecting Shareholders' allegations of conspiracy, fraud and insider trading by the Debtors, their counsel, the FDIC and/or JPMC are groundless. (p) The 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 had no role in the transfer of such entities to JPMC. (q) 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.

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	(r) The Debtors submit that the treatment of Class 2 is in accordance with applicable bankruptcy law, which does not require that claimants in this Class be paid in cash. See Confirmation Brief at 24-25. Notwithstanding this, to the extent cash is available, claimants in this Class will receive cash in respect of their claims (or other property consistent with the terms of the Modified Plan). (s)(i),(ii) There is no basis or support for the argument that holders of PIERS Claims should have first priority to receive Reorganized Common Stock. Indeed, because more senior Classes may not be paid in full on the Effective Date, doing so would violate the contractual subordination rights of senior creditors. Furthermore, the Modified Plan maintains the relative priorities among the Classes, and no holder of a Claim or Equity Interest will receive more value than such respective Claim or Equity Interest. See Confirmation Brief at 86. The Modified Plan provides that any value that remains following payment in full of senior Claims will flow, in accordance with applicable bankruptcy law, to holders of junior Claims. See Modified Plan, Exhibit G; Modified Plan §§ 6.3; 7.3; 16.3; 18.3; 19.3; 20.3; 22.2. Thus, to the extent that the Debtors have undervalued Reorganized WMI and the Bankruptcy Court imposes a higher value, distributions to creditors who elect to receive Reorganized Common Stock will be adjusted accordingly, and any excess value will flow to junior stakeholders. (iii)(A) The Modified Plan expressly contemplates that the distributions holders of Allowed Senior Notes Claims will receive pursuant to the Modified Plan shall not exceed 100% of such holders' Claims. See Modified Plan §§ 6.1-6.3. In any event, because such holders are contractually senior to holders of PIERS Claims, their relative recoveries are irrelevant.

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	(B) The objecting Shareholders' comparison of the respective recoveries of a hypothetical claimant who holds Claims in both junior and senior Classes with a claimant who holds Claims solely in a junior Class is illogical, and also irrelevant under the Bankruptcy Code. Specifically, section 1123(a)(4) of the Bankruptcy Code requires a plan to "provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interest." In other words, the Bankruptcy Code requires a plan to treat equally all claims or interests within a particular class, not all holders in a given class (who may belong to multiple classes). If a hypothetical holder with a Claim in Class 2 also holds an Equity Interest in Class 20, for example, section 1123(a)(4) of the Bankruptcy Code permits such holder to receive a greater overall recovery than one who only holds an Equity Interest in Class 20, as long as both holders recover equally on account of their Equity Interests in Class 20. Pursuant to the Modified Plan, "the treatment of each Claim against or Equity Interest in the Debtors, in each respective Class, is the same as the treatment of every other Claim or Equity Interest in such Class, except to the extent that a particular holder has elected different treatment," which is in perfect accord with section 1123(a)(4) of the Bankruptcy Code. Confirmation Brief at 25. (t) Prior to the Petition Date, Second and Union LLC ("Second and Union") was a direct subsidiary of WMB and, pursuant to the Purchase and Assumption Agreement, JPMC acquired all of WMB's interests in Second and Union. See *Debtors' Response to the Letter of Joe Schorp Requesting Information Regarding Second and Union LLC*, dated February 28, 2011 [D.I. 6811]; see also Supplemental Disclosure Statement at 13-18. Consequently, on the Petition Date, the Debtors did not have any interest in Second and Union and, therefore, the disposition of Second and Union is not relevant to confirmation of the Modified

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	Plan. (u) The Debtors have not suggested that WMMRC cannot acquire new business or raise new capital. The Updated Valuation Analysis assumes that Reorganized WMI could raise up to $115 to $140 million of equity, and discloses certain constraints on the Reorganized WMI's ability to raise additional capital including, among other things, certain risks arising from federal tax law. See Supplemental Disclosure Statement, Exhibit E. (v) The Bankruptcy Court already has determined that the Amended Global Settlement Agreement is fair and reasonable. See Opinion. Except to the extent the Opinion is on appeal, this issue remains "law of the case." See Hr'g Tr., Jan. 20, 2011, at 51:22-52:3; Hr'g Tr., Mar. 21, 2011, at 100:25-101:1. (w)(i) – (iv) There is no basis or support for the objecting Shareholders' allegation that the Debtors have been uncooperative or breached their fiduciary duties to holders of Common Equity Interests. Indeed, the Debtors cooperated in meeting with the Equity Committee on various occasions and producing a significant amount of information to the Equity Committee and its advisors, including information regarding the Debtors' investigations as well as the work product of the estates' professionals. See *Debtors' Objection to Renewed Motion of the Official Committee of Equity Security Holders in Support of Order Directing Appointment of an Examiner Under 11 U.S.C. § 1104(c)* [D.I. 4683] at 2. Discussions regarding refusal to produce privileged or otherwise protected work product was affirmed by the Bankruptcy Court at the hearing on June 3, 2010. See Hr'g. Tr., June 3, 2010, at 90:1-4. Moreover, as the Bankruptcy Court has observed, the Debtors' fiduciary duties extend to all stakeholders. See, e.g., Opinion at 106 ("The Court finds no evidence of lack of good faith . . . . Simply because the Debtors

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	were not able to achieve a greater recovery in the Global Settlement, does not mean that they did not meet their fiduciary duty to all constituents."); Hr'g Tr., June 3, 2010, at 57:2, 4 ("You're representing . . . everybody.") Consequently, in certain instances, the Debtors determined that it was necessary to oppose the positions taken by certain Shareholders, which positions were not advantageous for other holders of Claims and/or Equity Interests. In so doing, the Debtors' singular goal was to maximize the value of the Debtors' estates and increase the potential recoveries for all stakeholders in these Chapter 11 Cases. Accordingly, although the interests of the Debtors' various constituents may conflict, the Debtors have at all times upheld their fiduciary duties to all stakeholders. (x) The Debtors submit that this is not an objection to confirmation of the Modified Plan and that the procedures for objecting to the fees and expenses of the Debtors' professionals, all of which are subject to Bankruptcy Court approval, are set forth in that certain *Amended Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, entered on November 17, 2008 [D.I. 302]. (y) The Bankruptcy Court already has determined that the Amended Global Settlement Agreement is fair and reasonable. See Opinion. Except to the extent the Opinion is on appeal, this issue remains "law of the case." See Hr'g Tr., Jan. 20, 2011, at 51:22-52:3; Hr'g Tr., Mar. 21, 2011, at 100:25-101:1. (z) The allegations of "naked shorting" are unsupported by any evidence, and the objecting Shareholders have failed to assert an objection to confirmation of the Modified Plan based upon these alleged activities.

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	(aa) The Debtors submit that the objection to payment of senior noteholders' postpetition interest prior to PIERS Claims is wholly without merit because, in fact, the Junior Subordinated Notes Indenture provides that the PIERS Claims are expressly subordinate to senior noteholders' postpetition interest. The Junior Subordinated Notes Indenture provides that the junior debentures are subordinate to "Senior Indebtedness," which term is defined expressly to include, inter alia, "interest (including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding)." See Junior Subordinated Notes Indenture at 6. Section 510(a) of the Bankruptcy Code provides that a subordination agreement is enforceable in bankruptcy to the same extent as under "applicable nonbankruptcy law." 11 U.S.C. § 510(a). Accordingly, to the extent New York law governing the indenture recognizes the Rule of Explicitness, application of the rule permits payment of the senior noteholders' postpetition interest. Alternatively, under general rules of contract interpretation, the indenture unambiguously calls for the payment of the senior noteholders' postpetition interest prior to recovery on the junior subordinated debt. See supra Response to WMI Noteholders' Objection. Thus, regardless of whether the "Rule of Explicitness" applies, senior noteholders are entitled to recover postpetition interest prior to any recovery on the junior subordinated debentures. (bb) The objecting Shareholders have not asserted a basis for the relief requested. Moreover, Section 29.1 of the Modified Plan expressly provides that the Liquidating Trustee shall have the exclusive right and power to litigate any Claim or Cause of Action of the Debtors or Debtors in Possession, including any avoidance action and any other claim that may be pending on the Effective Date. Any additional disclosure would be detrimental to the Debtors' estates and the interests

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	of stakeholders. (cc) There is no basis for the relief requested, and the Debtors are not aware of any facts demonstrating insider trading activity. See Supplemental Confirmation Memorandum. (dd) Allegations that the FDIC fraudulently or otherwise improperly seized WMB are not relevant to confirmation of the Modified Plan. In any event, the allegations of fraud by the FDIC, based on Project Fillmore or otherwise, are groundless. The suggested relationship between Project Fillmore and fraud by the FDIC relies on pure speculation and various faulty assumptions and misunderstandings concerning WMB's corporate structure and intercompany transactions. To the extent Project Fillmore or other alleged wrongdoing by the FDIC is cited to demonstrate that the Debtors have viable claims against the FDIC, such objections are irrelevant given the Bankruptcy Court's determination that the Amended Global Settlement is fair and reasonable. The Bankruptcy Court has stated that it will not reconsider this determination. Hr.'g Tr., Jan. 20, 2011, at 51:22-52:3; Hr.'g Tr., Mar. 21, 2011, at 100:25-101:1. (ee) The Debtors submit that they have provided adequate information regarding the future operations of the Reorganized Debtors, including, without limitation, the Revised Supplemental Disclosure Statement and the Modified Plan itself. The Debtors further submit that the Modified Plan is feasible, as required by section 1129(a)(11) of the Bankruptcy Code. As is common in other large complex chapter 11 cases involving the reorganization of certain debtors, the Modified Plan does not contain a business plan because it is not yet certain who the new owners of the Reorganized Debtors will be, or what are their plans. Moreover, the Debtors' professionals have determined, among things, that the Reorganized Debtors will have sufficient funds to continue to manage

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	their assets and satisfy their liabilities. Id. at 78-79. (ff) This objection is wholly without merit and disregards the basic principles of bankruptcy law. (gg) The allegations and hearsay asserted by the objecting Shareholders with regard to certain bonds do not constitute an objection to confirmation of the Modified Plan and, therefore, no response is required. (hh) Allegations regarding the scope of the FDIC's authority in connection with the Purchase and Assumption Agreement are irrelevant here and, therefore, are not objections to confirmation of the Modified Plan. Moreover, the Bankruptcy Court does not have jurisdiction to hear these allegations. (ii) In accordance with section 1123(a)(3) of the Bankruptcy Code, the Modified Plan states that Class 17A (WMB Senior Notes) is impaired, and provides that holders of Allowed Claims in Class 17A will receive BB Liquidating Trust Interests on account of their Claims. The Modified Plan further states that Class 17B (WMB Subordinated Notes) is impaired, and provides that, on the Effective Date, all WMB Subordinated Notes Claims, to the extent that they are not Section 510(b) Subordinated WMB Notes Claims, shall be disallowed, and holders thereof shall not receive any distribution from the Debtors. The objecting Shareholders have failed to provide any evidence that would form a basis for the Bankruptcy Court to conclude that either Class 17A or Class 17 B is unimpaired. (jj) First, this objection provides no support for the naked allegation that the holders of securities in Class 16 generally, or the Settlement Note Holders specifically, meet the definition of "insider" as set forth in the

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	Bankruptcy Code. For this reason alone, this objection is without merit. Moreover, no party in interest has filed a motion to designate the votes of Class 16, and even if such a motion had been filed, such designation would not be relevant because other Classes have voted in favor of the Modified Plan. Nonetheless, it should also be noted that the Bankruptcy Court approved the classification of claims and the voting procedures in the Supplemental Disclosure Statement Order, including the solicitation of Class 16. (kk) The objecting Shareholders provide no basis for the relief requested, and this is not relevant to confirmation of the Modified Plan. Moreover, the Amended Global Settlement Agreement resolves, among other things, the fraudulent conveyance claims. (ll) First, it should be noted that Class 16 has overwhelmingly voted to accept the Modified Plan. See *Declaration of David M. Sharp with Respect to the Tabulation of Votes on and Elections Pursuant to the Modified Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code*, dated July 8, 2011 [D.I. 8108]. Therefore, section 1129(b)(2)(B) of the Bankruptcy Code, which applies only to rejecting classes, does not apply to Class 16 and this objection is moot. Nevertheless, even if Class 16 had voted to reject, this objection would be without merit. The objection asserts that Class 17A is subordinate to Class 16, without any support for such assertion. In fact, Class 16, which consists of contractually subordinated junior debentures, is subordinated to Class 17A, which consists of the general unsecured claims of certain holders of WMB Senior Notes. The Plan Support Agreement – the basis for the payment of Class 17A Claims – settles various disputed claims and causes of actions asserted by certain holders of WMB Senior Notes against the Debtors' estates. The Debtors used

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
	their business judgment to settle such disputed claims and causes of actions. Thus, the resulting Allowed Claims from the Plan Support Agreement does not violate the Absolute Priority Rule. (mm) As discussed above, (i) Class 16 voted to accept the Modified Plan, and (ii) the proposed treatment of Allowed Claims in Class 17A is based upon the settlement reached between the Debtors and certain holders of WMB Senior Notes, which agreement between the Debtors and certain holders of the WMB Senior Notes enabled the Debtors, JPMC, the FDIC and certain other parties in interest to reach the consensus embodied in the Global Settlement Agreement, which the Bankruptcy Court already has approved as fair and reasonable. Thus, no gifting issue exists with regards to the distribution to Class 17A. See infra Response to Shareholder Letters. Additionally, the objection that the creation of Class 17A is an attempt to illegally gerrymander and create an impaired accepting class is without merit. The Modified Plan, just as the Sixth Amended plan was, has been accepted by numerous impaired classes – specifically, Classes 2, 3, 5, 6, 9, 10, 11, 12, 13, 14, 15, 16, and 17A. Furthermore, the claims asserted by holders of WMB Senior Notes in Class 17A are clearly different than the claims asserted by holders of general unsecured claims in Class 12, to the extent that they relate to the holding of such notes and not to allegations of fraud or misrepresentation on the part of the Debtors, and have been ruled as such by this Court. See Hr'g Transcript April 6, 2010 at 129. (nn) The Debtors submit that the Bankruptcy Court's enforcement of its December 2, 2009 order with respect to Bankruptcy Rule 2019 is irrelevant to confirmation of the Modified Plan. Accordingly, the Debtors do not believe a response is necessary. (oo) The assertion regarding the retention and payment of professionals

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
	does not appear to relate to confirmation of the Modified Plan and, accordingly, the Debtors do not believe a response is required. (pp) See supra Response to TPS Consortium's Objection. (qq) See supra Response to Normandy's Objection. (rr) The Shareholders' objection that the Modified Plan should not require the Equity Committee to withdraw certain claims relating to the Amended Global Settlement Agreement is moot. The Equity Committee previously objected to confirmation of the Sixth Amended Plan on the same basis and, in response, the Debtors added language to the Modified Plan to resolve this objection. Specifically, language added to Section 43.17 of the Modified Plan makes clear that any appeals from the Confirmation Order will not be deemed withdrawn by the Equity Committee upon the Effective Date. See Modified Plan § 43.17. (ss) The objecting Shareholders fail to put forth any evidence on which the Bankruptcy Court could conclude that the designation of Wells Fargo as Escrow Agent is improper and, therefore, the requested relief should be denied. Moreover, pursuant to the terms of the escrow agreement, Wells Fargo is liable for gross negligence or willful misconduct in performing these duties. See Amended Global Settlement Agreement, Exhibit F, Form Escrow Account. (tt) The Bankruptcy Court already has approved the Ballots and solicitation procedures. See Supplemental Disclosure Statement Order at 4-8. The Ballots very clearly state that holders of Claims and Interests in multiple classes will receive a Ballot for each voting Class in which they hold a Claim or Interest. In accordance with the Supplemental Disclosure Statement Order, the Debtors, through their

15. Objections of Individual Shareholders **(The list of docket numbers is attached hereto as Exhibit 1)**	
	claims agent, distributed solicitation packages containing the appropriate Ballots, election forms, and/or notices of non-voting status, which documents were in substantially the same form as those that are annexed to the Supplemental Disclosure Statement Order. The solicitation packages were distributed to holders of Claims directly or, if holders of the Debtors' securities hold such Claims through a nominee, such as a broker, then to such holders' nominees. See Affidavits of Service of Solicitation Materials [D.I. 7130, 7131] ("Affidavits of Service"). The Debtors have no way of verifying the unsupported allegation that these Shareholders' brokers sought to charge them for sending them a Ballot but, as noted in the Affidavits of Service, all court-approved solicitation procedures were followed. Accordingly, the Debtors submit that the solicitation packages and procedures are adequate and this objection is without merit. (uu) See Confirmation Brief at 17-23. (vv) Except to the extent the Opinion is on appeal, this issue is not open for reconsideration. See Hr'g Tr., Jan. 20, 2011, at 51:22-52:3; Hr'g Tr., Mar. 21, 2011, at 100:25-101:1. (ww) [redacted] (xx) As stated in the Confirmation Brief, the Debtors believe that the Modified Plan satisfies the requirements for confirmation set forth in the Bankruptcy Code. (yy) [redacted]

16. Shareholder Letters **(The list of docket numbers is attached hereto as Exhibit 1)**	
Objection	Response
Pursuant to the Shareholder Letters, certain Shareholders have objected to the Bankruptcy Court's determination that the Amended Global Settlement Agreement is fair and reasonable, and request that the Bankruptcy Court reconsider such finding. Such Shareholders assert, among other things, that: (a) the Debtors and/or JPMC should provide an accounting of the assets that collateralized the TPS investment, the assets sold to JPMC, as well as WMI's "remaining assets"; (b) "disagreement as to the composition and location of the BOIL/COLI [sic] assets exist between Debtors and their counsel"; (c) "there is not enough information available to [the Bankruptcy Court] to resolve a controversy of subordination and proper standing of WAMU 2001 Trust units"; (d) JPMC and the FDIC do not have valid claims against the Debtors; (e) the Bankruptcy Court should appoint a "forensic accounting firm"; (f) WMI has valid claims against the FDIC and JPMC that, if pursued, would result in a recovery to shareholders, and the Bankruptcy Court failed to adequately address certain of the Debtors' claims against JPMC and the FDIC; (g) the Bankruptcy Court erred in assessing the probabilities of success in the litigation related to the deposit accounts, tax refunds, TPS, intellectually property, Visa shares, and the business tort	As mentioned above, pursuant to the Opinion, the Bankruptcy Court determined that the compromise and settlement embodied in the Amended 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. Based upon the Bankruptcy Court's statements at the Supplemental Disclosure Statement Hearing and the January 20, 2011 status conference, this determination constitutes the law of the case and is not subject to relitigation or reconsideration. See Hr'g Tr., Jan. 20, 2011, at 51:22-52:3; Hr'g Tr., Mar. 21, 2011, at 100:25-101:1. Moreover, approval of the Amended Global Settlement Agreement already is subject to an appeal.

16. Shareholder Letters	**(The list of docket numbers is attached hereto as Exhibit 1)**
claims; (h) a recent ruling by the United States Bankruptcy Court for the Middle District of Alabama (concluding, among other things, that a debtor-holding company had not made a commitment to maintain the capital of its former bank subsidiary under certain agreements, and stating that "[a]s receiver [of the bank], the FDIC's rights are limited to those held by the [b]ank, which do not include the right to enforce the terms of the agreements—to which the [b]ank was not a party") helps "solidify the case that the FDIC on behalf of JPMC does not have legal right to the" deposit accounts, and requests that the Bankruptcy Court require the FDIC to file a proof of claim that does not include unliquidated components; (i) a recent ruling by the United States Bankruptcy Court for the District of Kansas (finding that tax refunds received by a debtors' estate were property of the estate, but explaining that the FDIC could assert claims for a seized bank's share of such refunds) supports a finding that the FDIC does not have any right to the tax refunds; (j) the Bankruptcy Court should "adjudicate the claims of the estate against JPMC and FDIC, to get to the bottom of what transpired . . ."; (k) the Bankruptcy Court may have erred in assessing the difficulties of collection with respect to the Debtors' claims against JPMC and the FDIC (i) based upon the "evidence submitted" by certain objecting Shareholders, (ii) because that finding will adversely impact holders of equity interests; and (iii) because, pursuant to the [Purchase and Assumption Agreement], the FDIC will indemnify JPMC for any losses incurred, and therefore, "[a]ll judgments against JPMC in the billions of dollars will be finally paid by the FDIC, without an impact in JPMC";	

16. Shareholder Letters **(The list of docket numbers is attached hereto as Exhibit 1)**	
and (l) the Bankruptcy Court must take into consideration new evidence from the Equity Committee's investigation of the Settlement Note Holders.	

Exhibit 1

Shareholder Objections & Shareholder Letters

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