

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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: **Chapter 11**
: **Case No. 08-12229 (MFW)**
: **(Jointly Administered)**
: **Hearing Date: May 2, 2011 at 9:30 a.m.**
: **Objection Deadline: April 25, 2011 at 4:00 p.m.**
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DEBTORS' APPLICATION FOR AN ORDER, PURSUANT TO SECTIONS 327(a) AND 328 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 2014(a) AND LOCAL RULE 2014-1, AUTHORIZING THE RETENTION AND EMPLOYMENT OF VALUATION RESEARCH CORPORATION AS VALUATION SERVICE PROVIDER FOR CERTAIN DEBTOR ASSETS, NUNC PRO TUNC TO APRIL 15, 2011

Washington Mutual, Inc. ("WMI") and WMI Investment Corp. ("WMI Investment"), as debtors and debtors in possession (collectively, the "Debtors"), hereby file this application (the "Application") for an order, pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), authorizing the retention of Valuation Research Corporation ("VRC") as a valuation service provider for certain of the Debtors' assets, *nunc pro tunc* to April 15, 2011. In support of this Application, the Debtors submit the affidavit of Walter O'Haire, a Vice President of VRC, attached hereto as Exhibit "B" (the "O'Haire Affidavit"), and respectfully represent:

¹ The Debtors in these chapter 11 cases along with the last four digits of each Debtor's federal tax identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395). The Debtors' principal offices are located at 925 Fourth Avenue, Seattle, Washington 98104.



Background

1. On September 26, 2008 (the “Commencement Date”), each of the Debtors commenced with this Court a voluntary case pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On October 3, 2008, the Court entered an order, pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing the joint administration of the Debtors’ chapter 11 cases.

2. On October 15, 2008, the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the official committee of unsecured creditors (the “Creditors’ Committee”). On January 11, 2010, the U.S. Trustee appointed the official committee of equity security holders (the “Equity Committee”) in these chapter 11 cases.

WMI’s Business

3. WMI is a holding company incorporated in the state of Washington and headquartered at 925 Fourth Avenue, Seattle, Washington 98104. WMI is the direct parent of WMI Investment, which serves as an investment vehicle for WMI and holds a variety of securities. WMI Investment is incorporated in the state of Delaware.

4. Prior to the Commencement Date, WMI was a savings and loan holding company that owned Washington Mutual Bank (“WMB”) and such bank’s subsidiaries, including Washington Mutual Bank fsb (“WMBfsb”). WMI also has certain non-banking, non-debtor subsidiaries.

5. Prior to the Commencement Date, WMI, like all savings and loan holding companies, was subject to regulation by the Office of Thrift Supervision (the “OTS”). WMB and WMBfsb, like all depository institutions with federal thrift charters, were also subject to

regulation and examination by the OTS. In addition, WMI's banking and nonbanking subsidiaries were overseen by various federal and state authorities, including the Federal Deposit Insurance Corporation ("FDIC"). On September 25, 2008, the Director of the OTS, by order number 2008-36, appointed the FDIC as receiver for WMB and advised that the receiver was immediately taking possession of WMB. The FDIC, as receiver, sold substantially all the assets of WMB to JPMorgan Chase Bank, National Association pursuant to that certain Purchase and Sale Agreement, Whole Bank, dated September 25, 2008.

6. WMI's assets include its common stock interest in WMB, its interest in its non-banking subsidiaries, and in excess of \$4 billion of cash that WMI and its non-banking subsidiaries (including WMI Investment) had on deposit at WMB and WMBfsb immediately prior to the time the FDIC was appointed as receiver.

7. On February 8, 2011, the Debtors filed their *Modified Sixth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* (as such may be further modified, the "Modified Plan"), and a related supplemental disclosure statement (as such may be further modified, the "Supplemental Disclosure Statement"). The Modified Plan contemplates (a) the reorganization of the Debtors pursuant to chapter 11 of the Bankruptcy Code, (b) the transfer of the Debtors' assets to a Liquidating Trust (as defined in the Modified Plan), including without limitation, any assets retained as a result of a Retention/Sale Transaction (as defined in the Modified Plan), and (c) the distribution of proceeds of such liquidating trust's assets to the holders of Liquidating Trust Interests (as defined in the Modified Plan). By Order, dated March 30, 2011, the Bankruptcy Court, among other things, approved the adequacy of the information contained in the Supplemental Disclosure Statement, authorized solicitation

procedures, and scheduled a hearing to consider confirmation of the Modified Plan is scheduled for June 6, 2011.

Jurisdiction

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

Relief Requested

9. By this Application, the Debtors request, pursuant to sections 327(a) and 328 of the Bankruptcy Code, Bankruptcy Rule 2014(a), and Local Rule 2014-1, entry of the proposed order substantially in the form attached hereto as Exhibit "A" (the "Proposed Order") authorizing the retention and employment of VRC, *nunc pro tunc* to April 15, 2011, to serve as valuation service provider for certain of the Debtors' assets in these chapter 11 cases, pursuant to the terms and conditions of that certain retention letter, dated April 15, 2011 (the "Retention Letter"), between VRC and WMI, including all Exhibits attached thereto, a copy of which is annexed to the O'Haire Affidavit as Exhibit B thereto.

Selection of VRC

10. The Debtors have selected VRC because of its extensive experience in valuations of assets similar to those that will be contributed to the Liquidating Trust pursuant to the Modified Plan. The services that VRC will perform are bankruptcy related. Consequently, the Debtors seek to retain VRC pursuant to section 327 of the Bankruptcy Code. Accordingly, the Debtors filed this Application seeking to retain VRC pursuant to sections 327(a) and 328 of the Bankruptcy Code, *nunc pro tunc* to April 15, 2011.

Scope of Services

11. As part of the distribution under the Modified Plan, the Debtors will distribute Liquidating Trust Interests. Pursuant to applicable law and Section 32.7 of the Modified Plan, the Debtors are required to comply with all applicable withholding and reporting requirements imposed by any United States federal, state or local tax law, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Accordingly, the Debtors are required to effectuate withholding in respect of distributions to employees and possibly certain other creditors. To do so, the Debtors will need to determine the fair market value of the Liquidating Trust Interests in order to accurately calculate the amounts required to be withheld with respect to such creditors' distributions. In addition, pursuant to Section 5.2(b) of the form Liquidating Trust Agreement, the Debtors are required to provide the Liquidating Trustee with a good-faith valuation of the Tax Refunds as of the Effective Date or otherwise arrange for such a valuation to be provided to the Liquidating Trustee as soon as practicable after the Effective Date by such third party professionals as the Debtors deem appropriate. *See also* Section 28.14(b)(2) of the Modified Plan.

12. As more fully set forth in the Retention Letter, VRC has agreed to provide the Debtors with valuation services in connection with both the Debtors' anticipated emergence from bankruptcy, and the establishment of the Liquidating Trust, subject to this Court's approval of the terms of the Retention Letter. Specifically, the Debtors seek advice and guidance from VRC with respect to the valuation of certain of the Debtors assets—including (i) Cash, (ii) certain future WMI tax refund receivables, (iii) certain trust interests where WMI is the beneficiary, (iv) BOLI/COLI, (v) loans secured by real estate, (vi) investment in certain subsidiaries, (vii) venture capital investments, (viii) prepaid accounts, (ix) fixed assets, and (x)

certain litigation proceeds, each as more fully described in the Retention Letter—and the respective tranches of liquidating trust interests.

13. In this regard, pursuant to the Retention Letter, VRC will provide valuation services as described in the Retention Letter, including valuations based on

- the income approach, which is a valuation technique that capitalizes anticipated income associated with the asset being valued. This approach is predicated on developing net income and cash flow projections which are discounted for risk and the time value of money. This approach is typically applied in the valuation of business interests and is generally the principal approach to the valuation of most intangible assets;
- the market approach, which involves the compilation and analysis of recent sales of similar assets in the open market. A value opinion can be derived after adjustments are made to reflect comparability differences between the assets sold and those being appraised. This method of valuation applies primarily to the valuation of owned land and certain intangible assets; and
- the cost approach, which is based on the amount that currently would be required to replace the service capacity of an asset (often referred to as current replacement cost). From the perspective of a market participant (seller), the price that would be received for the asset is determined based on the cost to a market participant (buyer) to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence, and economic (external) obsolescence and is broader than depreciation for financial reporting purposes (an allocation of historical cost) or tax purposes (based on specified service lives). This methodology is frequently applied in the valuation of buildings, personal property and certain intangible assets.

Terms of Compensation

14. Subject to Court approval, the Debtors will compensate VRC in accordance with the terms and conditions of the Retention Letter, which provides, in relevant part, for the payment of \$120,000.² The Debtors will also agree to reimburse VRC in the amount not to exceed \$40,000 to hire individuals or firms who VRC believes are highly qualified in the field of taxation, including tax litigation, to determine a range of probable outcomes for certain tax refund litigations.

15. In addition to compensation for services rendered, the Debtors have agreed to pay, subject to Court approval, any reasonable out-of-pocket expenses incurred in connection with VRC's retention in these chapter 11 cases and the performance of the services set forth in the Retention Letter. Reasonable and customary out-of-pocket expenses include, but are not limited to, items such as travel, meals, accommodations and other expenses specifically related to this engagement.

16. VRC and the Debtors believe that the foregoing compensation arrangement is reasonable and market-based. Furthermore, the fees and expenses described above are consistent with VRC's normal and customary billing practices for the scope of services outlined in the Retention Letter.

17. VRC intends to seek Court approval for allowance of compensation for services rendered and reimbursement of expenses incurred in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the U.S. Trustee Guidelines for Reviewing Applications for Compensation & Reimbursement of Expenses Filed

² Any description of the terms of the engagement herein (including without limitation the services to be provided) is a summary is solely for the reference of the Court and parties in interest. Reference is made to the Retention Letter for the full terms. To the extent that such summary and the terms of the Retention Letter are inconsistent, the terms of the Retention Letter shall control.

Under 11 U.S.C. § 330, that certain *Amended Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, dated November 14, 2008 [D.I. 302], and further orders of this Court. VRC will maintain time records in summary format, which shall set forth a description of the services rendered by each professional and the amount of time spent on each date, in half-hour increments. Information regarding reimbursement of actual and necessary expenses incurred by VRC will also be maintained. In addition, VRC will comply with the final fee application process for services rendered during these chapter 11 cases.

**VRC Does Not Hold an Interest Adverse to the Debtors
and Is a Disinterested Person Pursuant to Section 327(a) of the Bankruptcy Code**

18. To the best of the Debtors' knowledge, the partners, principals, and employees of VRC do not have any connection with the Debtors, their creditors, or any other party in interest, or their respective attorneys, except as set forth in the O'Haire Affidavit. The Debtors' knowledge, information, and belief regarding the matters set forth in this Application are based, in part, upon the O'Haire Affidavit. The Debtors submit that VRC (a) does not hold or represent any interest adverse to the Debtors or their estates, and (b) is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code. The Debtors have been informed that, if VRC discovers new relevant facts or relationships, VRC will supplement its disclosure to the Court.

**VRC's Services Are Necessary and in the Best
Interest of the Debtors, Their Creditors, and All Parties in Interest**

19. VRC's services are necessary to comply with withholding requirements related to the distribution of the Liquidating Trust Interests, as required by the Modified Plan and applicable law. In addition, the Debtors have certain valuation obligations with respect to the rights to Tax Refunds to be transferred to the Liquidating Trust.

20. Based on the foregoing, the Debtors submit that the relief requested is necessary and appropriate, is in the best interests of their estates and creditors.

Notice

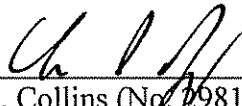
21. No trustee has been appointed in these chapter 11 cases. Notice of this Application has been provided to: (i) the U.S. Trustee; (ii) counsel to the Creditors' Committee; (iii) counsel for the Equity Committee; (iv) VRC; and (v) those parties entitled to receive notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no other or further notice need be provided.

No Previous Request

22. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: April 15, 2011
Wilmington, Delaware

By: 
Mark D. Collins (No. 2981)
Chun I. Jang (No. 4790)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 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 THE DEBTORS
AND DEBTORS IN POSSESSION

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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In re : **Chapter 11**
:
WASHINGTON MUTUAL, INC., et al.,¹ : **Case No. 08-12229 (MFW)**
:
: **(Jointly Administered)**
:
Debtors. :
:
: **Hearing Date: 5/2/2011 at 9:30 a.m. (EDT)**
:
: **Objection Deadline: 4/25/2011 at 4:00 p.m. (EDT)**
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NOTICE OF APPLICATION AND HEARING

PLEASE TAKE NOTICE that, on April 15, 2011, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the **Debtors’ Application for an Order, Pursuant to Section 327(a) and 328 of the Bankruptcy Code, Bankruptcy Rule 2014(a) and Local Rule 2014-1, Authorizing the Retention and Employment of Valuation & Research Corporation as Valuation Service Provider for Certain Debtor Assets, *Nunc Pro Tunc* to April 15, 2011** (the “Application”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Application must be in writing, filed with the Clerk of the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, and served upon and received by the undersigned counsel for the Debtors on or before **April 25, 2011 at 4:00 p.m. (Eastern Daylight Time)**.

¹ The Debtors in these chapter 11 cases along with the last four digits of each Debtor’s federal tax identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395). The Debtors’ principal offices are located at 925 Fourth Avenue, Seattle, Washington 98104.

PLEASE TAKE FURTHER NOTICE that a hearing to consider the Application and any objections thereto will be held before The Honorable Mary F. Walrath at the Bankruptcy Court, 824 North Market Street, 5th Floor, Courtroom 4, Wilmington, Delaware 19801 on **May 2, 2011 at 9:30 a.m. (Eastern Daylight Time)**.

IF NO OBJECTIONS TO THE APPLICATION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: April 15, 2011
Wilmington, Delaware



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

– and –

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

*Attorneys for the Debtors
and Debtors in Possession*

Exhibit A

Proposed Order

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

-----X
:
In re : Chapter 11
:
WASHINGTON MUTUAL, INC., et al.,¹ : Case No. 08-12229 (MFW)
:
: (Jointly Administered)
Debtors. :
: D.I. _____
:
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**ORDER PURSUANT TO SECTIONS 327(a)
AND 328 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 2014(a) AND
LOCAL RULE 2014-1 AUTHORIZING THE DEBTORS TO RETAIN AND EMPLOY
VALUATION RESEARCH CORPORATION AS VALUATION SERVICE PROVIDER
FOR CERTAIN DEBTOR ASSETS, NUNC PRO TUNC TO APRIL 15, 2011**

Upon the application, dated April 15, 2011 (the "Application"),² of Washington Mutual, Inc. and WMI Investment Corp., as debtors and debtors in possession (together, the "Debtors"), for entry of an order, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, Rule 2014 of the Bankruptcy Rules and Rule 2014-1 of the Local Rules, authorizing the Debtors to employ and retain Valuation Research Corporation ("VRC") as a valuation service provider for certain of the Debtors' assets, *nunc pro tunc* to April 15, 2011, in accordance with the terms of the Engagement Letter, a copy of which are is attached to the O'Haire Affidavit as Exhibit B thereto; and upon consideration of the O'Haire Affidavit; and the Court being satisfied, based on the representations made in the Application and in the O'Haire Affidavit, that VRC represents no interest adverse to the Debtors' estates, that it is a disinterested person as that term is defined

¹ The Debtors in these chapter 11 cases along with the last four digits of each Debtor's federal tax identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395). The Debtors' principal offices are located at 925 Fourth Avenue, Seattle, Washington 98104.

² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Application.

under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and that its employment is necessary and in the best interests of the Debtors' estates; and the Court having determined that the terms of the engagement and compensation are reasonable terms for the purposes of section 328(a) of the Bankruptcy Code; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Application is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefore, it is

ORDERED that the Application is GRANTED; and it is further

ORDERED that, in accordance with sections 327(a) and 328(a) of the Bankruptcy Code, Rule 2104 of the Bankruptcy Rules, and Rule 2014-1 of the Local Rules, the Debtors are authorized to employ and retain VRC as a valuation service provider for certain of the Debtors' assets on the terms set forth in the Engagement Letter (which is hereby approved), effective *nunc pro tunc* to April 15, 2011 in the above captioned cases; and it is further

ORDERED that VRC shall be compensated based on the rates set forth in the Retention Letter, and that VRC's compensation shall be subject to the standard of review provided for in sections 328(a) and 330 of the Bankruptcy Code; and it is further

ORDERED that VRC will seek Court approval for the allowance of fees and expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the U.S. Trustee Guidelines for Reviewing Applications for Compensation & Reimbursement of Expenses Filed Under 11 U.S.C. § 330, that certain *Amended Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, dated November 14, 2008 [D.I. 302], and such other procedures as may be fixed by order of this Court; and it is further

ORDERED that VRC shall not be entitled to indemnification, contribution or reimbursement pursuant to the Retention Letter for services, unless such services and the indemnification, contribution or reimbursement therefore are approved by the Court; and it is further

ORDERED that, notwithstanding any provision of the Retention Letter to the contrary, the Debtors shall have no obligation to indemnify VRC, or provide contribution or reimbursement to VRC, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen from VRC's gross negligence or willful misconduct; (ii) for a contractual dispute in which the Debtors allege the breach of VRC's contractual obligations unless the Court determines that indemnification, contribution or reimbursement would be permissible pursuant to *In re United Artists Theatre Company, et al.*, 315 F.3d 217 (3d Cir. 2003); or (iii) settled prior to a judicial determination as to VRC's gross negligence or willful misconduct, but determined by this Court, after notice and a hearing, to be a claim or expense for which VRC should not receive indemnity, contribution or reimbursement under the terms of the Retention Letter, as modified by this Order; and it is further

ORDERED that, if, before the earlier of (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, VRC believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Retention Letter (as modified by this Order), including without limitation the advancement of defense costs, VRC must file an application therefor in this Court, and the Debtors may not pay any such amounts to VRC before the entry of an order by this Court approving the payment. This decretal paragraph is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by VRC for indemnification, contribution or reimbursement and not a provision limiting the duration of the Debtors' obligation to indemnify VRC; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation or enforcement of this Order.

Dated: Wilmington, Delaware
_____, 2011

THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

Exhibit B

O'Haire Affidavit

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

-----X
: **Chapter 11**
: **Case No. 08-12229 (MFW)**
: **(Jointly Administered)**
: **Debtors.**
:
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**AFFIDAVIT OF WALTER O'HAIRE IN SUPPORT OF THE DEBTORS'
APPLICATION PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE
BANKRUPTCY CODE AND RULE 2014(a) OF THE FEDERAL RULES OF
BANKRUPTCY PROCEDURE FOR AUTHORIZATION TO EMPLOY AND
RETAIN VALUATION RESEARCH CORPORATION *NUNC PRO TUNC*
TO APRIL 15, 2010 AS VALUATION SERVICE PROVIDER TO THE DEBTORS**

Walter O'Haire, being duly sworn, deposes and says as follows:

1. I am a Vice President of Valuation Research Corporation ("VRC"),² located at 50 California Street, San Francisco, California 94111. I make this Affidavit in support of the application of the above-captioned debtors and debtors in possession (the "Debtors") pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code") for an order authorizing them to retain VRC as specialized valuation service provider (the "Application").

¹ The Debtors in these chapter 11 cases along with the last four digits of each Debtor's federal tax identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395). The Debtors' principal offices are located at 925 Fourth Avenue, Seattle, Washington 98104.

² Capitalized terms used herein as defined terms and not otherwise defined shall have those meanings ascribed to them in the Application.

2. Unless otherwise stated in this Affidavit, the statements set forth in this Affidavit are based upon my personal knowledge, upon information and belief, and upon client matter records kept in the ordinary course of business that were reviewed by me or by VRC personnel.

3. After reviewing the Washington Mutual Master Retention List provided by the Debtors (the "Master Retention List"), to the best of my knowledge, neither I, VRC, nor any shareholder or employee of VRC, has any connection with the Debtors, creditors and other parties-in-interest set forth on the Master Retention List, except as described below and on Exhibit A attached hereto.

4. VRC does not believe that the connections described herein or on Exhibit A will adversely affect the Debtors in any way. VRC has not in the past and is not currently providing services to any party-in-interest in connection with the Debtors' Chapter 11 cases nor does VRC have any relationship with any such party-in-interest that is adverse to the Debtors as to the matters on which VRC is to be employed.

5. To the best of my knowledge, VRC is a "disinterested person" as that term is defined in section 101(14) of the United States Bankruptcy Code and as required by sections 327(a) of the United States Bankruptcy Code.

6. Prior to the filing of the Debtors' chapter 11 cases, VRC provided services to Ahmanson, H.F. & Company, one of the Debtors' predecessor. The Debtors are not indebted to VRC on account of such prepetition services provided by VRC.

7. VRC appears in numerous cases, proceedings and transactions across the country involving many different professionals, including attorneys, accountants, investment bankers and financial consultants, some of which may represent creditors and other parties-in-interest in the Debtors' chapter 11 cases. Further, VRC has in the past, and may now or in the future be working

with or against other professionals involved in the Debtors' chapter 11 cases in matters unrelated to such cases. To the best of my knowledge, none of these business relationships constitute interests materially adverse to the Debtors upon which VRC is to be employed, and none are in connection with the Debtors' chapter 11 cases.

8. VRC and certain of its professionals may have in the past provided services to, may currently provide services to, and likely will in the future provide services to, in matters wholly unrelated to the Debtors' chapter 11 cases, entities that are parties-in-interest in connection with such cases.

9. Despite the efforts described above to identify and disclose all connections with the parties-in-interest, because the Debtors are large enterprises, VRC is unable to state with certainty that every client relationship or other connection has been disclosed. In this regard, if VRC discovers additional information that it determines requires disclosure, VRC will file a supplemental disclosure with the Court promptly.

10. VRC has provided and agrees to continue to provide services to the Debtors in accordance with the terms and conditions set forth in the Application and that certain engagement letter, dated April 15, 2010 between the Debtors and VRC and all attachments and exhibits referenced and incorporated therein, a copy of which is attached hereto as Exhibit B. (collectively, the "Engagement Letter").

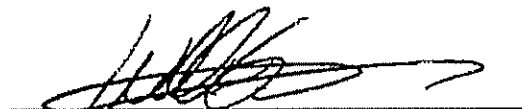
11. VRC has significant qualifications and experience in performing the scope of work described above. VRC's experience in valuation matters is well-developed, and VRC regularly provides such services to business entities.

12. Professional fees charged by VRC for services are calculated as described in the Engagement Letter. In addition, reasonable expenses, including travel, living and other expenses incurred in providing the services, will be included in the total amount billed.

13. It is VRC's intention to apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court and the Engagement Letter, and pursuant to any additional procedures that may be established by the Court in these chapter 11 cases.

14. VRC has received no promises regarding compensation in the Debtors' chapter 11 cases other than in accordance with the Bankruptcy Code and as set forth in this Affidavit and the engagement letter attached hereto as Exhibit B. Except as otherwise disclosed herein, VRC has no agreement with any non-affiliated entity to share any revenue earned in the Debtors' chapter 11 cases.

April 15, 2011


Walter O'Haire

Notary Jurat attached

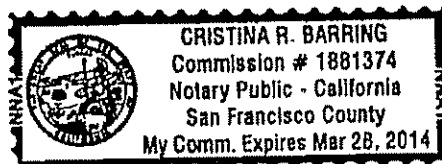
JURAT

STATE OF CALIFORNIA)
)
COUNTY OF San Francisco)

ss.

Subscribed and sworn to (or affirmed) before me on this 15th day of April, 2011, by Walter O'hair, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

WITNESS my hand and official seal.



Cristina R. Barring
Signature

(Seal)

OPTIONAL INFORMATION

Title or Type of Document: Affidavit of Walter O'hair in Support of the Debtors' Application Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Rule 2014(a) of The Federal Rules of Bankruptcy Procedure re: Retain VRC Nunc Pro Tunc.
Document Date: April 15, 2011 Number of Pages: 4 + Exhibit "A" and "B"

Other Information:

Exhibit A

1. VRC has provided services to the following entities or their affiliates in matters unrelated to the Debtors' chapter 11 cases:

- UBS Securities
- SilverPoint Capital, LLC
- Goldman Sachs
- Duquesne Capital
- Texas Pacific Group
- Morgan Stanley
- Fidelity National Financial
- Wells Fargo Bank, N.A.
- AT&T

2. At one point one of VRC's officers held approximately 1,000 common shares of Washington Mutual Inc. Such shares are no longer owned by that officer.

Exhibit B



April 15, 2011

Chad Smith, Esq.
General Counsel
Washington Mutual Inc.
c/o Alvarez & Marsal
925 Fourth Street, Suite 2500
Seattle, WA 98104

VIA EMAIL

Dear Mr. Smith:

Valuation Research Corporation ("VRC") is pleased to submit this proposal to provide certain valuation services to Washington Mutual, Inc. and WMI Investment Corp. (collectively, the "Debtors") in connection with the valuation of certain assets -- as fully set forth in the Scope of Engagement, below -- which assets the Debtors propose to transfer to a liquidating trust (the "Liquidation Trust") in connection with the Modified Sixth Amended Joint Plan of Affiliated Debtors pursuant to Chapter 11 of Bankruptcy Code, dated February 7, 2011 (as it has been and may be further modified, the "Plan"). The bankruptcy proceedings are In re Washington Mutual, Inc., et. al, Case No. 08-12229 (MFW), currently pending in the United States Bankruptcy Court for the District of Delaware (the "Delaware Bankruptcy Court" or the "Court").

The relevant valuation date will be the proposed transfer and distribution date (the "Distribution Date"), which is estimated to occur on June 30, 2011. The parties understand that the transfer and distribution date are subject to the approval of Debtors' Global Settlement Agreement (as defined in the Plan) and confirmation of the Plan, both by Judge Walrath in the Delaware Bankruptcy Court.

DEFINITION OF VALUE

The relevant standard of value is fair value as defined by U.S. generally accepted accounting principles ("GAAP"). The term fair value, as defined in ASC 820 (SFAS No. 157), is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SCOPE OF ENGAGEMENT

The purpose of our services will be to value certain assets of the Debtors in order to provide the recipients of the assets with a current value of those assets as of the Distribution Date. The scope of this assignment encompasses valuing the following identified assets of the Debtors.

<u>Ranked</u> (High to Low in amount)	<u>Estimated Liquidity Date (if available)</u>	<u>Value Date</u> (<u>Contemplated</u> distribution date)
Cash	June 30, 2011. Liquid upon deposit into Liquidating Trust	June 30, 2011
Future WMI Tax Refund Receivable	Undetermined at this time. VRC will be valuing potential and/or expected refunds of federal taxes (including interest on such refunds) arising from WMI's claims for tax refunds, including but not limited to, claims that are being resolved through tax litigation. VRC will also be valuing net expected state tax refunds (including interest) arising from filed refund claims which may be challenged by state authorities and against which state authorities, in certain instances, have asserted reductions to such claims as a result of issues raised during tax audits. In addition, total state refunds could be reduced by claims asserted by various states which may be resolved as a result of tax litigation, which action will be evaluated by VRC.	June 30, 2011
Assurant Trust	February 28, 2012. VRC to apply discounted cash flow approach to arrive at a June 30, 2011 value.	June 30, 2011
BOLI / COLI	September 30, 2011. VRC to apply discounted cash flow approach to arrive at a June 30, 2011 value.	June 30, 2011
Loans Secured by Real Estate	Undetermined at this time. Approximately \$2 million of unpaid principal balance (gross book value) in investment loans held at AOC.	June 30, 2011
Investment in Subsidiaries	June 30, 2011. Assets to be valued, beyond loans discussed above, consist of cash. Subsidiaries may include AOC, WaMu 1031 Exchange, WM Citation and WMI Rainier.	June 30, 2011
Venture Capital Investments	July 1, 2014. VRC to apply discounted cash flow approach to arrive at a June 30, 2011 value.	June 30, 2011
Prepays	June 30, 2011. Cash. Liquid upon deposit into Liquidating Trust.	June 30, 2011
Fixed Assets	June 30, 2011. Either book value or fixed asset valuation.	June 30, 2011
Microsoft Litigation Proceeds	Undetermined at this time. Litigation resolved. Cash. Liquid upon deposit into Liquidating Trust.	June 30, 2011

Valuation of any of the Debtors' other assets and liabilities are outside the scope of this engagement. VRC will also rely on, and not duplicate, the work performed by the Debtors or Alvarez & Marsal LLC.

In addition to valuing the assets outlined above, the scope of this engagement will include ascribing value to each tranche of liquidating trust interests. It is currently contemplated that each CUSIP relevant to the Debtors' capital structure will have a unique liquidating trust tranche.

VALUATION METHODOLOGY AND APPROACH

The methodologies to be employed as part of our work will include all relevant and generally applicable valuation approaches used in arriving at a net present value for an asset, including – where applicable – the cost, market, and income approaches to value. Each approach will be applied, if applicable, based upon the nature of the underlying assets being valued.

ENGAGEMENT MANAGEMENT AND STAFFING

Our procedure in executing engagements of this nature is to use a professional team approach wherein our executive staff participates directly in planning, implementation, and report preparation. Our practice is to use experienced professional staff members to attain maximum consistency, efficiency, and cost control. This is all done with a focus on supportability and the timely delivery of our work product.

Mr. Robert Barnett, CFA, FRM, Senior Vice President, will have overall responsibility for this engagement. Mr. Barnett has significant experience providing valuations and advisory services pertaining to the valuation of intangible valuations, including complex derivatives and contingent assets. Other additional support and staff personnel will be assigned to the engagement as needed.

TIMING, DELIVERABLES AND REQUESTED INFORMATION

We will begin working on this engagement only after receiving an executed copy of this agreement and the requested retainer. We will deliver a preliminary report supporting our analyses and conclusions, with the intent that after review by Debtors a final report is to be completed on or before June 15, 2011. Our report will include a complete explanation of the valuation approaches and techniques utilized, supporting exhibits, professional qualifications and certification, and a statement of general assumptions and limiting conditions. A final report will be issued after Debtors' management has had a chance to review the report and make comments.

It is important to emphasize that to successfully execute this engagement within the prescribed timeframe indicated we will need access to the Debtors' management and financial personnel. We will also require timely receipt of all information requested. An information request list and discussion topics will be provided separately.

It will be the Debtors' responsibility to provide VRC with all relevant and necessary data which the Debtors believe is necessary for VRC to complete the engagement. Over two million pages of documents have been filed in the Delaware Bankruptcy Court and VRC is in no position to review any of that data de novo. Additionally, the Debtors acknowledge that VRC is not providing any tax advice in connection with the valuation engagement. To the extent withholding tax is to be calculated prior to the distribution of any assets that VRC values, such withholding tax calculation are the obligation of the Debtors and the Debtors' tax counsel.

FEES AND CHARGES

Our charges for the services outlined herein will be in accordance with the time required to complete the engagement. It is our policy to assess a service charge of 1% monthly (12% annual percentage rate) on any balance which remains unpaid after 30 days. It is further understood that our fees are not contingent on the levels of value concluded, the outcome of any litigation, or the consummation of any transaction with respect to this matter. Based on our recent discussions, our fee for performing the valuation will be \$120,000, plus reasonable out-of-pocket expenses. All payments can be paid to "Valuation Research Corporation" or wired to VRC at such bank and account as contained in VRC's invoice.

Any time spent reviewing the draft valuation with the Debtors' auditors or advisors in excess of thirty hours will be billed at our standard hourly rates of \$575.00 per hour.

If testimony is required before the Delaware Bankruptcy Court, VRC will charge \$575 per hour for such testimony, including preparation time. The Debtors will also be responsible to reimburse VRC for reasonable travel expenses necessary to appear at any hearing.

AFFILIATION WITH TAX EXPERT, TAX LITIGATION SPECIALIST

VRC will also identify individuals or firms who we believe are highly qualified in the field of taxation, including tax litigation, in order to retain such an individual or firm for the purposes of assisting VRC with determining a range of probable outcomes for the tax refund litigation, and – more importantly – assisting VRC in arriving at a percentage probability for each agreed upon outcome. VRC will be responsible for the selection of that individual or firm, as well as the negotiation of the hourly fees for that individual or firm. VRC will cap the fee at \$40,000 and request the submittal of time billed to the project so that VRC can keep on track of the expense. In no event will the cost for that individual or firm be in excess of \$40,000. The fee to the tax expert is separate from and in addition to the fee charged by VRC. In the event the cost for the tax expert is less than \$40,000, the Debtors will be the beneficiary of the difference. Upon Court's approval of such fees, The Debtors will be responsible for the payment of those fees to VRC upon delivery of VRC's report on or about June 30, 2011.

INDEMNIFICATION AND LIMITING CONDITIONS

The Debtors agrees to indemnify and hold harmless VRC, which includes its directors, officers, employees and agents against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which VRC may become subject in connection with this engagement. In addition, the Debtors agrees to reimburse VRC for any costs incurred or paid by VRC as a witness, or otherwise, in connection with any proceeding or dispute involving this engagement.

Notwithstanding any provision herein to the contrary, the Debtors shall have no obligation to indemnify VRC, or provide contribution or reimbursement to VRC, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen from VRC's gross negligence or willful misconduct; (ii) for a contractual dispute in which the Debtors allege the breach of VRC's contractual obligations unless the Court determines that indemnification, contribution or reimbursement would be permissible pursuant to *In re United Artists Theatre Company, et. al.*, 315 F.3d 217 (3d Cir. 2003); or (iii) settled prior to a judicial determination as to VRC's gross negligence or willful misconduct, but determined by the Court, after notice and hearing, to be a claim or expense for which VRC should not receive indemnity, contribution or reimbursement under the terms of this agreement.

If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, VRC believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under this agreement, including without limitation the advancement of defense costs, VRC must file an application with the Court, and the

Debtors may not pay any such amounts to VRC before the entry of an order by the Court approving the payment. This paragraph is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by VRC for indemnification, contribution or reimbursement and not a provision limiting the duration of the Debtors' obligation to indemnify VRC.

Drafts of VRC's report are intended solely for the benefit of Debtors and may not be disclosed publicly. Drafts may be disclosed to the Debtors' advisor, Alvarez & Marsal, and the Debtors' attorneys. It is contemplated that the final report is to be filed with the Delaware Bankruptcy Court. Our report or our name may not be referenced, quoted, or otherwise disclosed in any other public filing by the Debtors, Debtors' advisor or Debtors' counsel without VRC's prior written consent. VRC is under no duty or obligation to consent to being referenced as an "expert" as defined under the securities laws. This engagement letter may not be provided to third parties, other than the Debtors' advisor, Alvarez & Marsal, and Debtors' attorneys without the prior written consent of VRC; however, this engagement letter may be filed with the Delaware Bankruptcy Court upon execution of the engagement letter by the parties.

MISCELLANEOUS

VRC's engagement hereunder may be terminated upon 30 days' written notice without cause by either the Debtors or VRC. Notwithstanding the foregoing, the provisions relating to the payment of fees and expenses accrued through the date of termination will survive any such termination.

This agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state. Each of the Debtors and VRC hereby agrees that any action or proceeding based hereon or arising out of VRC's engagement hereunder, shall be brought and maintained exclusively in the Delaware Bankruptcy Court. Each of the Debtors and VRC irrevocably submits to the jurisdiction of the Delaware Bankruptcy Court for the purpose of any action or proceeding based hereon or arising out of VRC's engagement hereunder and irrevocably agrees to be bound by any judgment rendered thereby in connection with such action or proceedings. Each of the Debtors and VRC hereby irrevocably waives, to the fullest extent permitted by law, any objection they may have or hereafter may have to the laying of venue of any such action or proceeding brought in any such court referred to above and any claim that such action or proceeding has been brought in an inconvenient forum and agrees not to plead or claim the same.

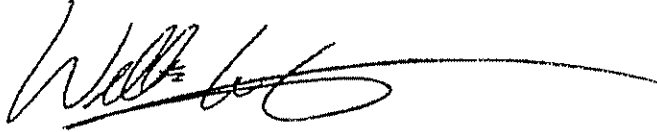
VALUATION RESEARCH CORPORATION OVERVIEW

VRC is a leading international financial advisory firm with more than 30 years of experience providing M&A advisory services, fairness and solvency opinions in support of transactions, and valuations of intellectual property and tangible assets for financial reporting and tax purposes. Our valuation studies are conducted anticipating some level of adversarial review or third party scrutiny by the Securities and Exchange Commission, Internal Revenue Service, public accounting firms, trustees and other fiduciaries, lending institutions, or other regulatory bodies.

VRC has professional staff capabilities in Boston, Cincinnati, Chicago, Milwaukee, New York, San Francisco and Tampa. In addition, the company has international capabilities in Asia, Australia, Europe, Mexico, and South America.

We appreciate the opportunity to be of service to you in connection with this matter. We assure you that this engagement will receive our careful and continuing attention. We reserve the right to include your company name and logo in our client list.

Sincerely,



Walter W. O'Haire
Vice President
(415) 513-4777

If this letter correctly reflects your understanding of our agreement, please return a signed copy of this letter to us or you may fax your acknowledgement to us at (415) 277-2948. Please note that we will be unable to provide any conclusions, verbal or written, until we have received this letter.

Acknowledged and Accepted by:

**WASHINGTON MUTUAL, INC. and WMI
INVESTMENT CORP.**

By: 

Name: _____

Charles Edward Smith

Title: _____

Executive Vice President

Date: _____

April 15, 2011