

Press Release

For Immediate Release

WASHINGTON MUTUAL, INC. ANNOUNCES SETTLEMENT WITH SIGNIFICANT CREDITORS AND EQUITY COMMITTEE

SEATTLE, May 24, 2011 – Washington Mutual, Inc. (Pink Sheets: WAMUQ.PK) (“WMI” or the “Company”) today announced that the Company and certain of the Company’s creditors have reached a tentative settlement agreement with the Official Committee of Equity Security Interest Holders.

Under the terms of the tentative agreement, which remains subject to the parties executing definitive documentation memorializing the terms thereof, the parties have agreed to the following:

- A litigation trust will be established to pursue claims and causes of action that are property of the Debtors against certain non-released third parties. This litigation trust will be funded by the Company with an initial \$5 million cash contribution and additional contributions, under certain circumstances, in an amount not to exceed \$25 million. The previously announced liquidating trust contemplated by the Company’s pending plan of reorganization will be entitled to receive all proceeds realized by the litigation trust until repaid in full (other than with respect to the initial \$5 million contribution); thereafter, the beneficiaries of the litigation trust will be the holders of allowed, subordinated claims, as well as preferred and common equity holders.
- Common equity in the reorganized Debtor will be distributed to holders of allowed, subordinated claims and the Company’s preferred and common equity holders. In addition, certain holders of allowed claims, other than those holding allowed claims who would have previously received common equity in the reorganized Debtor, have agreed to receive a debt instrument and a preferred equity instrument having a combined, aggregate net present value of approximately \$160 million.
- Certain significant creditors will commit to provide a senior secured credit facility for the reorganized Debtor in an amount not to exceed \$100 million.
- Upon filing of a plan consistent with these additional terms, the Equity Committee will stay its appeal of the Bankruptcy Court’s order, dated January 7, 2011, regarding plan confirmation. Additionally, upon confirmation of such plan, the Equity Committee will withdraw, with prejudice, such appeal.

WMI issued the following statement:

“WMI is pleased to have reached this tentative settlement agreement, which is an important step toward completing the Chapter 11 process. WMI looks forward to distributing over \$7 billion to the estate’s parties-in-interest upon confirmation and approval by the Bankruptcy Court.”

If the parties are unable to reach a definitive agreement that incorporates the tentative settlement announced today, the Debtors intend to proceed with the hearing scheduled to begin on June 29, 2011 to seek confirmation of the plan of reorganization currently pending before the Bankruptcy Court.

Additional details regarding the settlement agreement are available at www.kccllc.net/wamu.

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