

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

	X	
	:	
<i>In re</i>	:	Chapter 11
	:	
WASHINGTON MUTUAL, INC., <u>et al.</u> ,	:	Case No. 08-12229 (MFW)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	Objection Deadline:
	:	July 6, 2009 at 4:00 p.m. (Eastern)
	X	

**SUMMARY OF SEVENTH MONTHLY APPLICATION OF GIBSON, DUNN &
CRUTCHER LLP FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS SPECIAL TAX COUNSEL TO DEBTORS
FOR THE PERIOD APRIL 1, 2009 THROUGH APRIL 30, 2009**

Name of Applicant:	Gibson, Dunn & Crutcher LLP
Authorized to Provide Professional Services to:	Washington Mutual, Inc. (" <u>WMI</u> ") and (" <u>WMI Investment</u> ", together with WMI, the " <u>Debtors</u> ")
Date of Retention:	<u>Nunc Pro Tunc</u> to September 26, 2008
Period for Which Compensation and Reimbursement is Sought:	April 1, 2009 through April 30, 2009 (the " <u>Compensation Period</u> ")
Amount of Compensation sought as actual, reasonable and necessary:	\$70,593.00
Amount of Expense Reimbursement Sought as Actual, Reasonable, and Necessary:	\$1,006.14

This is a(n): X Monthly Interim Final Fee Application

The total time expended in connection with the preparation of this Seventh Monthly Fee Application is not included herein as such time was expended after the Compensation Period.

Summary of Fee Applications filed to date:

Date Filed	Period Covered	Requested		Approved	
		Fees	Expenses	Fees	Expenses
12/02/2008 (Docket No. 377)	9/26/08-10/31/08	\$132,879.50	\$ 136.82	\$132,879.50	\$ 136.82
12/19/2008 (Docket No. 479)	11/1/08-11/30/08	\$ 28,765.00	\$2,269.87	\$ 28,765.00	\$2,269.87
3/10/2009 (Docket No. 756)	12/1/08-12/31/08	\$11,625.50	\$0.00	\$11,625.50	\$0.00
3/10/2009 (Docket No. 757)	1/1/09-1/31/09	\$48,358.25	\$144.71	\$48,358.25	\$144.71
4/21/2009 (Docket No. 933)	2/1/09-2/28/09	\$67,895.00	\$1,180.93	\$67,895.00	\$1,180.93
4/21/2009 (Docket No. 934)	3/1/09-3/31/09	\$45,108.50	\$1,765.16	\$45,108.50	\$1,765.16

**SUMMARY OF PROFESSIONAL SERVICES RENDERED BY GIBSON, DUNN & CRUTCHER LLP AS SPECIAL TAX COUNSEL TO DEBTORS FOR THE PERIOD
APRIL 1, 2009 THROUGH APRIL 30, 2009**

NAME OF PROFESSIONAL	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
PARTNERS & OF COUNSELS:				
Joel A. Feuer	Litigation (1981)	\$840	5.70	\$ 4,788.00
Dora Arash	Tax (1994)	\$675	27.40	18,495.00
Total Partners	2		33.10	\$23,283.00

NAME OF PROFESSIONAL	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
ASSOCIATES:				
Kenneth A. Glowacki	Restructuring and Reorganization (2001)	\$610	1.80	\$ 1,098.00
Kirsten R. Galler	Litigation (2003)	\$570	3.60	\$ 2,052.00
Lorna S. Wilson	Tax (2007)	\$400	86.60	\$34,640.00
Lora A. Cicconi	Tax (2007)	\$400	23.80	\$ 9,520.00
Total Associates	4		115.80	\$47,310.00

NAME OF PROFESSIONAL	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
Paralegals, Clerks, Library Staff and Other Non-Legal Staff:				
NONE				
Total Paraprofessionals	0		0	\$0.00

PROFESSIONALS	TOTAL HOURS BILLED	TOTAL COMPENSATION
TOTALS:		
Partners and Of Counsel	33.10	\$23,283.00
Associates	115.80	\$47,310.00
Paraprofessionals	0	\$0.00
Total Fees Requested	148.90	\$70,593.00
Blended Attorney Rate	\$474.10	

**SUMMARY OF SERVICES BY TASK CODE FOR PROFESSIONAL SERVICES
 RENDERED BY GIBSON, DUNN & CRUTCHER LLP AS SPECIAL TAX
 COUNSEL TO DEBTORS FOR THE PERIOD
APRIL 1, 2009 THROUGH APRIL 30, 2009**

TASK CODE	DESCRIPTION	HOURS	AMOUNT
144	1997 Tax Refund Claim (AOC Issues)	34.60	\$16,864.00
145	2001 through 2003 – IRS Appeals	5.10	\$3,442.50
146	Deferred Loan Fees (1905 Agency Issues)	104.60	\$47,352.50
147	General Tax Advice	4.60	\$2,988.00
Total Fees Requested:		148.90	\$70,593.00

**SUMMARY OF ACTUAL AND NECESSARY EXPENSES INCURRED
 BY GIBSON, DUNN & CRUTCHER LLP AS SPECIAL TAX COUNSEL TO
 DEBTORS FOR THE PERIOD APRIL 1, 2009 THROUGH APRIL 30, 2009**

EXPENSES	AMOUNTS
Local Transportation	
Meals (Attorney, Support Staff, Domestic Travel)	
Meetings and Conference Meals	
Postage	
Telecommunications	\$9.88
Duplicating	\$0.60
Air Courier/Express Mail	\$8.73
Court Reporting	
Computerized Research	\$986.93
Domestic Travel	
Edgar Filing	
Document Service Bureau	
Total Expenses Requested:	\$1,006.14

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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: **Chapter 11**
: **Case No. 08-12229 (MFW)**
: **(Jointly Administered)**
: **Debtors.**
: **Objection Deadline:**
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**SEVENTH MONTHLY APPLICATION OF GIBSON, DUNN & CRUTCHER LLP FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES AS SPECIAL TAX COUNSEL TO DEBTORS FOR THE PERIOD
APRIL 1, 2009 THROUGH APRIL 30, 2009**

TO THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE:

Gibson, Dunn & Crutcher LLP (“GD&C”), special tax counsel for Washington Mutual, Inc. (“WMI”) and WMI Investment Corp. (“WMI Investment”, together with WMI, the “Debtors”), for its Seventh Monthly Fee Application (the “Application”), pursuant to sections 330(a) and 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 issued by the Executive Office for United States Trustees (the “Guidelines”), and this Court’s *Amended Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, dated November 14, 2008 (the “Interim

Compensation Order”) [Docket No. 302], for (i) the allowance of interim compensation for professional services performed by GD&C for the period commencing April 1, 2009, through and including April 30, 2009 (the “Compensation Period”), in the amount of \$70,593.00 (the “Interim Compensation Amount”), and (ii) reimbursement of its actual and necessary expenses in the amount of \$1,006.14 incurred during the Compensation Period (the “Interim Expense Amount”), respectfully represents:

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 the Bankruptcy Code. As of the date hereof, the Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. The Debtors’ chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Bankruptcy Rules.

3. On October 15, 2008, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the Official Committee of Unsecured Creditors (the “Creditors’ Committee”).

Jurisdiction

4. 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.

Summary of Application for the Compensation Period

5. By this Application, and in accordance with the Interim Compensation Order, GD&C requests approval of the Interim Compensation Amount and the Interim Expense Amount for the Compensation Period.

6. GD&C billed WMI for services rendered in the amount of \$127,972.20 prior to the Commencement Date. As of the date of this Application, GD&C has received post-petition payments of \$53,605.15 from JP Morgan on account of such pre-petition debts (which have been applied to reduce GD&C's pre-petition claim against WMI), but has not been paid the remainder of such pre-petition amounts. GD&C consulted with the Debtors' bankruptcy counsel, Weil, Gotshal & Manges, LLP ("Weil") (which expressed no objection thereto) prior to taking the aforementioned action. Moreover, GD&C has no intention of waiving its remaining pre-petition claim against WMI.

7. By this Court's Order signed November 14, 2008, the Debtors were authorized to retain GD&C as their special tax counsel under section 327(e) of the Bankruptcy Code effective as of the Commencement Date (the "Retention Order") [Docket No. 300]. The Retention Order authorizes the Debtors to compensate GD&C in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and such other procedures as were to be fixed by order of the Court. On November 14, 2008, the Court entered the Interim Compensation Order, which established such procedures.

8. During the Compensation Period, GD&C performed the services for which it is seeking compensation for the Debtors and their estate and not on behalf of any committee, creditor, or other person. In addition, GD&C received no payment and no promises of payment from any source, other than the Debtors, for services rendered, or to be rendered, in any capacity

whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between GD&C and any other person, other than members of the firm, for the sharing of compensation received for services rendered in this case.

9. GD&C maintains computerized records of the time spent by all GD&C attorneys and paraprofessionals in connection with its representation of the Debtors. Subject to redaction where necessary to preserve the attorney-client privilege, relevant copies of the computerized records for the Compensation Period are annexed hereto as Exhibit A and Exhibit B, as further described below.

Summary of Services Rendered by GD&C During the Compensation Period

10. This Application is the Seventh Monthly Fee Application for interim compensation that GD&C has filed with the Court in this case. During the Compensation Period, GD&C provided significant professional services to the Debtors regarding the tax matters for which GD&C was employed. Specifically, GD&C has (i) advised Debtors with respect to tax matters relating to the Debtor's 2001-2003 tax years that are currently before the IRS appeals office; (ii) researched tax issues and prepared summary judgment motion relating to the refund action currently pending before the Court of Federal Claims in connection with the acceleration of certain deferred loan fees into income as a result of the transfer of mortgage-backed securities to a wholly-owned subsidiary; (iii) researched issues relating to a refund claim for the 1997 tax year on account of the Debtor's entitlement to a loss on the disposition of the stock of a subsidiary and prepared for the upcoming IRS appeals conference with respect thereto; and (iv) performed all of the other professional services that are described in this Application. Moreover, GD&C's bankruptcy attorneys prepared GD&C's Monthly Fee Applications and Interim Fee Application.

11. Annexed hereto as Exhibit A are GD&C's itemized time records for professionals and paraprofessionals performing services for the Debtors during the Compensation Period. During the Compensation Period, GD&C billed the Debtors for time expended by attorneys based on hourly rates ranging from \$400.00 to \$840.00 per hour. The professional services performed by GD&C on behalf of the Debtors during the Compensation Period required an aggregate expenditure of 148.90 recorded hours by GD&C's partners, counsel and associates. Of the aggregate time expended, 33.10 recorded hours were expended by partners and of counsel, 115.80 recorded hours were expended by associates, and 0 recorded hours were expended by paraprofessionals. GD&C's blended hourly rate for attorney services provided during the Compensation Period is \$474.10.

12. The fees charged by GD&C as set forth in Exhibit A are billed in accordance with GD&C's existing billing rates and procedures in effect during the Compensation Period. The rates GD&C charges for the services rendered by its professionals and paraprofessionals in this chapter 11 case are the same rates GD&C charges for professional and paraprofessional services rendered in comparable non-bankruptcy related matters in a competitive national legal market. GD&C minimized fees by utilizing a small core team to render its tax services.

13. GD&C certifies that it has reviewed the requirements of Local Rule 2016-2 and that this Application and all entries itemized in GD&C's time records comply therewith including, without limitation, (i) the utilization of project categories, (ii) a description of each activity or service that each individual performed, and (iii) the number of hours (in increments of one-tenth of an hour) spent by each individual providing the services. Each project category in Exhibit A is organized in accordance with GD&C's internal system of project category or work codes (each a "Task Code"). If a Task Code does not appear, then GD&C did not bill time or

expenses for that Task Code during the Compensation Period, but may bill time for that Task Code in the future. In accordance with Local Rule 2016-2(d)(x), all activity descriptions in Exhibit A are presented chronologically within each Task Code category.

14. The following is a summary of the significant professional services rendered by GD&C during the Compensation Period. This summary is organized in accordance with GD&C's internal system of Task Codes.

-Task Code 144:1997 Tax Refund Claim. (Fees \$16,810.00; Hours 34.60)

This Task Code includes the time billed by GD&C's tax attorneys advising Debtors with respect to tax matters relating to Debtor's 1997 tax years that is before the IRS appeals office. Time billed under this Task Code includes research and analysis of the issues, and preparation for the appeals conference.

-Task Code 145: 2001 through 2003 – IRS Appeals. (Fees \$3,442.50; Hours 5.10)

This Task Code includes the time billed by GD&C's tax attorneys advising Debtors with respect to tax matters relating to the Debtor's 2001-2003 tax years that are currently before the IRS appeals office (including the deductibility of charitable contributions as a result of the sale of property known as Ahmanson Ranch to the State of California at below fair market value). Time billed under this Task Code also includes internal meetings regarding the Debtor's position and conferences with the Internal Revenue Service regarding the same.

-Task Code 146: Deferred Loan Fees. (Fees \$47,352.50; Hours 104.60)

This Task Code includes the time billed by GD&C's tax attorneys addressing tax issues relating to the refund action currently pending before the Court of Federal Claims in connection with the acceleration of certain deferred loan fees into income as a result of the transfer of mortgage-backed securities to 1905 Agency, a wholly-owned subsidiary. Time billed under this

Task Code also includes research and analysis of the foregoing issues and drafting the summary judgment motion.

-Task Code 147: General Tax Advice (Fees \$2,988.00; Hours 4.60)

This general Task Code includes the time billed by GD&C's bankruptcy and tax attorneys preparing GD&C's Monthly Fee Applications and Interim Fee Application.

15. The foregoing professional services performed by GD&C were necessary and appropriate to the administration of this case. The professional services performed by GD&C were in the best interests of the Debtors and other parties in interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance, and time-sensitive nature of the problems, issues, or tasks involved. The professional services were performed with expedition and in an efficient manner.

16. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount of fees requested is fair and reasonable given: (a) the complexity of the case; (b) the time expended; (c) the nature and extent of the services rendered; (d) the value of such services; (e) GD&C's established expertise in the tax field; and (f) the costs of comparable services other than in a case under the Bankruptcy Code.

Actual and Necessary Expenses of GD&C

17. Pursuant to Local Rule 2016-2(e), annexed hereto as Exhibit B are GD&C's itemized records detailing expenses incurred on behalf of the Debtors during the Compensation Period.

18. As more fully described in Exhibit B, GD&C seeks reimbursement for the following categories of expenses: (a) duplicating, (b) computerized research, and (c) domestic travel. All entries detailed in Exhibit B comply with the requirements set forth in Local Rule

2016-2(e), including an itemization of the expenses by category, the date the expense was incurred, and the individual incurring the expense, where available.

19. GD&C's disbursement policies pass through all out of pocket expenses at actual cost or an estimated actual cost when the actual cost is difficult to determine. For example, with respect to duplication charges, GD&C will charge \$.10 per page because the actual cost is difficult to determine. Similarly, as it relates to computerized research, GD&C believes that it does not make a profit on that service as a whole although the cost of any particular search is difficult to ascertain. Other reimbursable expenses (whether the service is performed by GD&C in-house or through a third party vendor) include, but are not limited to, facsimiles, toll calls, overtime, overtime meals, deliveries, court costs, cost of food at meetings, transcript fees, travel, and clerk fees. As per the Guidelines, GD&C has not requested reimbursement of expenses related to overhead charges, such as secretarial services and proofreading.

20. GD&C has disbursed \$1,006.14 as expenses incurred in providing professional services during the Compensation Period.

The Requested Compensation Should Be Allowed

21. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 of the Bankruptcy Code to govern the Court's award of such compensation. 11 U.S.C. § 331. Section 330 of the Bankruptcy Code provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual, necessary services rendered . . . and reimbursement for actual, necessary expenses." *Id.* § 330(a)(1)(A)-(B). Section 330 of the Bankruptcy Code also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded ... the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including—

(A) the time spent on such services;

(B) the rates charged for such services;

(C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;

(D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;

(E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and

(F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

Id. § 330(a)(3).

22. In the instant case, GD&C respectfully submits the professional services for which it seeks compensation and the expenditures for which it seeks reimbursement in this Application were necessary for and beneficial to the Debtors' ongoing tax controversy and tax litigation matters. GD&C has worked assiduously to assist the Debtors with their tax disputes. Such services and expenditures were necessary to and in the best interests of the Debtors' estates and creditors. GD&C further submits the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors, their estates, and all parties in interest.

23. Whenever possible, GD&C sought to minimize the costs of its services to the Debtors by utilizing talented junior attorneys and paraprofessionals to handle the more routine aspects of the tax disputes. A small core group of GD&C attorneys was utilized for the vast majority of the tax work to minimize the costs of intra-GD&C communication and education about the Debtors' tax issues.

24. Notably, the majority of the services performed by members and associates of GD&C were rendered by the Tax Department. GD&C has a preeminent practice in this area and enjoys a national reputation for its tax expertise. Consequently, GD&C brought to this case a high level of expertise and experience that inured to the benefit of the Debtors.

25. In sum, the services rendered by GD&C were necessary and beneficial to the Debtors' estates and were consistently performed in a timely manner commensurate with the complexity, importance, and nature of the issues involved, and approval of the compensation for professional services and reimbursement of expenses sought herein is warranted.

Reservation

26. To the extent time or disbursement charges for services rendered or disbursements incurred relate to the Compensation Period but were not processed prior to the preparation of this Application, or GD&C has for any other reason not sought compensation or reimbursement of expenses herein with respect to any services rendered or expenses incurred during the Compensation Period, GD&C reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

Notice

27. Notice of this Application will be served upon: (i) Washington Mutual, Inc., 1301 Second Avenue, Seattle, Washington 98101 (Attn: William C. Kosturos); (ii) counsel to Debtors,

Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Marcia L. Goldstein, Esq. and Brian S. Rosen, Esq.); (iii) local counsel to the Debtors, Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Mark D. Collins, Esq.); (iv) the Office of the United States Trustee, District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801; and (v) counsel to the Creditors' Committee, Pepper Hamilton LLP, Hercules Plaza, Suite 5100, 1313 N. Market Street Wilmington, DE 19899 (Attn: Evelyn J. Meltzer).

Conclusion

WHEREFORE GD&C respectfully requests that the Court enter an order (i) allowing interim compensation for professional services rendered during the Compensation Period in the amount of \$70,593.00 (subject to the 20% holdback) and of the reimbursement for actual and necessary expenses GD&C incurred during the Compensation Period in the amount of \$1,006.14, (ii) allowing such compensation for professional services rendered and reimbursement of actual and necessary expenses incurred without prejudice to GD&C's right to seek additional compensation for services performed and expenses incurred during the Compensation Period, which were not processed at the time of this Application, and (iii) granting GD&C such other and further relief as is just and proper.

Dated: Wilmington, Delaware
June 15, 2009

/s/ Dora Arash

Dora Arash

GIBSON, DUNN & CRUTCHER LLP

333 South Grand Ave.

Los Angeles, CA 90071

Telephone: (213) 229-7134

Facsimile: (213) 229-6134

ATTORNEYS FOR DEBTORS

CERTIFICATION

STATE OF CALIFORNIA)
) ss:
COUNTY OF LOS ANGELES)

Dora Arash, after being duly sworn according to law, deposes and says:

I am a partner with the applicant firm, Gibson, Dunn & Crutcher LLP, and am admitted to practice law in the State of California.

I have personally performed many of the legal services rendered by Gibson, Dunn & Crutcher LLP as attorneys to Debtors Washington Mutual, Inc. and WMI Investment Corp. and am familiar with the other tax work performed on behalf of the Debtors by the lawyers in the firm.

I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information, and belief. Moreover, I have reviewed Local Rule 2016-2 and submit that the Application substantially complies with such rule.

/s/ Dora Arash
Dora Arash

SUBSCRIBED AND SWORN TO before me this 15th day of June 2009 by Dora Arash, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

/s/ Hannah H. Kim
Notary Public
My Commission Expires: June 5, 2010

Hannah H. Kim
Notary Public State of California
Los Angeles County
Commission 1665038