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2. Reorganized WMI could be well capitalized. Depending on plan structure and the amount of debt to be reinstated, there could be significant cash left in reorganized WMI that could be utilized by the company going forward.
3. At some point in the future, the going forward business of reorganized WMI will have the benefit of a large NOL based on the company's ability to claim a worthless stock deduction relating to its WMB stock.
4. All parties to the settlement would work together to provide finality on all points, including with respect to potential claims from WMB creditors, comfort on tax positions, etc.

From: Simonds, David [mailto:dsimonds@AkinGump.com]
Sent: Thursday, March 05, 2009 4:27 PM
To: Walsh, Michael; guzzi@ny.whitecase.com; Pfeiffer, Brian; Kosturos, Bill; Rosen, Brian; Steven Simms; Hodara, Fred; Scruton, Andrew
Cc: Sapeika, Tal
Subject: RE: WMI term sheet

Brian Pfeiffer, Have you circulated the email outline of the "bigger" deal? I believe that I have not seen it.

From: Walsh, Michael [mailto:michael.walsh@weil.com]
Sent: Thursday, March 05, 2009 1:21 PM
To: guzzi@ny.whitecase.com; brian.pfeiffer@friedfrank.com; Simonds, David; Kosturos, Bill; Rosen, Brian; Steven Simms
Cc: Sapeika, Tal
Subject: WMI term sheet

collection; (3) the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending it; and (4) the paramount interest of creditors. *Martin*, 91 F.3d at 393.

See also Nutraquest, 434 F.3d at 644.

“In the final analysis, the court does not have to be convinced that the settlement is the best possible compromise. Rather, the court must conclude that the settlement is within the reasonable range of litigation possibilities.” *In re World Health Alternatives, Inc.*, 344 B.R. 291, 296 (Bankr.D.Del. 2006)(internal quotations and citations omitted). The Debtors carry the burden of persuading the court that the compromise falls within the reasonable range of litigation possibilities. *Key3Media Group*, 336 B.R. at 93. “While a court generally gives deference to the Debtors’ business judgment in deciding whether to settle a matter, the Debtors have the burden of persuading the bankruptcy court that the compromise is fair and equitable and should be approved.” *Id.*

Here, for the reasons set forth below, the Debtors have failed to meet their burden of proving that the Settlement Agreement is fair and equitable, and in the best interest of the estate.

DISCUSSION

The Debtors argue that the Settlement Agreement meets the standard for approval under Rule 9019 and that the Settlement Agreement was the result of good faith negotiations, with both parties being represented by counsel. The Debtors argue that, notwithstanding their belief in the strength of their claims and defenses in the Actions, continuing with the Actions will be costly and time-consuming, and, like all litigation, inherently risky. Pursuing the Actions would require the Debtors to spend a significant portion of their limited financial resources, to the detriment of other business needs and operations. The Actions would also consume a significant amount of

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To: Kosturos, Bill[BKosturos@alvarezandmarsal.com]; Goulding, Jon[JGoulding@alvarezandmarsal.com]
From: Walsh, Michael
Sent: Thur 3/5/2009 10:10:55 PM
Importance: Normal
Sensitivity: None
Subject: RE: WMI term sheet
Categories: True

right

From: Kosturos, Bill [mailto:BKosturos@alvarezandmarsal.com]
Sent: Thursday, March 05, 2009 5:09 PM
To: Walsh, Michael; Goulding, Jon
Subject: FW: WMI term sheet

It's about time that the seniors figured this out.

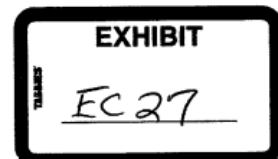
From: Pfeiffer, Brian [mailto:Brian.Pfeiffer@friedfrank.com]
Sent: Thursday, March 05, 2009 2:00 PM
To: Simonds, David; Walsh, Michael; guzzi@ny.whitecase.com; Kosturos, Bill; Rosen, Brian; Steven Simms; Hodara, Fred; Scruton, Andrew; Sapeika, Tal
Cc: Kaden, Alan S.; Roose, Matthew
Subject: RE: WMI term sheet

Attached are some preliminary bullets on the structure and benefits of the alternative plan. It's a work in progress but we thought that it would be a good place to start our conversation.

Outline of Possible Plan Structure

Newly issued equity of reorganized WMI to be distributed to JPM under a Plan in respect of JPM's general unsecured claims against WMI (including, without limitation, its claims relating to past and future tax refunds). No incremental consideration would be provided by JPM in respect of its acquisition of the equity of reorganized WMI. All other creditors, as well as the holders of the Reit Trust Preferred Stock, will receive distributions in the form of cash, reinstated debt or as otherwise agreed.

Potential Benefits



WMI-TPS-S0114348

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S&C DRAFT 3/18/09
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WMI/JPMC SETTLEMENT TERM SHEET

PROTECTED BY FEDERAL RULE OF EVIDENCE 408

This term sheet is intended to outline the basic division of assets and certain liabilities between JPMorgan Chase Bank N.A. ("JPMC") and Washington Mutual Inc. ("WMI") that would be embodied in a settlement of all disputes among the various parties arising out of the receivership of Washington Mutual Bank and the filing of Chapter 11 cases by WMI and WMI Investment Corp. An actual resolution of the issues will be embodied in a plan of reorganization (the "Plan") and will be a fundamental part thereof, will be approved under Bankruptcy Rule 9019, will include a sale of all right, title or interest of the Debtors in or to the assets below to JPMC free and clear of all claims and interests under Bankruptcy Code § 363(f) and will provide for both party and third party releases covering all matters in dispute or claims that may arise out of or relate to the receivership or the Chapter 11 cases or the assets described herein. The resolution is subject to internal approvals of the Debtors and JPMC, to the approval of the FDIC, and to the entry of an order confirming the Plan in form and substance satisfactory to the Debtors and JPMC.

In summary form, the assets in dispute will be divided among the parties as follows, free and clear, with good title and all claims released pursuant to agreed mechanics to be embodied in the Plan:

Issue	WMI Proposal 3/12/09	JPMC Proposal 3/18/09
• Balances in "Deposit Accounts"	• JPMC to (a) pay over \$4.08 billion, including post-petition tax refunds received; plus (b) interest accrued through date of payment at the greater of 25 basis points or amount set forth in the agreement; plus (c) release claims to the \$292 million released in December, 2008	• Agreed except payment is of \$4.08 billion less the amount of approximately \$250 million in tax refunds received on 9/30/08 and interest accrual is on balance due at agreed upon rates

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Email: brian.rosen@weil.com

From: Buono, Jeannine [mailto:Jeannine.Buono@friedfrank.com] **On Behalf Of** Scheler, Brad Eric
Sent: Tuesday, February 09, 2010 9:38 AM
To: Rosen, Brian; 'BKosturos@alvarezandmarsal.com'
Cc: FFHSJ WaMu Team
Subject: FW: WMI - Term Sheet

Brian and Bill –

As we have discussed and as I promised Brian that we would deliver (albeit my promise was to deliver prior to today; Brian, apologies and regrets again), attached is a preliminary working draft of a plan term sheet for WMI. Together with our clients, we are continuing to review and revise the draft. In addition to the input of our clients and all of us at Fried Frank, we will benefit from your collective thinking and input and the thinking and input of your colleagues. We and our clients would welcome the opportunity to meet with the two of you in person (best) or by phone to walk you through the term sheet and to address any questions or concerns that you have. Let's us know days, eves and times that work for all of us to meet this week.

Our clients believe that the structure presented in the term sheet provides the Debtors with a fair and efficient means to distribute value and proceeds to creditors. Given the comprehensive and diverse holdings of WMI debt and securities by our clients, our clients trust, anticipate and believe that the structure set forth in the term sheet will be embraced by all of WMI's creditors. In addition to the distributions to creditors of the deposit, proceeds of tax refunds as received and cash and other assets, the attached term sheet provides funding for the purpose of capitalizing and expanding the business of WM Mortgage Reinsurance Company with the goal of maximizing the value of the Debtors' residual assets which our clients anticipate will benefit WMI's creditors. The attached term sheet is presented on a preliminary basis and is subject to the better wisdom of each of you, your colleagues, our clients and our FFHS&J colleagues.

As suggested above, our clients and we believe that all of us should meet forthwith to

WMI-TPS-S0117396

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EXHIBIT

EC32

From: Horton, William [/O=WEILX/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=35048BD-AE890FCE-8525686A-81BCDC]
Date: 3/10/2010 12:33:13 PM
To: tyrus [tyrus@mac.com]
Subject: FW: WMI – Some JPM Tax Revisions to Settlement Agreement

From: Goldring, Stuart
Sent: Tuesday, March 09, 2010 9:46 PM
To: Goldring, Stuart; Horton, William; Howard Jacobson; Alan Kaden (alan.kaden@friedfrank.com); Kevin Keyes (Kevin.Keyes@friedfrank.com)
Cc: 'Curt Brouwer'; 'jmaciel@alvarezandmarsal.com'; 'chad.smith@wamuinc.net'; 'jcarreon@alvarezandmarsal.com'; DiBlasi, Kelly; Rosen, Brian; Kosturos, Bill
Subject: RE: WMI – Some JPM Tax Revisions to Settlement Agreement

FYI –

I took the opportunity of being on another call with Andy Mason to touch on some of the items I saw in the latest draft, as well as to make sure he understood the two clean-up changes we sent earlier. I indicated my hope that they would address some of the issues I saw when they provide whatever further changes they had intimated in their email:

1.-- They realize the reference to the 2.1 refund reflected there is only a 70% portion. They intend to use the full number and may change "referred" to "reflected"

2.-- As to the definition of Group Related Refunds, their changes weren't necessarily intended to exclude the tax impact of an excess loss account recapture. They have asked us to propose some language to encompass that. Their change to direct and their additions were intended to make sure that they don't get charged for the use of NOLs and the reduction of real tax basis.

3.-- They later address Group Related Refunds based on a 50/50 split. This raises a possible TARP sensitivity.

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To: Walsh, Michael; guzzi@ny.whitecase.com; Pfeiffer, Brian; Kosturos, Bill; Rosen, Brian; Steven Simms; Hodara, Fred; Scruton, Andrew
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Subject: RE: WMI term sheet

Brian Pfeiffer, Have you circulated the email outline of the "bigger" deal? I believe that I have not seen it.

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Cc: Sapeika, Tal
Subject: WMI term sheet

EXHIBIT

EC 34

From: Rosen, Brian [/O=WEILX/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=95F2636C-3513399F-85256498-522BF4]
Date: 3/9/2010 2:08:03 PM
To: 'Scheler, Brad Eric' [Brad.Eric.Scheler@friedfrank.com], 'BKosturos@alvarezandmarsal.com' [BKosturos@alvarezandmarsal.com]
Subject: RE:

To me, the biggest issues in your email were the two economic ones: the price on the Visa Shares and the .5%. On the first, I cannot help you and Bill must respond. On the second, your clients said they did not care about that long ago and what if JPM gives all that away?

-----Original Message-----

From: Scheler, Brad Eric [mailto:Brad.Eric.Scheler@friedfrank.com]
Sent: Tuesday, March 09, 2010 8:59 AM
To: Rosen, Brian; 'BKosturos@alvarezandmarsal.com'
Subject: Re:

Thanks so much you two. We should, must and will loop our guys in but want to do so on a coordinated basis with the two of you. We have a short status call with our guys at 3:30 today. If the two of you want to touch base and give 30 second or more update that would be great and welcome. In addition to the mark up, my note to the two of you last eve is or great import. I am the master of obvious to note that timing and substance this is critical. Want you to have unequivocal support of my clients every step of way and they want to be with you. So do keep us posted on all as you are and do let's get the guys looped in. Best, Brad.

Sent from my BlackBerry Wireless Handheld
Brad Eric Scheler, Esq.
Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, NY 10004
Direct: 212-859-8019
Cell: 914-924-0988
International cell: 646-223-0182
E-mail: brad.eric.scheler@friedfrank.com
Executive Assistant:
Ms. Jeannine Buono
Direct: 212-859-4612
E-mail: jeannine.buono@friedfrank.com

----- Original Message -----

From: Rosen, Brian <brian.rosen@weil.com>
To: Scheler, Brad Eric; 'BKosturos@alvarezandmarsal.com' <BKosturos@alvarezandmarsal.com>
Sent: Tue Mar 09 08:52:11 2010
Subject: RE:

We had calls with JPM yesterday and are attempting to close the gaps. Have been collecting comments