FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **1996-12-30**
SEC Accession No. 0000897423-96-000124

SUBJECT COMPANY

WASHINGTON MUTUAL INC

CIK:**933136**| IRS No.: **911653725** | State of Incorp.:**WA** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: **005-44645** | Film No.: **96688362**
SIC: **6036** Savings institutions, not federally chartered

Mailing Address
1201 THIRD AVE
1201 THIRD AVE
SEATTLE WA 98101

Business Address
1201 THIRD AVENUE
SEATTLE WA 98101
2064612000

FILED BY

CRANDALL J TAYLOR

CIK:**911380**
Type: **SC 13D**

Mailing Address
2460 SAND HILL RD
MENLO PARK CA 94025

Business Address
2460 SAND HILL RD
MENLO PARK CA 94025
4152340500

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Schedule 13D**

Under the Securities Exchange Act of 1934
(Amendment No.)*

Washington Mutual, Inc.
(Name of Issuer)

Common Stock, No Par Value
(Title of Class of Securities)

939322103
(Cusip Number)

J. Taylor Crandall
201 Main Street
Fort Worth, Texas 76102
(817) 390-8500
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

December 18, 1996
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box [ ].

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

** All ownership percentages set forth herein assume that there are 123,320,754 shares outstanding, based upon the Issuer's Registration Statement on Form S-3 (File Number 333-17291).

1. Name of Reporting Person:

Robert M. Bass

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable (See Item 3)

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: USA

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 11,379,576 (1)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 9,478,300
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

11,379,576 (1)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 9.2%

14. Type of Reporting Person: IN

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(1) Includes 1,901,276 shares of Stock over which the Reporting Person has sole voting power. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

Acadia Partners, L.P.

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable (See Item 3)

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: Delaware

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 6,218,004 (1)(2)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 5,179,113 (1)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

6,218,004 (2)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 5.0%

14. Type of Reporting Person: PN

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(1) Power is exercised by its sole general partner, Acadia FW Partners, L.P.

(2) Includes 1,038,891 shares of Stock over which the Reporting Person has sole voting power. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

Acadia FW Partners, L.P.

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: Delaware

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 6,218,004 (1)(2)(3)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 5,179,113 (1)(2)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

6,218,004 (2)(3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 5.0%

14. Type of Reporting Person: PN

---

(1) Power is exercised by its managing general partner, Acadia MGP, Inc.

(2) Solely in its capacity as the sole general partner of Acadia Partners, L.P.

(3) Includes 1,038,891 shares of Stock over which the Reporting Person has sole voting power in its capacity as the sole general partner of Acadia Partners, L.P. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

   Acadia MGP, Inc.

2. Check the Appropriate Box if a Member of a Group:

   (a) / /

   (b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

   / /

6. Citizenship or Place of Organization: Texas

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 6,218,004 (1)(2)(3)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 5,179,113 (1)(2)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

    6,218,004 (2)(3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 5.0%

14. Type of Reporting Person: CO

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(1) Power is exercised by its president and sole stockholder, J. Taylor Crandall.

(2) Solely in its capacity as the managing general partner of Acadia FW Partners, L.P.

(3) Includes 1,038,891 shares of Stock over which the Reporting Person has sole voting power in its capacity as the managing general partner of Acadia FW Partners, L.P. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

J. Taylor Crandall

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable (See Item 3)

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: USA

Number of Shares Beneficially Owned By Each Reporting Person	7.	Sole Voting Power: 6,549,755 (1)(2)(3)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 5,455,436 (4)

With

10. Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

6,549,755 (1)(2)(3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 5.3%

14. Type of Reporting Person: IN

---

(1) Solely in his capacity as president and sole stockholder of Acadia MGP, Inc. with respect to 6,218,004 shares of Stock.

(2) Includes 1,038,891 shares of Stock over which the Reporting Person has sole voting power in his capacity as president and sole stockholder of Acadia MGP, Inc. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

(3) Includes 55,428 shares of Stock over which the Reporting Person has sole voting power. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

(4) Solely in his capacity as president and sole stockholder of Acadia MGP, Inc. with respect to 5,179,113 shares of Stock.

1. Name of Reporting Person:

Capital Partnership

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable (See Item 3)

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: Texas

7. Sole Voting Power: 1,126,946 (1)(2)

Number of Shares Beneficially Owned By Each Reporting Person With

8. Shared Voting Power: -0-

9. Sole Dispositive Power: 938,658 (1)

10. Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,126,946 (2)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 0.9%

14. Type of Reporting Person: PN

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(1) Power is exercised by its managing partner, Margaret Lee Bass 1980 Trust.

(2) Includes 188,288 shares of Stock over which the Reporting Person has sole voting power. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

Margaret Lee Bass 1980 Trust

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: Texas

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 1,126,946 (1)(2)(3)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 938,658 (1)(2)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,126,946 (2)(3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 0.9%

14. Type of Reporting Person: 00 - Trust

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(1) Power is exercised by its trustee, Panther City Investment Company.

(2) Solely in its capacity as the managing partner of Capital Partnership.

(3) Includes 188,288 shares of Stock over which the Reporting Person has sole voting power in its capacity as the managing partner of Capital Partnership. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

Panther City Investment Company

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: Texas

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 1,126,946 (1)(2)(3)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 938,658 (1)(2)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,126,946 (2)(3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 0.9%

14. Type of Reporting Person: CO

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(1) Power is exercised by its president, W. Robert Cotham.

(2) Solely in its capacity as the trustee of Margaret Lee Bass 1980 Trust.

(3) Includes 188,288 shares of Stock over which the Reporting Person has sole voting power in its capacity as trustee of Margaret Lee Bass 1980 Trust. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

W. Robert Cotham

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: USA

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 1,126,946 (1)(2)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 938,658 (1)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,126,946 (1)(2)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 0.9%

14. Type of Reporting Person: IN

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(1) Solely in his capacity as the president of Panther City Investment Company.

(2) Includes 188,288 shares of Stock over which the Reporting Person has

sole voting power in his capacity as president of Panther City Investment Company. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

KH Carl Partners, L.P.

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable (See Item 3)

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: Delaware

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 555,514 (1)(2)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 462,700 (1)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

555,514 (2)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 0.5%

14. Type of Reporting Person: PN

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(1) Power is exercised by its sole general partner, Bernard J. Carl.

(2) Includes 92,814 shares of Stock over which the Reporting Person has sole voting power. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

Bernard J. Carl

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable (See Item 3)

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: USA

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: 2,298,162 (1)(2)(3)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 1,544,304 (4)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

2,298,162 (1)(2)(3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 1.9%

14. Type of Reporting Person: IN

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(1) Solely in his capacity as the sole general partner of KH Carl Partners, L.P. with respect to 555,514 shares of Stock.

(2) Includes 92,814 shares of Stock over which the Reporting Person has sole voting power in his capacity as the sole general partner of KH Carl Partners, L.P. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

(3) Includes 291,158 shares of Stock over which the Reporting Person has sole voting power. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

(4) Solely in his capacity as the sole general partner of KH Carl Partners, L.P. with respect to 462,700 shares of Stock.

1. Name of Reporting Person:

Rosecliff-New American 1988 Partners, L.P.

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable (See Item 3)

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: Delaware

	7.	Sole Voting Power: 1,062,535 (1)(2)
Number of Shares Beneficially	8.	Shared Voting Power: -0-

Owned By
Each
Reporting 9. Sole Dispositive Power: 885,009 (1)
Person
With
10. Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,062,535 (2)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 0.9%

14. Type of Reporting Person: PN

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(1) Power is exercised by its sole general partner, Daniel L. Doctoroff.

(2) Includes 177,526 shares of Stock over which the Reporting Person has sole voting power. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

1. Name of Reporting Person:

Daniel L. Doctoroff

2. Check the Appropriate Box if a Member of a Group:

(a) / /

(b) / X /

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e):

/ /

6. Citizenship or Place of Organization: USA

	7.	Sole Voting Power: 1,062,535 (1)(2)
Number of Shares Beneficially Owned By Each Reporting Person With	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: 885,009 (1)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,062,535 (1)(2)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:

/ /

13. Percent of Class Represented by Amount in Row (11): 0.9%

14. Type of Reporting Person: IN

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(1) Solely in his capacity as the sole general partner of Rosecliff-New American 1988 Partners, L.P.

(2) Includes 177,526 shares of Stock over which the Reporting Person has sole voting power in his capacity as the sole general partner of Rosecliff-New American 1988 Partners, L.P. Such shares are held in escrow for the benefit of Keystone Holdings Partners, L.P. and its transferees (see Items 5(c) and 6).

Item 1. Security and Issuer.

This statement relates to shares of Common Stock, no par value (the "Stock"), of Washington Mutual, Inc. (the "Issuer"). The principal executive offices of the Issuer are located at 1201 Third Avenue, Suite 1500, Seattle, Washington 98101.

Item 2. Identity and Background.

(a) Pursuant to Rule 13d-1(f) of Regulation 13D-G of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Act"), this Schedule 13D Statement is hereby filed by Robert M. Bass ("R. Bass"), Acadia Partners, L.P., a Delaware limited partnership ("Acadia"), Acadia FW Partners, L.P., a Delaware limited partnership ("Acadia FW"), Acadia MGP, Inc., a Texas corporation ("Acadia MGP"), J. Taylor Crandall

("J. Crandall"), Capital Partnership, a Texas general partnership ("Capital"), Margaret Lee Bass 1980 Trust, a trust existing under the laws of Texas ("MLBT"), Panther City Investment Company, a Texas corporation ("Panther City"), W. Robert Cotham ("W. Cotham"), KH Carl Partners, L.P., a Delaware limited partnership ("KH Carl"), Bernard J. Carl ("B. Carl"), Rosecliff-New American 1988 Partners, L.P., a Delaware limited partnership ("Rosecliff"), and Daniel L. Doctoroff ("D. Doctoroff"). R. Bass, Acadia, Acadia FW, Acadia MGP, J. Crandall, Capital, MLBT, Panther City, W. Cotham, KH Carl, B. Carl, Rosecliff and Doctoroff are sometimes hereinafter collectively referred to as the "Reporting Persons". Based on overlapping employment and investment relationships, the Reporting Persons may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Act, although neither the fact of this filing nor anything contained herein shall be deemed an admission by the Reporting Persons that a "group" exists, and the Reporting Persons expressly disclaim that any such "group" exists.

(b)-(c)

R. Bass

R. Bass' business address is 201 Main Street, Suite 3100, Fort Worth, Texas 76102, and his present principal occupation or employment at such address is serving as President of Keystone, Inc. ("Keystone").

Keystone is a Texas corporation, the principal businesses of which are investment in marketable securities, real estate investment and development, ownership and operation of oil and gas properties (through Bass Enterprises Production Co. ("BEPCO")), the ownership and operation of gas processing plants and carbon black plants (through various partnerships) and the ownership of interests in entities engaged in a wide variety of businesses. The principal address of Keystone, which also serves as its principal office, is 201 Main Street, Suite 3100, Fort Worth, Texas 76102.

BEPCO is a Texas corporation, the principal business of which is oil exploration and drilling and producing hydrocarbons. The principal business address of BEPCO, which also serves as its principal office, is 201 Main Street, Suite 2700, Fort Worth, Texas 76102.

Acadia

Acadia is a Delaware limited partnership, formed to invest in public and private debt and equity securities. The principal business address of Acadia, which also serves as its principal office, is 201 Main Street, Suite 3100, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to Acadia FW, the sole general partner of Acadia, is set forth below.

Acadia FW

Acadia FW is a Delaware limited partnership, the principal business of which is serving as the general partner of Acadia. The principal business address of Acadia FW, which also serves as its principal office, is 201 Main Street, Suite 3100, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to Acadia MGP, the managing general partner of Acadia FW, is set forth below.

Acadia MGP

Acadia MGP is a Texas corporation, the principal business of which is serving as the managing general partner of Acadia FW. The principal business address of Acadia MGP, which also serves as its principal office, is 201 Main Street, Suite 3100, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, the name, residence or business address, and present principal occupation or employment of each director, executive officer and controlling person of Acadia MGP are as follows:

NAME	RESIDENCE OR BUSINESS ADDRESS	PRINCIPAL OCCUPATION OR EMPLOYMENT
J. Taylor Crandall	201 Main St., Ste. 3100 Fort Worth, Texas 76102	Vice President-Finance of Keystone
Daniel L. Doctoroff	65 E. 55th St., 32nd Fl. New York, NY 10022	Managing Partner of Insurance Partners Advisors, L.P.
Steven B. Gruber	65 E. 55th St., 32nd Fl. New York, NY 10022	Managing Partner of Insurance Partners Advisors, L.P.
Glenn R. August	65 E. 55th St., 32nd Fl. New York, NY 10022	President of Oak Hill Advisors, Inc.
W. Robert Cotham	201 Main St., Ste. 2600 Fort Worth, Texas 76102	Vice President/ Controller of BEPCO

Insurance Partners Advisors, L.P. is a Delaware limited partnership, the principal business of which is performing investment banking services for Insurance Partners, L.P., a Delaware limited partnership formed to invest in securities of insurance entities to be selected by its investment committee, and Insurance Partners Offshore (Bermuda), L.P., a Bermuda limited partnership formed to invest in securities of insurance entities to be selected by its investment committee. The principal business address of Insurance Partners Advisors, L.P. is One Chase Manhattan Plaza, 44th Floor, New York, New York 10005.

Oak Hill Advisors, Inc. is a Delaware corporation, the principal business of which is serving as an investment consultant to Oak Hill Securities Fund, L.P., which is a Delaware limited partnership formed to

invest primarily in public and private debt securities. The principal business address of Oak Hill Advisors, Inc. is 65 E. 55th Street, New York, NY 10022.

J. Crandall

See above.

Capital

Capital is a Texas general partnership, the principal business of which is investing in public and private debt and equity securities. The principal business address of Capital, which also serves as its principal office, is 201 Main Street, Suite 3100, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to MLBT, the managing partner of Capital, and Timothy Richardson Bass 1976 Trust ("TRBT"), Anne Chandler Bass 1978 Trust ("ACBT") and Christopher Maddox Bass Trust ("CMBT"), the other partners of Capital, is set forth below.

MLBT

MLBT is a trust existing under the laws of the State of Texas. The address of MLBT is 201 Main Street, Suite 3100, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to its trustee, Panther City, is set forth below.

TRBT

TRBT is a trust existing under the laws of the State of Texas. The address of TRBT is 201 Main Street, Suite 3100, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to its trustee, Panther City, is set forth below.

ACBT

ACBT is a trust existing under the laws of the State of Texas. The address of ACBT is 201 Main Street, Suite 3100, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to its trustee, Panther City, is set forth below.

CMBT

CMBT is a trust existing under the laws of the State of Texas. The address of CMBT is 201 Main Street, Suite 3100, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to its trustee, Panther City, is set forth below.

Panther City

Panther City is a Texas corporation. Panther City is a private

trust company that serves as trustee of various trusts. The principal business address of Panther City, which also serves as its principal office, is 201 Main Street, Suite 2700, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, the name, residence or business address, and present principal occupation or employment of each director, executive officer and controlling person of Panther City are as follows:

NAME	RESIDENCE OR BUSINESS ADDRESS	PRINCIPAL OCCUPATION OR EMPLOYMENT
W. Robert Cotham	See above.	See above.
William P. Hallman, Jr.	201 Main St., Ste. 2500 Fort Worth, Texas 76102	Director of the law firm of Kelly, Hart & Hallman, P.C.

W. Cotham

See above.

KH Carl

KH Carl is a Delaware limited partnership, formed to invest in Keystone Holdings Partners, L.P., a Texas limited partnership ("KH Partners") and NA Preferred Partners, L.P., a Texas limited partnership ("NA Preferred"), which is a former stockholder of a subsidiary of Keystone Holdings, Inc., a Texas corporation ("KHI"). The principal business address of KH Carl, which also serves as its principal office, is 1133 Connecticut Avenue, N.W., Suite 800, Washington, D.C. 20036. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to B. Carl, the sole general partner of KH Carl, is set forth below.

B. Carl

B. Carl's business address is 1133 Connecticut Avenue, N.W., Suite 800, Washington, D.C. 20036, and his present principal occupation or employment at such address is serving as a Vice President of Keystone.

Rosecliff

Rosecliff is a Delaware limited partnership, formed to invest in KH Partners and NA Preferred. The principal business address of Rosecliff, which also serves as its principal office, is 65 East 55th Street, 32nd Floor, New York, New York 10022. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to D. Doctoroff, the sole general partner of Rosecliff, is set forth above.

(d) None of the entities or persons identified in this Item 2 has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the entities or persons identified in this Item 2 has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) All of the natural persons identified in this Item 2 are citizens of the United States of America.

Item 3. Source and Amount of Funds or Other Consideration.

None of the Reporting Person's expended any funds to acquire any shares of the Stock. All shares of the Stock reported herein were acquired by the Reporting Persons pursuant to the merger of the Issuer and KHI (See Item 5(c)).

Item 4. Purpose of Transaction.

The Reporting Persons acquired the shares of the Stock reported herein pursuant to the merger of the Issuer and KHI (see Item 5(c)), and intend to hold such Stock for investment purposes. In addition, depending on market conditions and other factors that each of the Reporting Persons may deem material to its respective investment decision, such Reporting Person may purchase additional shares of the Stock in the open market or in private transactions. Certain of the Reporting Persons have agreed not to sell any shares of the Stock until such time as consolidated financial results covering at least 30 days of post-merger combined operations of the Issuer and KHI have been published. (See Item 6.)

Pursuant to the merger agreement between the Issuer and KHI, R. Bass has the right, under certain circumstances, to nominate up to two representatives to serve on the Board of Directors of the Issuer, which individuals must be acceptable to the Issuer (see Item 6). R. Bass and the Issuer have agreed that J. Crandall and David Bonderman shall serve on the Issuer's Board of Directors.

Except as set forth in this Item 4 or in Item 6, the Reporting Persons have no present plans or proposals that relate to or that would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D of the Act.

Item 5. Interest in Securities of the Issuer.

(a)

R. Bass

The aggregate number of shares of the Stock that R. Bass owns

beneficially, pursuant to Rule 13d-3 of the Act, is 11,379,576, which constitutes approximately 9.2% of the outstanding shares of the Stock.

Acadia

The aggregate number of shares of the Stock that Acadia owns beneficially, pursuant to Rule 13d-3 of the Act, is 6,218,004, which constitutes approximately 5.0% of the outstanding shares of the Stock.

Acadia FW

Because of its position as the sole general partner of Acadia, Acadia FW may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of 6,218,004 shares of the Stock, which constitutes approximately 5.0% of the outstanding shares of the Stock.

Acadia MGP

Because of its position as the managing general partner of Acadia FW, which is the sole general partner of Acadia, Acadia MGP may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of 6,218,004 shares of the Stock, which constitutes approximately 5.0% of the outstanding shares of the Stock.

J. Crandall

Because of his position as the president and sole stockholder of Acadia MGP, which is the managing general partner of Acadia FW, which in turn is the sole general partner of Acadia, J. Crandall may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of 6,218,004 shares of the Stock, which, together with the 331,751 shares of the Stock that J. Crandall directly beneficially owns, constitutes in the aggregate approximately 5.3% of the outstanding shares of the Stock.

Capital

The aggregate number of shares of the Stock that Capital owns beneficially, pursuant to Rule 13d-3 of the Act, is 1,126,946, which constitutes approximately 0.9% of the outstanding shares of the Stock.

MLBT

Because of its position as the managing partner of Capital, MLBT may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of 1,126,946 shares of the Stock, which constitutes approximately 0.9% of the outstanding shares of the Stock.

Panther City

Because of its position as the trustee of MLBT, which is the managing partner of Capital, Panther City may, pursuant to Rule 13d-3 of

the Act, be deemed to be the beneficial owner of 1,126,946 shares of the Stock, which constitutes approximately 0.9% of the outstanding shares of the Stock.

R. Cotham

Because of his position as the president of Panther City, which is the trustee of MLBT, which in turn is the managing partner of Capital, R. Cotham may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of 1,126,946 shares of the Stock, which constitutes approximately 0.9% of the outstanding shares of the Stock.

KH Carl

The aggregate number of shares of the Stock that KH Carl owns beneficially, pursuant to Rule 13d-3 of the Act, is 555,514 which constitutes approximately 0.5% of the outstanding shares of the Stock.

B. Carl

Because of his position as the sole general partner of KH Carl, B. Carl may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of 555,514 shares of the Stock, which, together with the 1,742,648 shares of the Stock that B. Carl directly beneficially owns, constitutes in the aggregate approximately 1.9% of the outstanding shares of the Stock.

Rosecliff

The aggregate number of shares of the Stock that Rosecliff owns beneficially, pursuant to Rule 13d-3 of the Act, is 1,062,535 which constitutes approximately 0.9% of the outstanding shares of the Stock.

D. Doctoroff

Because of his position as the sole general partner of Rosecliff, D. Doctoroff may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of 1,062,535 shares of the Stock, which, constitutes approximately 0.9% of the outstanding shares of the Stock.

(b)

R. Bass

R. Bass has the sole power to vote or to direct the vote of 11,379,576 shares of the Stock and to dispose or direct the disposition of 9,478,300 shares of the Stock.

Acadia

Acting through its sole general partner, Acadia FW, Acadia has the sole power to vote or to direct the vote of 6,218,004 shares of the Stock

and to dispose or direct the disposition of 5,179,113 shares of the Stock.

Acadia FW

Acting through its sole general partner, Acadia MGP, and in its capacity as the sole general partner of Acadia, Acadia FW has the sole power to vote or to direct the vote of 6,218,004 shares of the Stock and to dispose or direct the disposition of 5,179,113 shares of the Stock.

Acadia MGP

Acting through its president and sole stockholder, J. Crandall, and in its capacity as the managing general partner of Acadia FW, which is the sole general partner of Acadia, Acadia MGP has the sole power to vote or to direct the vote of 6,218,004 shares of the Stock and to dispose or direct the disposition of 5,179,113 shares of the Stock.

J. Crandall

J. Crandall has the sole power to vote or to direct the vote of 331,751 shares of the Stock and to dispose or direct the disposition of 276,323 shares of the Stock. In his capacity as the president and sole stockholder of Acadia MGP, which is the managing general partner of Acadia FW, which in turn is the sole general partner of Acadia, J. Crandall has the sole power to vote or to direct the vote of 6,218,004 shares of the Stock and to dispose or direct the disposition of 5,179,113 shares of the Stock.

Capital

Acting through its managing partner, MLBT, Capital has the sole power to vote or to direct the vote of 1,126,946 shares of the Stock and to dispose or direct the disposition of 938,658 shares of the Stock.

MLBT

Acting through its trustee, Panther City, and in its capacity as the managing partner of Capital, MLBT has the sole power to vote or to direct the vote of 1,126,946 shares of the Stock and to dispose or direct the disposition of 938,658 shares of the Stock.

Panther City

Acting through its president, R. Cotham, and in its capacity as the trustee of MLBT, which is the managing partner of Capital, Panther City has the sole power to vote or to direct the vote of 1,126,946 shares of the Stock and to dispose or direct the disposition of 938,658 shares of the Stock.

R. Cotham

In his capacity as the president of Panther City, which is the trustee of MLBT, which in turn is the managing partner of Capital, R. Cotham has the sole power to vote or to direct the vote of 1,126,946 shares of the Stock and to dispose or direct the disposition of 938,658 shares of the Stock.

KH Carl

Acting through its sole general partner, B. Carl, KH Carl has the sole power to vote or to direct the vote of 555,514 shares of the Stock and to dispose or direct the disposition of 462,700 shares of the Stock.

B. Carl

B. Carl has the sole power to vote or to direct the vote of 1,742,648 shares of the Stock and to dispose or direct the disposition of 1,451,490 shares of the Stock. In his capacity as the sole general partner of KH Carl, B. Carl has the sole power to vote or to direct the vote of 555,514 shares of the Stock and to dispose or direct the disposition of 462,700 shares of the Stock.

Rosecliff

Acting through its sole general partner, D. Doctoroff, Rosecliff has the sole power to vote or to direct the vote of 1,062,535 shares of the Stock and to dispose or direct the disposition of 885,009 shares of the Stock.

D. Doctoroff

In his capacity as the sole general partner of Rosecliff, D. Doctoroff has the sole power to vote or to direct the vote of 1,062,535 shares of the Stock and to dispose or direct the disposition of 885,009 shares of the Stock.

(c) On December 20, 1996, the Issuer and KHI merged, with the Issuer as the surviving corporation. Pursuant to the Agreement for Merger (the "Merger Agreement") dated July 21, 1996, as amended November 1, 1996, by and among the Issuer, KH Partners, KHI, New American Holdings, Inc., New American Capital, Inc., N. A. Capital Holdings, Inc., and American Savings Bank, F.A., KH Partners, the sole stockholder of KHI, received 25,883,333 shares of the Stock (the "Initial Shares"), and an additional 5,192,000 shares of the Stock (the "Escrow Shares") were placed in escrow pending the outcome of certain litigation (see Item 6). KH Partners immediately distributed the Initial Shares to its partners according to each partners' sharing percentage. Each such partner also received the right to vote a number of the Escrow Shares equal to the number of Escrow Shares that such partner would receive if all of the Escrow Shares were released from escrow to KH Partners and then distributed by KH Partners to its partners.

Certain of the Reporting Persons are partners of KH Partners, and

the following sets forth the number of shares of the Stock distributed to each Reporting Person who is a partner of KH Partners and the number of shares of the Escrow Shares that each such Reporting Person has the right to vote:

REPORTING PERSON	INITIAL SHARES	ESCROW SHARES
R. Bass	9,478,300	1,901,276
Acadia	5,179,113	1,038,891
J. Crandall	276,323	55,428
Capital	938,658	188,288
KH Carl	462,700	92,814
B. Carl	1,451,490	291,158
Rosecliff	885,009	177,526

Other than as set forth above, none of the Reporting Persons has purchased or sold any shares of the Stock in the previous 60 days.

(d) Each of the Reporting Persons affirms that, other than with respect to the Escrow Shares (see Item 6), no person other than such Reporting Person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of the Stock owned by such Reporting Person.

(e) Not Applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

On December 20, 1996, the Issuer and KHI merged pursuant to the Merger Agreement, with the Issuer being the survivor in accordance with the plan of merger by and between the Issuer and KHI. The description of the Merger Agreement contained herein is not, and does not purport to be, complete and is qualified in its entirety by reference to the Merger Agreement, a copy of which is attached hereto as Exhibit 2.1, as amended by the First Amendment to the Agreement for Merger dated November 1, 1996, by and among the Issuer, KH Partners, KHI, New American Holdings, Inc., New American Capital, Inc., N.A. Capital Holdings, Inc. and American Savings Bank, F.A., a copy of which is attached hereto as Exhibit 2.2. The Merger Agreement, as amended, provides in pertinent part as follows:

The outstanding shares of KHI common stock will be converted into the right to receive the sum of the Initial Shares and the Escrow Shares. Completion of the merger was subject to the approval of the Issuers' stockholders, which was obtained on December 18, 1996.

The Escrow Shares are being held pursuant to the Escrow Agreement (the "Escrow Agreement") dated December 20, 1996, by and between The Bank of New York (the "Escrow Agent"), the Issuer, KH Partners and the Federal Deposit Insurance Corporation (the "FDIC"), as manager of the FSLIC Resolution

Fund, as successor in interest to the Federal Savings and Loan Insurance Corporation (attached hereto as Exhibit 4.1 and discussed more fully below), pending the outcome of a lawsuit filed by KH Partners, KHI and certain of its subsidiaries against the United States (the "Case"), alleging, among other things, that the plaintiffs entered into a contract with the Federal Savings and Loan Insurance Corporation and the Federal Home Loan Bank Board, and that the U.S. Government breached such contract, causing damage to the plaintiffs. Pursuant to the Merger Agreement, the Case became an asset of the Issuer at the effective date of the merger of the Issuer and KHI, and a litigation committee composed of one member selected by the Issuer and two members selected by KH Partners will control the Case. As long as the Escrow Shares are held by the Escrow Agent, KH Partners and its transferees have the absolute right to have the Escrow Shares voted in its absolute discretion in accordance with written instructions from KH Partners to the Escrow Agent. No Escrow Shares will be released prior to the Issuer receiving cash proceeds from a judgment or settlement of the Case ("Case Proceeds"). The number of Escrow Shares released will be equal to the Case Proceeds, reduced by certain tax and litigation related costs and expenses, divided by the Average Price (as defined in the Merger Agreement). If all of the Escrow Shares have not been distributed to KH Partners prior to the "Escrow Expiration Date" (December 18, 2002, unless there has been a judgment granted or entered in favor of the Issuer or its subsidiaries, in which case the Escrow Expiration Date will be extended to December 18, 2006, and may be extended further if Case Proceeds are paid in installments) the Escrow Shares still subject to the Escrow Agreement shall be returned to the Issuer for cancellation.

Pursuant to the Merger Agreement, KH Partners delivered to the Issuer the written agreement from certain affiliates of KH Partners that such persons will not sell any shares of the Stock received by them until such time as consolidated financial results covering at least 30 days of post-merger combined operations of the Issuer and KHI have been published. Until 90 days after the date of the merger of the Issuer and KHI, the Issuer will not publish such combined financial results except as part of the publication of financial results in the ordinary course for a quarterly operating period. All of the Reporting Persons except for MLBT, Panther City and Rosecliff have signed such an agreement. Additionally, pursuant to the Merger Agreement, J. Crandall and David Bonderman have been appointed to fill vacancies on the Issuer's Board of Directors. The Issuer has agreed to continue to propose such directors or their successors mutually agreed to by R. Bass and the Issuer (the "Bass Directors") for election or reelection to the Issuer's Board of Directors upon the expiration of any of such directors' term, provided that on the record date for any such annual meeting the number of Bass Shares (as defined in the Merger Agreement) outstanding exceeds the sum of (A) 8.5 million and (B) 21.3% of the Escrow Shares (if any) released by the Escrow Agent in accordance with the Escrow Agreement. If, however, on such record date the number of Bass Shares outstanding is less than the sum of (A) 8.5 million and (B) 21.3% of the Escrow Shares released (if any) by the Escrow Agent in accordance with the terms of the Escrow Agreement but greater than the sum

of (C) 5.0 million and (D) 21.3% of the Escrow Shares (if any) released by the Escrow Agent in accordance with the terms of the Escrow Agreement, the Issuer will be required to renominate a Bass Director whose term is expiring in connection with such meeting only if there is no other Bass Director then serving on the Issuer's Board of Directors. If, at any record date, the Bass Shares constitute less than 5% of the total number of shares of the Stock then outstanding, the Issuer will have no obligation to renominate any Bass Director.

The description of the Escrow Agreement that follows is not, and does not purport to be, complete and is qualified in its entirety by reference to the Escrow Agreement, a copy of which is attached hereto as Exhibit 4.1. Pursuant to the Escrow Agreement, the Issuer will deliver the Escrow Shares and certain shares of the Stock to be issued to the FDIC (the "FDIC Escrow Shares," and together with the Escrow Shares, the "Litigation Shares") to the Escrow Agent. Unless the Escrow Expiration Date has occurred, within 30 days of the date on which Case Proceeds are received by the Issuer or its subsidiaries, the Issuer will instruct the Escrow Agent to deliver to KH Partners and the FDIC, or the distributees of either (collectively the "Holders") each such Holders' pro rata portion of the Litigation Shares. In the event the Escrow Expiration Date has occurred and no Case Proceeds have been received by the Issuer or its subsidiaries, the Issuer will instruct the Escrow Agent to return the Litigation Shares to the Issuer for cancellation.

KH Partners and the FDIC may transfer all or any part of their respective contingent rights to the Litigation Shares, subject to receipt by the Issuer of an opinion of counsel reasonably satisfactory to the Issuer and receipt of a written instrument executed by the proposed transferee whereby such party agrees to be bound by all applicable obligations contained in the Escrow Agreement. Until such time as the Escrow Shares have been distributed by the Escrow Agent in accordance with the terms of the Escrow Agreement (either to the Holders or to the Issuer), each Holder of a contingent right to receive such shares will have the absolute right to have its pro rata portion of the Litigation Shares voted on all matters with respect to which the vote of the holders of the Stock is required or solicited in accordance with the written instructions of such Holder.

On July 21, 1996, KH Partners, the FDIC and the Issuer entered into a Registration Rights Agreement (the "Registration Rights Agreement"). The description of the Registration Rights Agreement that follows is not, and does not purport to be, complete and is qualified in its entirety by reference to the Registration Rights Agreement, a copy of which is attached hereto as Exhibit 4.2. Pursuant to the Registration Rights Agreement, the Issuer is obligated to use its best efforts to prepare and file and cause to become effective a shelf registration statement on Form S-3 which covers all Registrable Common (as defined in the Registration Rights Agreement) not included in the Initial Underwriting (as defined in the Registration Rights Agreement) as soon as practicable after September 18, 1997. The Issuer will use its best efforts to keep such registration statement

effective for a period of three years. In addition, the Issuer is obligated to file a shelf registration statement covering the Litigation Shares as soon as practicable after the first distribution of Litigation Shares from the Escrow Agreement. The Issuer will use its best efforts to keep such registration statement effective until the later of three years after the initial effective date of such registration statement and one year after the last distribution of the Litigation Shares from the Escrow Agreement.

Pursuant to the Registration Rights Agreement, holders of at least 15% of the Registrable Common (but in no event less than 3.0 million shares) may require the Issuer, an aggregate of four times during the three-year period following the effectiveness of the registrations statement covering the Registrable Common, to facilitate an underwritten public offering of the Initial Shares. The shares of the Stock to be sold in such underwritten pubic offering is required to have an anticipated aggregate proceeds at the time of the request in excess of $10 million. The Issuer has agreed not to sell any capital stock for 60 days following any such underwritten public offering. In addition, pursuant to the Registration Rights Agreement, the Issuer granted KH Partners, the FDIC, and their distributees certain "piggyback" registration rights for three years after the effective date of the shelf registration statement covering the Registrable Common.

Except as set forth herein or in the Exhibits filed herewith, there are no contracts, arrangements, understandings or relationships with respect to the shares of the Stock owned by the Reporting Persons.

Item 7. Material to be Filed as Exhibits.

Exhibit 2.1 -- Agreement for Merger dated July 21, 1996, by and among the Issuer, KH Partners, KHI, New American Holdings, Inc., New American Capital, Inc., N. A. Capital Holdings, Inc., and American Savings Bank, F.A.

Exhibit 2.2 -- First Amendment to Agreement for Merger dated November 1, 1996, by and among the Issuer, KH Partners, KHI, New American Holdings, Inc., New American Capital, Inc., N. A. Capital Holdings, Inc., and American Savings Bank, F.A.

Exhibit 4.1 -- Escrow Agreement dated December 20, 1996, by and among the Escrow Agent, the Issuer, KH Partners, and the FDIC.

Exhibit 4.2 -- Registration Rights Agreement dated July 21, 1996, by and among KH Partners, the FDIC, and the Issuer.

Exhibit 99.1 -- Agreement pursuant to Rule 13d-1(f)(1)(iii).

Exhibit 99.2 -- Power of Attorney for J. Taylor Crandall.

Exhibit 99.3 -- Power of Attorney for KH Carl Partners, L.P.

Exhibit 99.4 -- Power of Attorney for Bernard J. Carl.

Exhibit 99.5 -- Power of Attorney for Rosecliff-New American 1988 Partners, L.P.

Exhibit 99.6 -- Power of Attorney for Daniel L. Doctoroff.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: December 30, 1996

ACADIA PARTNERS, L.P.

By: Acadia FW Partners, L.P.,
general partner

By: Acadia MGP, Inc.,
general partner

By: /s/ W. R. Cotham
W. R. Cotham,
Vice President

ACADIA FW PARTNERS, L.P.

By: Acadia MGP, Inc.,
general partner

By: /s/ W. R. Cotham
W. R. Cotham,
Vice President

CAPITAL PARTNERSHIP

By: Margaret Lee Bass 1980 Trust,
managing partner

By: Panther City Investment
Company, trustee

By: /s/ W. R. Cotham
W. R. Cotham,
President

MARGARET LEE BASS 1980 TRUST

By: Panther City Investment Company,
trustee

By: /s/ W. R. Cotham
W. R. Cotham,
President

/s/ W. R. Cotham
W. R. COTHAM
Individually and as Vice President of
ACADIA MGP, Inc. and as President of
PANTHER CITY INVESTMENT COMPANY

Attorney-in-Fact for:

ROBERT M. BASS (1)
J. TAYLOR CRANDALL (2)
KH CARL PARTNERS, L.P. (3)
BERNARD J. CARL (4)
ROSECLIFF-NEW AMERICAN 1988 PARTNERS, L.P. (5)
DANIEL L. DOCTOROFF (6)

(1) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of Robert M. Bass previously has been filed with the Securities and Exchange Commission.

(2) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of J. Taylor Crandall is filed herewith as Exhibit 99.2.

(3) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of KH Carl Partners, L.P. is filed herewith as Exhibit 99.3.

(4) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of Bernard J. Carl is filed herewith as Exhibit 99.4.

(5) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of Rosecliff-New American 1988 Partners, L.P. is filed herewith as Exhibit 99.5.

(6) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of Daniel L. Doctoroff is filed herewith as Exhibit 99.6.

EXHIBIT INDEX

Exhibit	Description

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Exhibit 99.3	Power of Attorney for KH Carl Partners, L.P.
Exhibit 99.4	Power of Attorney for Bernard J. Carl.
Exhibit 99.5	Power of Attorney for Rosecliff-New American 1988 Partners, L.P.
Exhibit 99.6	Power of Attorney for Daniel L. Doctoroff.

Exhibit 2.1

AGREEMENT FOR MERGER

This Agreement for Merger (the "Agreement") is made and entered into this 21st day of July, 1996 by and among Washington Mutual, Inc., a Washington corporation ("WMI"), Keystone Holdings Partners, L.P., a Texas limited partnership ("KH Partners"), Keystone Holdings, Inc., a Texas corporation ("Keystone Holdings"), New American Holdings, Inc., a Delaware corporation ("New Holdings"), New American Capital, Inc., a Delaware corporation ("New Capital"), N.A. Capital Holdings, Inc., a Delaware corporation ("NACH Inc."), and American Savings Bank, F.A., a federal savings association ("American Savings Bank").

RECITALS

A. KH Partners owns all of the issued and outstanding shares of capital stock of Keystone Holdings. Keystone Holdings owns all of the issued and outstanding shares of capital stock of New Holdings and all of the issued and outstanding shares of American Savings Bank Preferred Stock (as hereinafter defined). New Holdings owns all of the issued and outstanding shares of common stock of New Capital. New Capital owns all of the issued and outstanding shares of capital stock of NACH Inc. NACH Inc. owns all of the issued and outstanding common stock of American Savings Bank.

B. The parties desire for Keystone Holdings to merge with WMI in a transaction which qualifies as a pooling of interests for accounting purposes and a reorganization within the meaning of Section 368(a) of the Code (as hereinafter defined) (the "Merger"). WMI shall be the surviving corporation.

Therefore, in consideration of the mutual covenants, representations, warranties and agreements herein contained, the parties hereto agree as follows:

1. Table of Definitions. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them below:

"1988 Acquisition" shall have the meaning specified in Section 4.4(f) hereof.

"1996 Business Plan" shall have the meaning specified in Section 6.1(a) hereof.

"Adjustment Event" shall have the meaning specified in Section

2.2(d) hereof.

"Affiliated Person" shall have the meaning specified in Section 4.17(b) hereof.

"Aggregate Escrow Distribution" shall mean the Distributed Escrow Shares plus (i) all dividends and distributions (of whatever nature) other than dividends payable in shares of WMI Common Stock paid on or with respect to the Distributed Escrow Shares from the Effective Time to and including the date the Distributed Escrow Shares are paid pursuant to Section 2.3, (ii) any additional securities with respect thereto, and (iii) any interest or earnings upon such dividends, distributions or additional or substitute securities in accordance with the terms of the Escrow Agreement. In the case of any Installment, the Aggregate Escrow Distribution shall be determined in accordance with the preceding sentence.

"American Savings Bank" shall have the meaning specified in the preamble hereof.

"American Savings Bank Common Stock" shall have the meaning specified in Section 4.3(e) hereof.

"American Savings Bank Environmental Policy" shall mean the American Savings Bank Environmental Risk Policy, adopted October 24, 1995, a copy of which has been provided to WMI.

"American Savings Bank Preferred Stock" shall have the meaning specified in Section 4.3(e) hereof.

"American Savings Bank Defined Compensation Plan" shall have the meaning specified in Section 7.3(e) hereof.

"American Savings Bank SERP" 7.3(e) shall have the meaning specified in Section 7.3(e) hereof.

"AREG" shall mean American Real Estate Group, Inc., a Delaware corporation.

"Assistance Agreement" shall mean that certain Assistance Agreement, dated December 28, 1988, by and among Keystone Holdings, New West, New Holdings, New Capital, NACH Inc., American Savings Bank and the FSLIC.

"Bank Merger" shall have the meaning specified in Section 4.7(b) hereof.

"Bass Directors" shall have the meaning specified in Section 7.4(b) hereof.

"Bass Shares" shall have the meaning specified in Section

7.4(c) hereof.

"Benefit Plans" shall have the meaning specified in Section 4.14(e) hereof.

"BIF" means the Bank Insurance Fund, administered by the FDIC.

"Case" shall mean Case No. 92-782C resulting from a complaint filed on December 28, 1992 in the United States Court of Federal Claims and styled:

AMERICAN SAVINGS BANK, F.A.,
KEYSTONE HOLDINGS, INC.,
KEYSTONE HOLDINGS PARTNERS, L.P.,
N.A. CAPITAL HOLDINGS, INC.,
NEW AMERICAN CAPITAL, INC.
and
NEW AMERICAN HOLDINGS, INC.
v.
THE UNITED STATES

"Case Proceeds" shall equal the amount, if any, of cash received by WMI or its subsidiaries (including the Keystone Entities after the Effective Time) on or before the Escrow Expiration Date in respect of (1) any judgment, fees, costs and expenses, interest and other amounts that have been awarded to the plaintiffs (including any successors thereto) in the Case, or (2) any final settlement of the Case; provided, however, that any judgment referred to in (1) above constitutes a final, nonappealable judgment in the Case. In the case of any Installment, the Case Proceeds with respect to such Installment shall be determined in accordance with the preceding sentence.

"CERCLA" shall have the meaning specified in Section 4.18(b) hereof.

"Change of Control Agreements" has the meaning specified in Section 4.14(f) hereof.

"Closing" shall have the meaning specified in Section 3 hereof.

"Closing Date" shall have the meaning specified in Section 3 hereof.

"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commercial Real Estate Loans" shall mean (i) loans secured by real property other than one-to-four family residential real property and (ii) builder construction loans.

"Controlling Person" shall have the meaning specified in Section 4.17(c) hereof.

"CRA" shall have the meaning specified in Section 4.22 hereof.

"D&O" shall have the meaning specified in Section 7.7(b) hereof.

"Deloitte & Touche" shall mean Deloitte & Touche LLP.

"Designated Representative" shall have the meaning specified in Section 8.1 hereof.

"Director" shall mean the Director of Financial Institutions of the State of Washington.

"Disclosure Schedules" shall mean all WMI Disclosure Schedules and Keystone Entities Disclosure Schedules.

"Distributed Escrow Shares" shall mean that number of whole shares of WMI Common Stock (or any substitute securities with respect thereto) resulting from dividing the Net Case Proceeds by the Market Price Per Share; provided that, in no event shall the Distributed Escrow Shares exceed the number of Escrow Shares. The Distributed Escrow Shares with respect to any Installment shall be calculated in accordance with the preceding sentence except that in no event shall the Distributed Escrow Shares, when added to the Distributed Escrow Shares with respect to earlier Installments, exceed the number of Escrow Shares.

"Effective Date" shall have the meaning specified in Section 3 hereof.

"Effective Time" shall have the meaning specified in Section 3 hereof.

"Environmental Laws" shall have the meaning specified in Section 4.18(b) hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agent" shall mean the escrow agent under the Escrow Agreement.

"Escrow Agreement" shall mean an agreement substantially in the form of Exhibit B attached hereto.

"Escrow Expiration Date" shall mean the date that is the sixth anniversary of the Effective Date; provided, however, that (i) if, prior to such date, there has been any judgment granted or entered in favor of WMI or its subsidiaries (including the Keystone Entities after the Effective Time), then the Escrow Expiration Date shall be automatically extended to the earlier of the tenth anniversary of the Effective Date and the date upon which the number of Escrow Shares equals zero and (ii) if, prior to such sixth anniversary or any extension pursuant to clause (i) of this definition, there has been any settlement or final nonappealable judicial resolution of the Case involving two or more Installments, then the Escrow Expiration Date shall not occur until all such Installments have been paid.

"Escrow Shares" shall mean eight million (8,000,000) shares of WMI Common Stock; provided that the number of Escrow Shares shall be appropriately adjusted to reflect any reclassification, recapitalization, split-up, combination or exchange of shares of WMI Common Stock, or any stock dividend thereon declared with a record date between the date of this Agreement and the Escrow Expiration Date; provided, further, that, in the event that the Escrow Expiration Date is extended beyond the sixth anniversary of the Effective Date in accordance with the definition of "Escrow Expiration Date" herein, the number of Escrow Shares, as adjusted in accordance with the preceding proviso, shall be reduced on the last day of each full calendar month following the sixth anniversary of the Effective Date by an amount equal to 1.25% of the number of Escrow Shares (as so adjusted) on the sixth anniversary of the Effective Date; provided further, that if, prior to the sixth anniversary of the Effective Date, there has been any settlement or final nonappealable judicial resolution of the Case involving two or more Installments, then there shall be no reduction in the number of Escrow Shares pursuant to the immediately preceding proviso.

"Family SB" shall mean Family Savings Bank, FSB, a federally chartered savings association.

"FDIC" shall mean the Federal Deposit Insurance Corporation.

"Federal Income Tax Returns" shall have the meaning specified in 4.13(b).

"FHLB of San Francisco" shall mean the Federal Home Loan Bank of San Francisco.

"FHLB of Seattle" shall mean the Federal Home Loan Bank of Seattle.

"FHLMC" shall mean the Federal Home Loan Mortgage Corporation.

"FIRREA" shall mean the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

"Fixed Fee Agreement" shall have the meaning specified in Section 2.3(e) hereof.

"FNMA" shall mean the Federal National Mortgage Association.

"FRF" shall mean the FSLIC Resolution Fund, as successor to the FSLIC, and which is managed by the FDIC.

"FRF Agreements" shall have the meaning specified in Section 4.23 hereof.

"FRF Initial Shares" shall have the meaning specified in Section 2.2(c) hereof.

"FRF Litigation Shares" shall have the meaning specified in Section 2.2(c) hereof.

"FRF Warrant Agreement" shall mean that certain Warrant Agreement dated December 28, 1988, between NACH Inc. and the FSLIC.

"FRF Warrant Consideration" shall mean the shares of WMI Common Stock to be paid to the FRF in exchange for the Warrants, pursuant to the Warrant Exchange Agreement.

"FSLIC" shall mean the Federal Savings and Loan Insurance Corporation.

"FTC" shall mean the Federal Trade Commission.

"GNMA" shall mean the Government National Mortgage Association.

"HOLA" shall mean the Home Owners' Loan Act, as amended.

"Initial Shares" shall have the meaning specified in Section 2.2(c) hereof.

"Installment" shall mean, in the event of a final, nonappealable judicial resolution or a settlement of the Case occurring after the Effective Time involving two or more installments or structured payments of cash over a period of time, one of such payments.

"Justice Department" shall have the meaning specified in Section 4.8 hereof.

"Keystone Confidentiality Letter" shall mean that certain

letter, dated January 11, 1996, to Keystone Holdings and executed by WMI.

"Keystone Consideration Shares" shall have the meaning specified in Section 2.2(a) hereof.

"Keystone Entities" shall mean Keystone Holdings, New Holdings, New Capital, NACH Inc. and American Savings Bank.

"Keystone Entities Disclosure Schedules" shall mean all of the disclosure schedules required by this Agreement, dated as of the date hereof, which have been delivered by KH Partners and the Keystone Entities to WMI.

"Keystone Entity Subsidiary" shall have the meaning specified in Section 4.2(b) hereof.

"Keystone Financial Statements" shall have the meaning specified in Section 4.9 hereof.

"Keystone Holdings" shall have the meaning specified in the preamble hereof.

"Keystone Holdings Common Stock" shall have the meaning specified in Section 2.2 hereof.

"Keystone Initial Shares" shall have the meaning specified in Section 2.2(a) hereof.

"Keystone Litigation Shares" shall have the meaning specified in Section 2.2(a) hereof.

"Keystone March 1996 Financial Statements" shall have the meaning specified in Section 4.9 hereof.

"KH Partners" shall have the meaning specified in the preamble hereof.

"KPMG" means KPMG Peat Marwick LLP, the independent public accountants for the Keystone Entities.

"Liquidations" shall have the meaning specified in Section 4.7(b) hereof.

"Litigation Escrow" shall mean the escrow described in Section 2.3 hereof.

"Loans" shall have the meaning specified in Section 4.4(a) hereof.

"Long-Term Incentive Plan" shall have the meaning specified in

Section 6.10(c) hereof.

"Management Consultation Meetings" shall have the meaning specified in Section 8.8 hereof.

"Market Price Per Share" shall mean the average closing price of WMI Common Stock on The Nasdaq Stock Market (as reported in The Wall Street Journal or, if not so reported, as otherwise publicly reported) for the ten trading days preceding the third trading day before the Effective Date; provided, however, that such price shall be appropriately adjusted to reflect any reclassification, recapitalization, split-up, combination or exchange of shares of WMI Common Stock, or any stock dividend thereon declared with a record date between the thirteenth day before the Effective Date and the Escrow Expiration Date.

"Material Adverse Effect" or "Material Adverse Change" with respect to a Person shall mean any change or effect that is reasonably likely to be materially adverse to the business, operations, properties, condition (financial or otherwise), assets or liabilities of such Person and such Person's subsidiaries taken as a whole. Any change in the current CRA rating of American Savings Bank or WM Bank or a CRA rating given to WMBfsb that would cause the OTS to prohibit the transactions contemplated hereby and in the Plan of Merger from being consummated shall constitute a Material Adverse Change with respect to the Keystone Entities or the WM Entities, as applicable, taken as a whole.

"Material Contract" shall have the meaning specified in Section 6.1(c)(v) hereof.

"Merger" shall have the meaning specified in Recital B hereof.

"NACH Inc." shall have the meaning specified in the preamble hereof.

"Net Case Proceeds" shall mean the Case Proceeds, minus the sum of (1) the Tax on the Case Proceeds, (2) the out-of-pocket, third-party fees, costs and expenses paid or accrued by WMI or its subsidiaries to attorneys, accountants, experts or other third party service providers in connection with the Case from the date of this Agreement (excluding any amount paid to Arnold & Porter under the Fixed Fee Agreement), (3) 200% of the allocated time costs of employees of WMI or its subsidiaries for time reasonably devoted to the Case from the Effective Date, in each case, to and including the date the Case Proceeds are paid to WMI or its subsidiaries (including the Keystone Entities after the date hereof), (4) fees and other amounts, if any, paid or accrued by WMI to the Escrow Agent pursuant to the Escrow Agreement and (5) all amounts paid by any Keystone Entity to Arnold & Porter under the Fixed Fee Agreement in excess of $10 million. In the event that

the Case Proceeds are payable in two or more Installments, Net Case Proceeds with respect to any given Installment shall mean all Case Proceeds received by WMI from such Installment and all prior Installments, if any, minus (x) the sum of (I) the Tax on the Case Proceeds with respect to all Installments or portions thereof (whether received or to be received) includible, in WMI's judgment, in its income for federal income tax purposes for the year in which such Installment is received or in prior years and (II) the amounts described in clauses (2), (3), (4) and (5) of the preceding sentence, and (y) the aggregate Net Case Proceeds calculated pursuant to this sentence with respect to all prior Installments, if any.

"Net Pre-Tax Case Proceeds" shall mean the amount , if any, resulting from subtracting from Case Proceeds the sum of the amounts described in Clauses (2), (3), (4) and (5) in the definition of Net Case Proceeds.

"New Capital" shall have the meaning specified in the preamble hereof.

"New Capital Common Stock" shall have the meaning specified in Section 4.3(c) hereof.

"New Capital Preferred Stock" shall have the meaning specified in Section 4.3(c) hereof.

"New Holdings" shall have the meaning specified in the preamble hereof.

"New Holdings Common Stock" shall have the meaning specified in Section 4.3(b) hereof.

"New West" shall mean New West Federal Savings and Loan Association.

"Offering Circulars" shall have the meaning specified in Section 4.5(b) hereof.

"Old American" shall mean American Savings, a Federal Savings and Loan Association.

"Other Returns" shall have the meaning specified in Section 4.13(c) hereof.

"OTS" shall mean the Office of Thrift Supervision.

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"Permits" shall have the meaning specified in Section 4.15(a) hereof.

"Person" shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture, governmental authority or other entity of whatever nature.

"Phantom Share Plan" shall have the meaning specified in Section 6.10(c) hereof.

"Plan of Merger" shall have the meaning specified in Section 2.1 hereof.

"Preferred Stock Circular" shall have the meaning specified in Section 4.5(b) hereof.

"Receiver" shall have the meaning specified in Section 4.4(f) hereof.

"Record Date" shall have the meaning specified in Section 7.4(b) hereof.

"Registration Rights Agreement" shall have the meaning specified in Section 2.5 hereof.

"Regulation O" shall mean Part 215 of Title 12 of the Code of Federal Regulations.

"REO" shall have the meaning specified in Section 4.18.

"Rights Agreement" shall mean that certain Rights Agreement, dated as of October 16, 1990, between Washington Mutual Savings Bank and First Interstate Bank of Washington, N.A., as supplemented by the Supplement to Rights Agreement, dated as of November 29, 1994, between WMI and First Interstate Bank of Washington, N.A.

"SAIF" shall mean the Savings Association Insurance Fund, administered by the FDIC.

"SEC" shall mean the Securities and Exchange Commission.

"SEC Reports" shall have the meaning specified in Section 5.4.

"Securities Act" shall mean the Securities Act of 1933, as amended, and any rules and regulations promulgated thereunder.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and any rules and regulations promulgated thereunder.

"Securityholder Communications" shall have the meaning specified in Section 4.5(b) hereof.

"Senior Note Circulars" shall have the meaning specified in Section 4.5(b) hereof.

"Senior Notes" shall mean the Series B 9.60% Notes due 1999 issued by New Capital and the Series C Floating Rate Notes due 2000 issued by New Capital.

"Short-Term Incentive Plan" shall have the meaning specified in Section 6.10(c) hereof.

"Subordinated Note Circular" shall have the meaning specified in Section 4.5(b) hereof.

"Subordinated Notes" shall mean the Subordinated Notes due 1998 issued by New Capital and the 6 5/8% Subordinated Notes due February 15, 2006 issued by American Savings Bank.

"Surviving FRF Agreements" shall have the meaning specified in Section 9.1(g).

"Taxes" shall have the meaning specified in Section 4.13(c) hereof.

"Tax on the Case Proceeds" shall mean (1) the product of .28 and the Net Pre-Tax Case Proceeds, in the event the Case Proceeds are accrued for federal income tax purposes prior to the Effective Time, and (2) the product of .355 and the Net Pre-Tax Case Proceeds, in the event the Case Proceeds are accrued for federal income tax purposes on or after the Effective Time.

"Tax Settlement Agreement" shall have the meaning assigned it in Section 9.2(m) hereof.

"Texas Secretary of State" shall mean the Secretary of State of the State of Texas.

"Third Party Acquisition of WMI" shall mean the occurrence of any of the following: (i) any Person or group (within the meaning of Section 13(d)(3) of the Securities Exchange Act), other than KH Partners or a Keystone Entity or an affiliate of either, purchases or otherwise acquires securities representing a majority of the voting shares of WMI or (ii) WMI or its board of directors enters into an agreement or recommends to its shareholders an agreement or tender offer or other transaction pursuant to which any such Person or group would (A) merge or consolidate with, acquire a majority of the assets and liabilities of, or enter into any similar transaction with WMI whereby it would acquire securities representing a majority of the voting shares of WMI or (B) purchase or otherwise acquire (including, without limitation, by merger, consolidation, share exchange, tender offer or any similar

transaction) securities representing a majority of the voting shares of WMI.

"Warrant Exchange Agreement" shall have the meaning specified in Section 2.2(c) hereof.

"Warrants" shall mean the warrants issued to the FSLIC by NACH Inc. pursuant to the FRF Warrant Agreement, and representing the right, under certain circumstances specified in the FRF Warrant Agreement, to purchase for the aggregate purchase price of $1.00 up to 3,000 shares of Class B Common Stock of NACH Inc., none of which warrants has been exercised as of the date hereof.

"Washington Secretary of State" shall mean the Secretary of State of the State of Washington.

"WM Bank" shall mean Washington Mutual Bank, a Washington stock savings bank and direct subsidiary of WMI.

"WMBfsb" shall mean Washington Mutual Bank fsb, a federal savings association and direct subsidiary of WMI.

"WM Entities" shall mean WM Bank, WMBfsb and WMI.

"WMI" shall have the meaning specified in the preamble hereof.

"WMI Common Stock" shall have the meaning specified in Section 2.2 hereof.

"WMI Confidentiality Letter" shall mean that certain letter, dated January 17, 1996, addressed to WMI and executed by Keystone Holdings.

"WMI Disclosure Schedules" shall mean all of the disclosure schedules required by this Agreement, dated as of the date hereof, which have been delivered by WMI to KH Partners.

"WMI Financial Statements" shall have the meaning specified in Section 5.8 hereof.

"WMI Proxy Statement" shall have the meaning specified in Section 2.4(a) hereof.

"WMI RSIP" shall have the meaning specified in Section 7.3(a) hereof.

"WMI Stockholder Approval" shall have the meaning specified in Section 2.4(a) hereof.

"WMI Stockholders' Meeting" shall have the meaning specified in Section 2.4(a) hereof.

"WMI Subsidiaries" shall have the meaning specified in Section 5.2 hereof.

"WMI Welfare Benefit Plans" shall have the meaning specified in Section 7.3(c) hereof.

It is understood that, as used in this Agreement, with respect to any action to be taken by KH Partners (as distinct from the Keystone Entities and the Keystone Entity Subsidiaries), the terms "reasonable efforts," "best efforts," "reasonable best efforts" and any similar terms shall not, unless otherwise indicated herein, require the payment by KH Partners of any money or the agreement by KH Partners to suffer any economic harm.

2. Merger. Subject to the terms and conditions of this Agreement, the Merger is to be accomplished in the manner described herein.

2.1 Merger of Keystone Holdings and WMI. Keystone Holdings shall at the Effective Time be merged with and into WMI with WMI being the survivor in accordance with the Plan of Merger by and between WMI and Keystone Holdings, substantially in the form attached hereto as Exhibit A (the "Plan of Merger"). The Plan of Merger provides for the terms of the Merger and the manner of carrying it into effect. The terms and conditions of the Plan of Merger are incorporated herein and made a part hereof.

2.2 Conversion of Keystone Holdings Common Stock. Subject to the terms and conditions set forth herein and in the Plan of Merger, at the Effective Time, all of the outstanding shares of common stock, par value $1.00 per share, of Keystone Holdings ("Keystone Holdings Common Stock") shall be converted into the right to receive shares of common stock, no par value, of WMI ("WMI Common Stock"), as described below and in the Plan of Merger.

(a) Subject to the other provisions of this Section 2.2, the outstanding shares of Keystone Holdings Common Stock will in the aggregate be converted at the Effective Time into the right to receive the Keystone Consideration Shares. The "Keystone Consideration Shares" shall mean the sum of the Keystone Initial Shares and the Keystone Litigation Shares (if any). The "Keystone Initial Shares" shall mean 26,000,000 newly issued shares of WMI Common Stock. The "Keystone Litigation Shares" shall mean that number of newly issued shares of WMI Common Stock equal to 65% of the Escrow Shares (as to which KH Partners has contingent rights pursuant to Section 2.3 hereof). Certificates evidencing the Keystone Initial Shares shall be delivered to KH Partners at the Effective Time. Certificates evidencing the Keystone Litigation Shares shall be delivered into the Litigation Escrow as of the Effective Time.

(b) If between the date of this Agreement and the Effective Time, the shares of WMI Common Stock shall be changed into a different number of shares by reason of any reclassification,

recapitalization, split-up, combination or exchange of shares, or if a stock dividend thereon shall be declared with a record date within such period, the number of Keystone Initial Shares and the number of FRF Initial Shares (as contemplated by Section 2.2(c)) shall be adjusted accordingly.

(c) Concurrently with the execution of this Agreement, the FDIC, WMI, KH Partners and certain other Persons are entering into an agreement (the "Warrant Exchange Agreement") pursuant to which, among other things, the FDIC and WMI are agreeing that, at the Effective Time, and in exchange for the FDIC conveying any and all interest of the FRF in the Warrants to WMI, WMI will convey (either directly to the FDIC or, at the direction of the FDIC, to a trust for the benefit of the FRF) 14,000,000 newly issued shares of WMI Common Stock (the "FRF Initial Shares" and, together with the Keystone Initial Shares, the "Initial Shares"), together with a contingent right to 35% of the Escrow Shares (the "FRF Litigation Shares"), all as more fully set forth in Section 2.3 hereof and the Warrant Exchange Agreement. Certificates evidencing the FRF Initial Shares shall be delivered to the FDIC, or, at the direction of the FDIC, to a trust for the benefit of the FRF, and certificates evidencing the FRF Litigation Shares shall be delivered to the Litigation Escrow, all in exchange for the Warrants at the Effective Time.

(d) The parties acknowledge that as of the date of this Agreement, Keystone Holdings is in the process of rescinding certain dividends paid to KH Partners in excess of the amount set forth in Section 6.1(b)(ii) hereof. Notwithstanding any other provision of this Agreement to the contrary, (i) if for any reason such rescission is not completed within 30 days from the date of this Agreement or (ii) if such rescission, although completed, is subsequently annulled or reversed on or prior to the Effective Date, whether voluntarily or as a result of the action of any regulatory authority, or (iii) if WMI reasonably concludes that such rescission will be so annulled or reversed following the Effective Date, as a result of the action of any regulatory authority (the "Adjustment Event"), then the Keystone Initial Shares shall be reduced to 25,883,333 shares of WMI Common Stock, and the percentages set forth in Sections 2.2(a) and 2.2(c) shall be changed to 64.9% and 35.1%, respectively, and all references to the numbers 40,000,000 and 26,000,000 in this Agreement, the Registration Rights Agreement, the Escrow Agreement or any other document executed in connection with the transactions contemplated by this Agreement shall be changed to the numbers 39,883,333 and 25,883,333, respectively, subject to any further adjustment required by Section 2.2(b).

2.3 Litigation Escrow.

(a) Delivery of Shares into Escrow. As of the Effective Time, KH Partners and the FDIC shall direct WMI to deliver, and WMI shall deliver, the Escrow Shares to the Escrow Agent pursuant to an Escrow Agreement in substantially the form attached hereto as Exhibit B. Pursuant to the terms of the Escrow Agreement, the Escrow Agent shall hold such Escrow Shares until the earlier of (i) the Escrow Expiration Date and (ii) the date upon which the last Aggregate Escrow Distribution is

distributed to KH Partners, the FRF or their permitted assigns pursuant to Section 2.3(c). In the event that the Escrow Expiration Date is extended beyond the sixth anniversary of the Effective Date, and there are one or more reductions in the amount of Escrow Shares as provided in the definition of "Escrow Shares" in Section 1, the shares no longer required to be Escrow Shares shall, subject to the final sentence of this Section 2.3(a), be returned by the Escrow Agent to WMI. In the event that all of the Aggregate Escrow Distributions are not made pursuant to Section 2.3(b) by the Escrow Expiration Date (as it may be extended), the Escrow Agent shall return Escrow Shares to WMI for cancellation. Upon any return of Escrow Shares (and any additional or substitute securities with respect thereto) to WMI pursuant hereto, the Escrow Agent shall also return all dividends and distributions paid upon such shares from the Closing Date to and including the date of such return plus any interest or earnings thereon in accordance with the terms of the Escrow Agreement.

(b) Payment of Aggregate Escrow Distribution. Within thirty (30) days after Case Proceeds (including those attributable to an Installment) are received by WMI or its subsidiaries, WMI shall instruct the Escrow Agent to pay to KH Partners, the FRF or their respective successors and permitted assigns the pro rata portion of the Aggregate Escrow Distribution attributable to such Person with respect to such Case Proceeds as specified in this Agreement, the Warrant Exchange Agreement and the Escrow Agreement and to return any remaining Escrow Shares (and any additional or substitute securities with respect thereto) to WMI for cancellation (together with the dividends and distributions received thereon and any interest or earnings on such dividends), except that if Case Proceeds are received in Installments, no such property shall be returned to WMI until no such Installments remain to be paid. No payment shall be made in respect of fractional shares.

(c) Assignability of Right to Receive Escrow Shares. The Escrow Shares will not be registered under the Securities Act nor will the contingent right to receive them be registered as a separate security. If the FRF or any partner of KH Partners desires to transfer its right to receive Escrow Shares (and any additional or substitute securities with respect thereto), the proposed transferor shall be required to provide to WMI an opinion of counsel reasonably satisfactory to WMI that such transfer is exempt from the registration requirements of the Securities Act and similar requirements under all applicable state securities laws, as well as such other documentation as may be required by the Escrow Agreement.

(d) Voting of Escrow Shares. For so long as the Escrow Shares are held by the Escrow Agent in accordance with the terms of this Article 2 and the Escrow Agreement, the respective holder of the contingent right to receive such shares shall have the absolute right to have its Escrow Shares (and any additional or substitute securities with respect thereto) voted in its absolute discretion in accordance with the written instructions of such holder as given to the Escrow Agent with respect to all matters with respect to which the vote of holders of WMI Common Stock is required or solicited.

(e) Control of Case.

(i) WMI shall, and shall cause the Keystone Entities to continue to, prosecute the Case vigorously following the Effective Time with a view to resolution of the Case as promptly as practicable. In furtherance of this prosecution of the Case, the parties shall, prior to the Effective Time (and thereafter), designate a special litigation committee comprised of two individuals designated by KH Partners and one individual designated by WMI (the "Litigation Committee"). The Litigation Committee shall have the exclusive right to oversee the prosecution of the Case and to settle the case as hereinafter provided. Only the Litigation Committee shall be authorized to make decisions relating to any proposal to dismiss, settle, terminate, or cease prosecuting the Case, to decline to pursue any appeal or to settle the Case prior to the Escrow Expiration Date; provided that any settlement of the Case must involve a net cash payment or payments to the WM Entities, as successors to the Keystone Entities; and, provided, further, that without WMI's prior specific written approval, no settlement agreement shall impose any obligation (other than standard settlement releases and related obligations) on the WM Entities or restrict the operation of their business.

(ii) The Litigation Committee shall select counsel of its choice to represent the WM Entities in the prosecution of the Case; provided, that such selection shall be subject to the approval of WMI, which approval will not be unreasonably withheld. WMI hereby consents to the selection of Arnold & Porter. KH Partners represents, warrants and agrees that prosecution of the Case will be pursuant to a fixed fee agreement between Keystone Holdings and Arnold & Porter (the "Fixed Fee Agreement"). The Fixed Fee Agreement (i) shall be in form and content acceptable to WMI, (ii) shall provide for a one-time payment of not more than $11.5 million to Arnold & Porter, (iii) shall be executed and delivered not more than 15 days after the date hereof, (iv) shall be assigned to and assumed by WMI or a WMI Entity at the Effective Time; and (v) shall provide that no WMI Entity or Keystone Entity shall have any liability for any future costs or expenses associated with the prosecution of the Case. The Litigation Committee shall have the right to replace counsel at any time; provided, that such replacement counsel shall be subject to the approval of WMI, which approval will not be unreasonably withheld and, provided further, that such replacement counsel shall assume all of Arnold & Porter's obligations, but not its rights, under the Fixed Fee Agreement and no WMI Entity or Keystone Entity shall have any liability for any future costs or expenses associated with the prosecution of the Case.

(iii) Counsel designated by the Litigation Committee to prosecute the Case, and any outside counsel, experts, and/or consultants that such counsel may retain to assist in the prosecution of the Case, shall be authorized by this Agreement to accept directions from the Litigation Committee on all matters concerning the Case that are within the authority of the Litigation Committee, notwithstanding any possible conflict in interest with respect to the Case between KH Partners on the

one hand, and the WM Entities on the other. The Litigation Committee shall have no duty to the WM Entities to consider the interest any of such WM Entities may have in an early termination or resolution of the Case.

(iv) WMI shall have the right to remove any individual from the Litigation Committee in the event such removal is requested by any federal or state regulator having jurisdiction over WMI or any of its subsidiaries. If any individual is so removed, his or her replacement will be designated by KH Partners or, if KH Partners shall no longer exist, by Robert M. Bass if the removed individual was originally designated by KH Partners or Robert M. Bass; otherwise, the replacement will be designated by WMI.

(v) Nothing in this Agreement shall prevent KH Partners from withdrawing as a plaintiff in the Case and KH Partners may withdraw as a plaintiff in the Case at any time without creating any liability to any WM Entity.

(f) No Settlement Prior to Closing. Notwithstanding any other provision in this Agreement, in no event shall KH Partners or any Keystone Entity settle the Case prior to the Effective Time.

(g) Waiver of Entitlement. After the Effective Time, KH Partners will not assert entitlement (as against any of the WM Entities or any of the Keystone Entities) to any proceeds from any settlement or judgment in the Case, whether or not allocated by a court to KH Partners. KH Partners will allow one or more of the Keystone Entities or the WM Entities directly to receive such proceeds and will use its best efforts to cause such proceeds to be paid directly to one or more Keystone Entities or WM Entities and not to KH Partners. After the Effective Time, KH Partners will remit to WMI or its designee any amounts actually recovered by it in the Case. In the event that KH Partners remits to WMI or its designee any such proceeds, the WM Entities shall indemnify each of the partners of KH Partners on a "grossed up" basis for the amount of any increased tax liability incurred by such partner which results from the fact that KH Partners received such proceeds and so remitted them rather than such proceeds having been directly received by any of the WMI Entities or any of the Keystone Entities. Nothing in this Section 2.3 is intended to create any rights in the Keystone Entities or the WM Entities against the United States, except as such parties may have had prior to the date of this Agreement or may obtain by operation of law (whether by statutory merger or otherwise).

(h) Tax Matters. The parties intend that the Keystone Litigation Shares will be treated for income tax purposes as having been received on the Closing Date pursuant to the Merger and that the "imputed interest" rules of Section 483 of the Code (or any similar or successor provision thereto) shall not apply to any Aggregate Escrow Distribution. The parties agree that WMI intends to issue Forms 1099-DIV with respect to dividends paid on the Escrow Shares and to report such dividends as ordinary dividends. The parties agree that WMI shall file all tax returns, declarations and other reports in a manner consistent with this sub-

section, and that any transferee of the Initial Shares or the Escrow Shares shall be required, as a condition of such transfer, to acknowledge the foregoing and waive any rights against WMI in respect thereof. In the event that WMI shall not have received prior to the Effective Time effective waivers from partners holding in the aggregate no less than 90% of the beneficial interest in KH Partners of any and all rights they may have against WMI in respect of the foregoing provisions of this subsection (h), WMI shall be relieved of all obligations set forth in this subsection (h).

2.4 WMI Shareholder Approval.

(a) WMI shall, as soon as practicable, hold a meeting of its stockholders (the "WMI Stockholders' Meeting") to submit for stockholder approval (the "WMI Stockholder Approval") this Agreement, the Plan of Merger, the Merger and an amendment to its articles of incorporation increasing WMI's authorized shares by not more than 100,000,000 shares. In connection with the WMI Stockholder Approval, the parties hereto will cooperate in the preparation of an appropriate proxy statement satisfying all applicable regulations, rules and requirements of the SEC promulgated under the Securities Exchange Act and satisfying any applicable state law (such proxy statement in the form mailed by WMI to WMI stockholders, together with any and all amendments or supplements thereto, being herein referred to as the "WMI Proxy Statement").

(b) WMI represents and warrants that the information relating to the WM Entities to be contained in the WMI Proxy Statement will not, at the time it is filed with the applicable governmental authorities, as of the date of the WMI Proxy Statement or at the WMI Stockholders' Meeting contain any untrue statement of a material fact or omit to state a material fact, necessary to make such statements, in light of the circumstances under which such statements were made, not misleading. KH Partners and the Keystone Entities represent and warrant that the information relating to the KH Partners and the Keystone Entities to be contained in the WMI Proxy Statement will not, at the time it is filed with the applicable governmental authorities, as of the date of the WMI Proxy Statement or at the WMI Stockholders' Meeting contain any untrue statement of a material fact or omit to state a material fact, necessary to make such statements, in light of the circumstances under which such statements were made, not misleading.

(c) Keystone Holdings will furnish such information concerning Keystone Holdings and its subsidiaries as is necessary in order to cause the WMI Proxy Statement, insofar as it relates to such corporations, to comply with Section 2.4(b). The Keystone Entities shall also cause KPMG to provide to WMI a letter substantially in compliance with Statement of Auditing Standards #76 covering those items relating to the Keystone Entities designated by WMI contained in the WMI Proxy Statement. Keystone Holdings agrees promptly to advise WMI if at any time prior to the WMI Stockholders' Meeting any information provided by Keystone Holdings or its subsidiaries for inclusion in the WMI Proxy Statement becomes incorrect

or incomplete in any material respect and to provide the information needed to correct such inaccuracy or omission. Keystone Holdings will continue to furnish WMI with such supplemental information as may be necessary in order to cause the WMI Proxy Statement, insofar as it relates to Keystone Holdings and its subsidiaries, to comply with Section 2.4(b) after the mailing thereof to WMI stockholders.

(d) WMI will, as promptly as practicable, file the WMI Proxy Statement, as required by law, with the SEC and will use all reasonable efforts to cause the WMI Proxy Statement to be cleared for mailing under federal securities laws at the earliest practicable date. WMI will advise Keystone Holdings promptly when the WMI Proxy Statement has been cleared for mailing.

2.5 Issuance of WMI Stock and Registration Rights.

(a) All shares of WMI Common Stock issued in connection with the Merger will be issued pursuant to an exemption under Section 4(2) of the Securities Act and initially will be "Restricted Securities" as defined in Rule 144 promulgated under the Securities Act by the SEC.

(b) Concurrently with the execution and delivery of this Agreement, WMI has executed a Registration Rights Agreement (the "Registration Rights Agreement") pursuant to which WMI will use its best efforts to make available to the recipients of WMI Common Stock pursuant to this Agreement and the Warrant Exchange Agreement the rights contemplated by the Registration Rights Agreement.

2.6 Accounting Treatment.

(a) The parties hereto intend for the Merger to be treated as a pooling of interests for accounting purposes. WMI and KH Partners have received from KPMG a poolability letter dated July 21, 1996, with respect to Keystone Holdings and its subsidiaries, and WMI and KH Partners will, at closing, receive from Deloitte & Touche a pooling letter with respect to the Merger. None of KH Partners, the Keystone Entities or the WM Entities are aware of any reason that the transaction contemplated hereby is not eligible to be treated as a pooling of interests for accounting purposes. From and after the date hereof and until the Effective Time and thereafter, neither WMI nor KH Partners nor any of their respective subsidiaries or other affiliates shall (i) knowingly take any action, or knowingly fail to take any action, that would jeopardize the treatment of the Merger as a "pooling of interests" for accounting purposes; or (ii) enter into any contract, agreement, commitment or arrangement with respect to any such action or failure to act; provided, however, that the performance of the terms of the Fixed Fee Agreement and Section 2.3(e)(ii) hereof shall not constitute a violation of this Section 2.6(a). The persons specified on Annex I hereto may be deemed to be "affiliates" of Keystone Holdings for purposes of the SEC's ASR 135. Keystone Holdings shall deliver to WMI within 30 days from the date of this Agreement, a written agreement substantially in the form of Exhibit C

hereto from each of the Persons specified on Annex I. Prior to the Effective Time, Keystone Holdings shall use all reasonable efforts to cause any additional Person who becomes or is identified as an "affiliate" to execute such an agreement.

(b) In order to ensure that the Merger will be treated as a pooling of interests, the parties understand that the Keystone Initial Shares and the contingent right to receive Escrow Shares to be received by KH Partners as a result of the Merger shall be distributed to the partners of KH Partners immediately after the Effective Time. To facilitate such distribution, WMI agrees to prepare and have available at the Closing up to 85 stock certificates for KH Partners representing the shares of WMI Common Stock to which each such partner is entitled (pursuant to the terms of the partnership agreement of KH Partners, dated December 16, 1988, as amended, with respect to equity distributions). No fractional shares of WMI Common Stock shall be issued. KH Partners shall, at least ten days prior to the Effective Time, provide WMI with the necessary information to prepare such stock certificates. KH Partners agrees to endorse and deliver such certificates to such partners at the Closing.

(c) WMI shall have the right to place a restrictive legend on all shares of WMI Common Stock to be received by any affiliate of Keystone Holdings so as to preclude their transfer or disposition in violation of the letters executed by such affiliates, to instruct its transfer agent not to permit the transfer of any such shares and/or to take any other steps reasonably necessary to ensure compliance with ASR 135.

3. Effective Time; Closing. The Merger shall become effective at the time and date of the occurrence of both (a) the filing of articles of merger with the Washington Secretary of State and (b) the filing of articles of merger with the Texas Secretary of State, or at such later time and date after such filings as may be provided in such articles of merger. As used herein, the term "Effective Time" shall mean the date and time when the Merger becomes effective which in no event shall occur before December 2, 1996. As used herein, the term "Effective Date" shall mean the day on which the Effective Time occurs. A closing (the "Closing") shall take place on or immediately prior to the Effective Date at the offices of Foster Pepper & Shefelman, 1111 Third Avenue, Suite 3400, Seattle, Washington, or at such other place as the parties hereto may mutually agree upon for the Closing to take place. "Closing Date" shall mean the date on which the Closing occurs.

4. Representations and Warranties of Keystone Entities. Each of KH Partners and the Keystone Entities hereby jointly and severally represents and warrants to the WM Entities as follows:

4.1 Organization, Power, Good Standing, Etc.

(a) KH Partners is a limited partnership duly organized and validly existing under the laws of the State of Texas and is duly qualified to do business and is in good standing in each other jurisdiction

where its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. KH Partners is a duly registered savings and loan holding company under HOLA. There has been no change in the provisions of the KH Partners partnership agreement dealing with equity distributions since before 1994.

(b) Keystone Holdings is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas and is duly qualified to do business and is in good standing in each other jurisdiction where its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. Keystone Holdings has previously delivered to WMI true and complete copies of its articles of incorporation and bylaws, each as currently in effect. Keystone Holdings has the requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. Keystone Holdings is a duly registered savings and loan holding company under HOLA. To the knowledge of KH Partners and the Keystone Entities, OTS Order #92-66, dated February 28, 1992, which approves the acquisition by Keystone Holdings of an equity interest in Family SB in a Qualified Stock Issuance pursuant to Sections 10(a)(4) and 10(q) of HOLA and FDIC Order #92-98kk dated April 7, 1992, Conditionally Granting Approval for Waiver of Cross-Guaranty, are, and at all times since their respective dates have been, in full force and effect. The Keystone Entities do not, directly or indirectly, or acting in concert with one or more other Persons, or through one or more subsidiaries, own, control, or hold with power to vote, or hold proxies representing more than 15 percent of the voting shares of Family SB.

(c) New Holdings is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in each other jurisdiction where its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. New Holdings has previously delivered to WMI true and complete copies of its certificate of incorporation and bylaws, each as currently in effect. New Holdings has the requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. New Holdings is a duly registered savings and loan holding company under HOLA.

(d) New Capital is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in each other jurisdiction where its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such

jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. New Capital has previously delivered to WMI true and complete copies of its certificate of incorporation and bylaws, each as currently in effect. New Capital has the requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. New Capital is a duly registered savings and loan holding company under HOLA.

(e) NACH Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in each other jurisdiction where its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. NACH Inc. has previously delivered to WMI true and complete copies of its certificate of incorporation and bylaws, each as currently in effect. NACH Inc. has the requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. NACH Inc. is a duly registered savings and loan holding company under HOLA.

(f) American Savings Bank is a federally chartered stock savings association, duly organized, validly existing and in good standing under the laws of the United States and is duly qualified to do business and is in good standing in each jurisdiction where its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. American Savings Bank has previously delivered to WMI true and complete copies of its charter and bylaws, each as currently in effect. American Savings Bank has the requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. American Savings Bank is a member in good standing of the FHLB of San Francisco and its deposits are insured by the SAIF to the fullest extent permitted by law. American Savings Bank has previously delivered or made available to WMI true and complete copies of all agreements and other documents relating to American Savings Bank's membership in, borrowings from or other financial arrangements with the FHLB of San Francisco. American Savings Bank is and at all times since December 28, 1988 has been, a qualified thrift lender pursuant to Section 10(m) of HOLA. American Savings Bank is a savings association of the type described in Section 10(c)(3)(B)(i) of HOLA.

4.2 Subsidiaries.

(a) Except as disclosed on Disclosure Schedule 4.2(a) and except for equity interests in other Keystone Entities, no Keystone Entity beneficially owns or controls, directly or indirectly, any shares of stock or other equity interest in any corporation, firm, partnership, joint

venture or other entity.

(b) Disclosure Schedule 4.2(a) includes a list of each corporation, partnership, joint venture and other entity in which any Keystone Entity or any Keystone Entity Subsidiary beneficially owns or controls, directly or indirectly, more than a 9% equity interest (each, other than New West and its subsidiaries, Family SB and other entities specifically excluded pursuant to Disclosure Schedule 4.2(a), a "Keystone Entity Subsidiary"). Each investment shown on Disclosure Schedule 4.2(a) is a legal investment for a federal savings association or a unitary savings and loan holding company, as the case may be. Except as otherwise disclosed on Disclosure Schedule 4.2(a), a Keystone Entity owns, directly or indirectly through a wholly owned subsidiary, 100% of the capital stock, partnership interests, joint venture interests or other equity interests in each Keystone Entity Subsidiary. There is no federally-insured depository institution, other than American Savings Bank, New West and Family SB, in which any Keystone Entity owns or controls, directly or indirectly, more than a 9.9% equity interest. Except as disclosed in Disclosure Schedule 4.2(a), neither any Keystone Entity nor any Keystone Entity Subsidiary is the general partner of any partnership or joint venture or is under any obligation of any sort to acquire any capital stock or other equity interest in any Person. There are no options, contracts, commitments, understandings or arrangements of any kind which might require the issuance, delivery or sale by any Keystone Entity or by any Keystone Entity Subsidiary of any additional equity interests or any securities convertible into or representing the right to purchase or subscribe for such equity interests, except for the Warrants or as otherwise described on Disclosure Schedule 4.2(b) (which, among other things, describes certain options with respect to a Keystone Entity which are held by another Keystone Entity) free and clear of any claim, lien, encumbrance, or agreement with respect thereto (including any agreements with respect to the voting of such shares). All of the shares of capital stock of each Keystone Entity Subsidiary that is a corporation are fully paid and nonassessable, and all such shares are owned directly by a Keystone Entity or a Keystone Entity Subsidiary as set forth on Disclosure Schedule 4.2(a). Each Keystone Entity Subsidiary that is a corporation is a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation and is duly qualified to do business as a foreign corporation in each other jurisdiction in which its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on American Savings Bank. Each Keystone Entity Subsidiary that is a corporation has the corporate power to own, lease and operate its properties and assets and to carry on its business as it is now being conducted.

(c) KH Partners and the Keystone Entities have each previously delivered to, or made available for inspection by, WMI true and complete copies of all agreements to which it is a party or by which it or any of its assets may be bound, other than, in the case of American Savings

Bank only, loans, credit facility agreements or accounts in the ordinary course at market rates and terms, with unaffiliated parties, (i) which relate to any ownership interest by any Keystone Entity or Keystone Entity Subsidiary of an equity interest in any partnership, joint venture, or similar enterprise, (ii) pursuant to which either any Keystone Entity or Keystone Entity Subsidiary may be required to transfer funds in respect of an equity interest to, make an investment in, or guarantee or assume any debt, dividend or other obligation of, any Person, or (iii) pursuant to which any of them are or may become an equity investor in a real estate project.

(d) KH Partners has no assets other than (i) 100% of the outstanding shares of Keystone Holdings, (ii) a note receivable in the amount of $25,000 as of May 31, 1996, and (iii) its interest in the Case.

4.3 Capitalization.

(a) The authorized capital stock of Keystone Holdings consists of 100,000 shares of Keystone Holdings Common Stock. As of the date hereof, 1,048.4483 shares of Keystone Holdings Common Stock are issued and outstanding. No shares of stock are held in Keystone Holdings' treasury. All of the issued and outstanding shares of Keystone Holdings Common Stock have been duly authorized, validly issued, and are fully paid and non-assessable, with no personal liability attaching to the ownership thereof. Except as described in Disclosure Schedule 4.2(b) (which, among other things, describes certain options with respect to a Keystone Entity which are held by another Keystone Entity), there are no outstanding subscriptions, options, warrants, calls, commitments, agreements, understandings or arrangements of any kind which call for or might require the transfer, sale, delivery or issuance of any shares of Keystone Holdings' capital stock or other equity securities thereof or any securities representing the right to purchase or otherwise receive any shares of Keystone Holdings' capital stock or any securities convertible into or representing the right to purchase or subscribe for any such shares. There are no agreements or understandings to which KH Partners or any Keystone Entity is a party with respect to voting any shares of Keystone Holdings capital stock. All of the issued and outstanding shares of Keystone Holdings' capital stock are owned, beneficially and of record, by KH Partners, free and clear of any claim, security interest, lien or other encumbrance.

(b) The authorized capital stock of New Holdings consists of 100,000 shares of common stock, par value $0.10 per share ("New Holdings Common Stock"). As of the date hereof, 1,000 shares of New Holdings Common Stock are issued and outstanding. No shares of stock are held in New Holdings' treasury. All of the issued and outstanding shares of New Holdings Common Stock have been duly authorized, validly issued, and are fully paid and non-assessable, with no personal liability attaching to the ownership thereof. There are no outstanding subscriptions, options, warrants, calls, commitments, agreements, understandings or arrangements of any kind which call for or might require the transfer, sale, delivery or

issuance of any shares of New Holdings' capital stock or other equity securities of New Holdings or any securities representing the right to purchase or otherwise receive any shares of New Holdings' capital stock or any securities convertible into or representing the right to purchase or subscribe for any such shares. There are no agreements or understandings to which KH Partners or any Keystone Entity is a party with respect to voting the shares of New Holdings Common Stock. All of the issued and outstanding shares of New Holdings' capital stock are owned, beneficially and of record, by Keystone Holdings, free and clear of any claim, security interest, lien or other encumbrance.

(c) The authorized capital stock of New Capital consists of 1,000,000 shares of common stock, par value $0.10 per share ("New Capital Common Stock") and 800,000 shares of Cumulative Redeemable Preferred Stock, par value $0.10 per share ("New Capital Preferred Stock"). As of the date hereof, 1,000 shares of New Capital Common Stock are issued and outstanding and 800,000 shares of New Capital Preferred Stock are issued and outstanding. No shares of stock are held in New Capital's treasury. All of the issued and outstanding shares of New Capital Common Stock and New Capital Preferred Stock have been duly authorized, validly issued, and are fully paid and non-assessable, with no personal liability attaching to the ownership thereof. There are no outstanding subscriptions, options, warrants, calls, commitments, agreements, understandings or arrangements of any kind which call for or might require the transfer, sale, delivery or issuance of any shares of New Capital's capital stock or other equity securities or any securities representing the right to purchase or otherwise receive any shares of New Capital's capital stock or any securities convertible into or representing the right to purchase or subscribe for any such shares. There are no agreements or understandings to which KH Partners or any Keystone Entity is a party with respect to voting any shares of New Capital Common Stock. All of the issued and outstanding shares of New Capital Common Stock are owned, beneficially and of record, by New Holdings, free and clear of any claim, security interest, lien or other encumbrance.

(d) The authorized capital stock of NACH Inc. consists of 8,400 shares of Class A common stock, without par value, 3,600 shares of Class B common stock, without par value, 3,000 shares of Class C common stock, without par value, and 1,000 shares of preferred stock, without par value. As of the date hereof, 7,000 shares of NACH Inc.'s Class A common stock are issued and outstanding. As of the date hereof, no shares of NACH Inc.'s Class B common stock, Class C common stock or preferred stock are issued and outstanding. No shares of stock are held in NACH Inc.'s treasury. All of the issued and outstanding shares of NACH Inc.'s Class A common stock have been duly authorized, validly issued, and are fully paid and non-assessable, with no personal liability attaching to the ownership thereof. Except for the Warrants, there are no outstanding subscriptions, options, warrants, calls, commitments, agreements, understandings or arrangements of any kind which call for or might require the transfer, sale, delivery or issuance of any shares of NACH Inc.'s capital stock or other equity securities or any securities representing the right to

purchase or otherwise receive any shares of NACH Inc.'s capital stock or any securities convertible into or representing the right to purchase or subscribe for any such shares. There are no agreements or understandings to which KH Partners or any Keystone Entity is a party with respect to voting any issued and outstanding shares of NACH Inc.'s Class A common stock. All of the issued and outstanding shares of NACH Inc.'s Class A common stock are owned, beneficially and of record, by New Capital, free and clear of any claim, security interest, lien or other encumbrance.

(e) The authorized capital stock of American Savings Bank consists of 1,000,000 shares of common stock, par value $1.00 per share ("American Savings Bank Common Stock") and 100,000 shares of Serial Preferred Stock Series A, par value $0.01 per share ("American Savings Bank Preferred Stock"), of which 10,000 shares of American Savings Bank Preferred Stock have been designated as Participating Preferred Stock Series A and authorized for issuance by the Board of Directors of American Savings Bank. As of the date hereof, 97,000 shares of American Savings Bank Common Stock are issued and outstanding and 3,503 shares of American Savings Bank Preferred Stock are issued and outstanding. No shares of stock are held in American Savings Bank's treasury. All of the issued and outstanding shares of American Savings Bank Common Stock and American Savings Bank Preferred Stock have been duly authorized, validly issued, and are fully paid and non-assessable, with no personal liability attaching to the ownership thereof. Except as set forth on Disclosure Schedule 4.2(b), there are no outstanding subscriptions, options, warrants, calls, commitments, agreements, understandings or arrangements of any kind which call for or might require the transfer, sale, delivery or issuance of any shares of American Savings Bank's capital stock or other equity securities or any securities representing the right to purchase or otherwise receive any shares of American Savings Bank's capital stock or any securities convertible into or representing the right to purchase or subscribe for any such shares, and there are no agreements or understandings to which KH Partners or any Keystone Entity is a party with respect to voting any of such shares. All of the issued and outstanding shares of American Savings Bank Common Stock are owned, beneficially and of record, by NACH Inc., free and clear of any claim, security interest, lien or other encumbrance. All of the issued and outstanding shares of American Savings Bank Preferred Stock are owned, beneficially and of record, by Keystone Holdings, free and clear of any claim, security interest, lien or other encumbrance.

4.4 Loan Portfolio. To the knowledge of KH Partners and the Keystone Entities:

(a) All evidences of indebtedness reflected as assets on the books and records of American Savings Bank ("Loans") were, as of March 31, 1996 and will be as of the Closing Date, in all respects legal, valid and binding obligations of the respective obligors named therein and no such indebtedness is subject to any defenses which have been or may be asserted, except for (i) defenses arising from applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights generally and general principles of equity, and (ii) defenses advanced in

defense of foreclosure or other realization proceedings which are in every case fact specific and which are not indicative of any pattern or practice by American Savings Bank or any employee thereof which might give rise to a meritorious class-action or other multi-party lawsuit.

(b) American Savings Bank has good title to and is the sole owner of record of each Loan or any participation interest therein shown as an asset on the books of American Savings Bank as of the date of this Agreement free of any lien, encumbrance or claim by any other person, except for Loans securing borrowings in the ordinary course (including borrowings with the FHLB of San Francisco) or Loans subject to repurchase obligations as set forth herein.

(c) Except as disclosed on Disclosure Schedule 4.4(c), all Loans in a principal amount in excess of $100,000 reflected as assets in American Savings Bank's Financial Statements as of March 31, 1996 that are primarily secured by an interest in real property are secured by a valid and perfected first lien.

(d) All Loans with a principal balance in excess of $1,000,000 as of March 31, 1996 which are either unsecured or secured by property other than 1-4 family residences are listed on Disclosure Schedule 4.4(d), which indicates, for each such Loan, the Loan number, the borrower's name and the unpaid balance as of March 31, 1996.

(e) Except as disclosed on Disclosure Schedule 4.4(e), no Loan, all or any part of which is an asset of American Savings Bank was, as of March 31, 1996, more than 30 days past due.

(f) Except for (i) Loans acquired from the FSLIC as receiver (the "Receiver") for Old American, in the acquisition by American Savings Bank of Old American on December 28, 1988 (the "1988 Acquisition"), (ii) Loans purchased from other third parties or (iii) as otherwise disclosed on Disclosure Schedule 4.4(f), each outstanding Loan or commitment to extend credit was solicited and originated and is administered in accordance with the relevant loan documents, American Savings Bank's then applicable underwriting standards and in material compliance with all applicable requirements of federal, state and local laws and regulations. All Loans acquired from the Receiver in the 1988 Acquisition or purchased from other third parties, have, since their acquisition by American Savings Bank, been administered in accordance with American Savings Bank's normal loan servicing practices as from time to time in effect and, except for claims relating to such Loans disclosed on Disclosure Schedule 4.12, no borrower or obligor on any such Loan has alleged that they were originated or administered in violation of any requirement of applicable federal, state, or local laws.

(g) Except as disclosed on Disclosure Schedule 4.4(g), none of the agreements pursuant to which American Savings Bank has sold Loans or pools of Loans or participations in Loans or pools of Loans contains any obligation to repurchase such Loans or interests therein

solely on account of a payment default by the obligor on any such Loan.

(h) Disclosure Schedule 4.4(h) sets forth, as of March 31, 1996, as to each participation purchased, the total loan balance, the percentage of interest purchased, the identity of the seller and an indication of whether or not there are any put-back rights or indemnifications and whether the percentage of interest purchased by American Savings Bank is superior to the percentage of interest retained by the seller; provided, however, that as to 1-to-4 family residential loans, such information is provided by loan package sold instead of by individual loans.

(i) (a) Disclosure Schedule 4.4(i)(a) sets forth all Loans by American Savings Bank to executive officers (as such term is defined in Regulation O) of American Savings Bank; (b) there are no employee, officer, director or other affiliate Loans on which the borrower is paying a rate other than that reflected in the note or the relevant credit agreement or on which the borrower is paying a rate which was below market at the time the loan was made; and (c) except as listed on Disclosure Schedule 4.4(i)(c), all such loans are and were made in compliance with all applicable federal laws and regulations.

(j) All Loans which are assets of American Savings Bank have been classified in accordance with the American Savings Bank Loan classification policy, a copy of which has been provided to WMI.

(k) All Commercial Real Estate Loans were originated in conformity with American Savings Bank's then-applicable environmental policy, except for such Loans as were acquired from the Receiver in the 1988 Acquisition, and such Loans as were purchased from other third parties. Loans acquired from the Receiver in the 1988 Acquisition, and Loans purchased from other third parties have been serviced in accordance with the American Bank Environmental Policy and, except as disclosed on Disclosure Schedule 4.4(k), KH Partners and the Keystone Entities have no knowledge of any environmental contamination issues raised by or with respect to the properties securing Loans acquired from the Receiver in the 1988 Acquisition. Pursuant to the terms and subject to the conditions contained in certain of the FRF Agreements, American Savings Bank is entitled to receive certain federal assistance payments with respect to Loans acquired from the Receiver in the 1988 Acquisition that were secured by properties affected by certain specified environmental conditions.

(l) Except for Loans acquired from the Receiver in the 1988 Acquisition and Loans purchased from other third parties, (i) each Loan outstanding to an individual who is known to American Savings Bank to be an individual who is not a resident of the United States was originated by American Savings Bank in accordance with its Lending/Mortgage Origination Policy (Income Property Lending - Foreign Borrowers), a copy of which has been provided to WMI, and (ii) there are no Loans to a corporation or other entity headquartered outside of the United States. There are no commitments outstanding to nonresident individuals or entities

to make loans or advances which, when made, would not be in compliance with the preceding sentence.

(m) Except as shown on Disclosure Schedule 4.4(m), as of March 31, 1996, American Savings Bank has no outstanding commitments, including outstanding letters of credit and unfunded agreements to lend, in excess of $500,000 for other than one-to-four family residential loans.

4.5 Reports.

(a) Each Keystone Entity has duly filed with the FDIC and the OTS, in correct form in all material respects, the monthly, quarterly, semiannual and annual reports required to be filed by it under applicable law and regulations for all periods subsequent to December 31, 1992. The Keystone Entities have previously delivered or made available to WMI accurate and complete copies of such reports. At no time since January 1, 1989, has any Keystone Entity had outstanding any securities registered under Section 12(b) or required to be registered under Section 12(g) of the Securities Exchange Act.

(b) The Keystone Entities have previously delivered or made available to WMI accurate and complete copies of (1) the Private Placement Memorandum dated October 1991, and the final Offering Circular dated March 16, 1995 relating to the Senior Notes (the "Senior Note Circulars"), (2) the final Offering Circular dated February 5, 1996 relating to the 6 5/8% Subordinated Notes due February 15, 2006 issued by American Savings Bank (the "Subordinated Note Circular"), (3) the final Offering Circular dated July 28, 1995 relating to the New Capital Preferred Stock (the "Preferred Stock Circular" and, together with the Senior Note Circulars and the Subordinated Note Circulars, the "Offering Circulars") and (4) the Note Purchase Agreement dated September 10, 1993 and each other written communication (other than general advertising materials) mailed by any Keystone Entity to the holders of the Senior Notes, the Subordinated Notes or the New Capital Preferred Stock (the "Securityholder Communications"). None of the Offering Circulars, as of their respective dates, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that with respect to the Preferred Stock Circular, no representation is made concerning (v) the terms of the Deferred Payments Agreement dated as of August 1, 1995 or other arrangements between Merrill Lynch Capital Services, Inc. and NA Preferred Partners, L.P., Acadia Partners, L.P. and Lerner Enterprises Limited Partnership relating to the sale of the Preferred Stock referred to therein; (w) the financial condition or results of operations of New Capital for any period subsequent to March 31, 1995; (x) management of New Capital; (y) compensation of executive officers and directors of New Capital or (z) the federal income tax consequences of an investment in the New Capital Preferred Stock. WMI acknowledges that each of the Offering Circulars states that it is not to be relied upon as the sole basis for making an investment decision in the related securities, and that the circumstances under which the statements in the Offering Circulars

were made include, among other things, the fact that prospective investors were required to rely upon their own independent investigation of New Capital or American Savings Bank, as the case may be, and the terms of the related securities and their offering. None of the Securityholder Communications, as of their respective dates, contained an untrue statement of a material fact.

4.6 Authority.

(a) KH Partners has requisite partnership power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby have been duly and validly approved by all necessary partnership action. This Agreement has been duly and validly executed and delivered by KH Partners and, assuming the due authorization, execution and delivery thereof by the WM Entities, constitutes the valid and binding obligation of KH Partners, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other laws relating to creditors' rights generally and to general principles of equity.

(b) Keystone Holdings has requisite corporate power and authority to execute and deliver this Agreement and the Plan of Merger and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Plan of Merger and the consummation of the transactions contemplated hereby and thereby have been duly and validly approved by the Board of Directors of Keystone Holdings. Keystone Holdings has obtained all stockholder approvals, if any, required under its articles, bylaws or applicable law for the execution and delivery of this Agreement and the Plan of Merger and the consummation of the transactions contemplated hereby or thereby. No other corporate proceedings on the part of Keystone Holdings are necessary to authorize this Agreement or the Plan of Merger or the transactions contemplated hereby or thereby. This Agreement has been duly and validly executed and delivered by Keystone Holdings and, assuming the due authorization, execution and delivery thereof by the WM Entities, constitutes a valid and binding obligation of Keystone Holdings, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other laws relating to creditors' rights generally and to general principles of equity.

(c) Each of New Holdings, New Capital, NACH Inc. and American Savings Bank has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by each of New Holdings, New Capital, NACH Inc. and American Savings Bank and the consummation by each of the transactions contemplated hereby have been duly and validly approved by its respective Board of Directors. Each of New Holdings, New Capital, NACH Inc. and American Savings Bank has obtained all stockholder approvals, if any, required by its articles, charter or bylaws or under applicable law to authorize the execution and delivery of this

Agreement and the consummation of the transactions contemplated hereby. No other corporate proceedings on the part of any of New Holdings, New Capital, NACH Inc. or American Savings Bank are necessary to authorize this Agreement or the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of New Holdings, New Capital, NACH Inc. and American Savings Bank and, assuming due authorization, execution and delivery thereof by the WM Entities, constitutes a valid and binding obligation of each of New Holdings, New Capital, NACH Inc. and American Savings Bank, enforceable against each of them in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other laws relating to creditors' rights generally, to general principles of equity and, in the case of American Savings Bank, applicable receivership and conservatorship laws.

4.7 No Violation.

(a) Neither the execution and delivery of this Agreement by KH Partners and the Keystone Entities or the Plan of Merger by Keystone Holdings nor the consummation of the transactions contemplated hereby and thereby, nor compliance by KH Partners and the Keystone Entities with any of the terms or provisions hereof or thereof, will (i) violate any provision of the partnership agreement of KH Partners or the articles, charter or bylaws of any Keystone Entity, (ii) assuming the consents and approvals referred to in Section 9.1 hereof are duly obtained, violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to KH Partners, any Keystone Entity or any Keystone Entity Subsidiary, or any of its respective properties or assets, or (iii) except for the agreements listed on Disclosure Schedule 4.7(a), violate, conflict with, result in a breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of, accelerate the performance required by, require any consent or notice under, or result in the creation of any lien, security interest, charge or other encumbrance upon any of the properties or assets of KH Partners, any Keystone Entity or any Keystone Entity Subsidiary, under any of the terms, conditions or provisions of any note, bond, mortgage indenture, deed of trust, license, lease, agreement or other instrument or obligation to which KH Partners, any Keystone Entity or any Keystone Entity Subsidiary is a party, or by which it or any of its properties or assets may be bound or affected. The parties agree that the phrase "transactions contemplated herein" and words of similar import used in this Agreement shall not be deemed to include the Liquidations and the Bank Merger.

(b) If WMI determines, after the Effective Time, to liquidate (by statutory merger) each of New Holdings, New Capital and NACH Inc. (the "Liquidations") and, after the Liquidations, to merge American Savings Bank with WM Bank or WMBfsb (the "Bank Merger"), neither the Liquidations nor the Bank Merger will, to the knowledge of KH Partners and the Keystone Entities, (i) violate any provision of the articles, charter or bylaws of any Keystone Entity, (ii) assuming that WMI obtains the necessary consents and approvals from applicable regulatory authorities and

the FDIC under the FRF Agreements, violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to any Keystone Entity or any Keystone Entity Subsidiary, or any of its respective properties or assets, or (iii) except for the agreements listed on Disclosure Schedule 4.7(b) or as would not have a Material Adverse Effect on KH Partners and the Keystone Entities taken as a whole, violate, conflict with, result in a breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of, accelerate the performance required by, require any consent or notice under, or result in the creation of any lien, security interest, charge or other encumbrance upon any of the properties or assets of any Keystone Entity or any Keystone Entity Subsidiary, under any of the terms, conditions or provisions of any note, bond, mortgage indenture, deed of trust, license, lease, agreement or other instrument or obligation to which any Keystone Entity or any Keystone Entity Subsidiary is a party, or by which it or any of its properties or assets may be bound or affected.

4.8 Consents and Approvals. Except for (i) consents and approvals of or filings, deliveries or registrations with the OTS, the FRF, the FDIC, the Director, the Washington Secretary of State, the Texas Secretary of State, the FTC, the SEC, the United States Department of Justice (the "Justice Department"), or other applicable governmental authorities and (ii) the consents, approvals, filings or registrations required with respect to the agreements set forth on Disclosure Schedule 4.7(a), 4.7(b) or 4.23, no consents or approvals of or filings or registrations with any third party or public body or authority are necessary in connection with the execution and delivery of this Agreement by the Keystone Entities and KH Partners and the consummation by the Keystone Entities and KH Partners of the transactions contemplated hereby.

4.9 Financial Statements.

(a) The Keystone Entities have previously delivered or made available to WMI copies of (i) the consolidated statements of financial condition of each Keystone Entity as of December 31, in each of the three fiscal years 1993, 1994 and 1995, and the related consolidated statements of income, statements of stockholders' equity and statements of cash flows for each of the three-year periods ending, respectively, on December 31, 1993, 1994 and 1995, in each case accompanied by the audit reports of KPMG (the "Keystone 1993, 1994 and 1995 Financial Statements," respectively); and (ii) the unaudited consolidated balance sheet of each Keystone Entity as of March 31, 1996 and the related unaudited consolidated statements of income and statements of cash flows for the three-month period then ended (the "Keystone March 1996 Financial Statements"). The Keystone 1993, 1994 and 1995 Financial Statements and the Keystone March 1996 Financial Statements are sometimes herein referred to collectively as the Keystone Financial Statements. The consolidated statements of condition of each Keystone Entity referred to herein (including the related notes) fairly present in all material respects, using generally accepted accounting principles consistently applied, the consolidated financial

position of such Keystone Entity as of the respective dates set forth therein, and the other financial statements referred to herein (including the related notes) fairly present in all material respects, using generally accepted accounting principles consistently applied, the results of the consolidated operations and changes in stockholders' equity and cash flows of such Keystone Entity for the respective fiscal periods or as of the respective dates set forth therein, except that interim unaudited financial statements are subject to normal adjustments.

(b) Each of the Keystone Financial Statements (including the related notes) has been prepared in accordance with generally accepted accounting principles consistently applied during the periods involved (except as indicated in the notes thereto). To the knowledge of KH Partners and the Keystone Entities, the books and records of each Keystone Entity have been, and are being, maintained in all material respects in accordance with applicable legal and accounting requirements, using generally accepted accounting principles consistently applied, and reflect only actual transactions.

4.10 Brokerage. Except as disclosed on Disclosure Schedule 4.10 (which fees shall be payable by one or more of the Keystone Entities), there are no claims for investment banking fees, brokerage commissions, finder's fees or similar compensation arising out of or due to any act of KH Partners, any Keystone Entity or any Keystone Entity Subsidiary in connection with the transactions contemplated by this Agreement.

4.11 Absence of Certain Changes or Events. There has not been any Material Adverse Change with respect to any of the Keystone Entities, from that described in the Keystone March 1996 Financial Statements (except for changes resulting from market and economic conditions which generally affect the savings industry as a whole, including, without limitation changes in law or regulation, and changes in generally accepted accounting principles or interpretations thereof).

4.12 Litigation, Etc. As of June 30, 1996, except as disclosed on Disclosure Schedule 4.12 or 4.14(c), there is no action, suit, claim, inquiry, proceeding or, to the knowledge of KH Partners or any Keystone Entity, investigation (other than condemnation or unlawful detainer actions and routine bankruptcy matters involving Loans and the properties securing Loans) before any court, commission, bureau, regulatory, administrative or governmental agency, arbitrator, body or authority pending or, to the knowledge of KH Partners or any Keystone Entity, threatened against any Keystone Entity or any Keystone Entity Subsidiary which would reasonably be expected to result in any liabilities, including defense costs, in excess of $100,000. Except as disclosed on Disclosure Schedule 4.12 or 4.14(c), neither any Keystone Entity nor any Keystone Entity Subsidiary is in default with respect to any orders, judgments or decrees that in the aggregate require payment of more than $100,000.

4.13 Taxes, Payments in Lieu of Taxes and Tax Returns.

(a) Except as disclosed in Disclosure Schedule 4.13, (i) the amounts set up as provisions for taxes on the Keystone 1995 Financial Statements are sufficient for all material accrued and unpaid federal, state, county and local taxes, interest and penalties of all corporations which were or should have been included in the Keystone Holdings consolidated federal income tax return, whether or not disputed, for the period ended December 31, 1995 and for all fiscal periods prior thereto; and (ii) the amounts stated as provisions for payments in lieu of taxes in Note 18 of the 1995 financial statements of American Savings Bank are sufficient for all material accrued and unpaid amounts owed to the FRF, whether or not disputed, with respect to the period ended December 31, 1995 and for all fiscal periods prior thereto. The federal income tax returns for all corporations which were or should have been included in the Keystone Holdings consolidated federal income tax return for the fiscal years ending in 1992, 1993, 1994 and 1995 are the only such federal income tax returns open under the statute of limitations provisions of the Code. With respect to California franchise tax matters, franchise tax returns for American Savings Bank and the subsidiaries of American Savings Bank for the income years ended December 31, 1988, 1989, 1990, 1992, 1993, 1994 and 1995 are open under the statute of limitations provisions of the Revenue and Tax Code of the State of California. Complete and correct copies of the income tax returns for all corporations which were or should have been included in the Keystone Holdings consolidated federal income tax return for the three fiscal years ending December 31, 1992, 1993 and 1994, as filed with the Internal Revenue Service and all state and local taxing authorities, together with all related correspondence and notices, have previously been delivered or made available to WMI.

(b) Each of the corporations which was or should have been included in the Keystone Holdings consolidated federal income tax return has timely and correctly filed all federal income tax returns and reports (collectively, "Federal Income Tax Returns") required by applicable law to be filed (including, without limitation, estimated tax returns or income tax returns), except to the extent that the failure to timely or correctly file such Federal Income Tax Returns does not, when aggregated with all failures to timely or correctly file all Other Returns (as hereinafter defined), result in aggregate penalties or assessments of more than $5.0 million, and has paid all taxes, charges and withholdings shown by such Federal Income Tax Returns to be owed, or which are otherwise due and payable and to the extent any material liabilities for such Taxes have not been fully discharged, full and complete reserves have been established on the Keystone 1995 Financial Statements.

(c) Each Keystone Entity and each Keystone Entity Subsidiary (excluding any subsidiaries of New West) has timely and correctly filed all federal, state, county and local tax returns and reports other than Federal Income Tax Returns (collectively, "Other Returns") required by applicable law to be filed (including, without limitation, estimated tax returns, income tax returns, excise tax returns,

sales tax returns, use tax returns, property tax returns, franchise tax returns, information returns and withholding, employment and payroll tax returns), or required by contractual provisions (including, without limitation, reports to the FDIC), except to the extent that the failure to timely or correctly file such Other Returns does not result in aggregate penalties or assessments, when combined with such penalties relating to Federal Income Tax Returns, of more than $5.0 million, and has paid all taxes, payments in lieu of taxes, levies, license and registration fees, charges and withholdings of any nature whatsoever (hereinafter called "Taxes") shown by such Other Returns to be owed, or which are otherwise due and payable and to the extent any material liabilities therefor have not been fully discharged, full and complete reserves have been established on the Keystone 1995 Financial Statements.

(d) No entity which was or should have been included in the Keystone Holdings consolidated federal income tax return is in default in the payment of any federal income taxes or Taxes due or payable or any assessments received in respect thereof except for those which are being contested in good faith. No additional assessments of federal income taxes or Taxes are known to KH Partners or the Keystone Entities to be proposed, pending or threatened, other than federal income taxes or Taxes for periods for which returns are not yet filed.

(e) No Keystone Entity or Keystone Entity Subsidiary has filed a consent to the application of Section 341(f) of the Code.

(f) Keystone Holdings is not an investment company as defined in section 368(a)(2)(F)(iii) and (iv) of the Code.

4.14 Employees; Employee Benefit Plans.

(a) To the knowledge of KH Partners or the Keystone Entities, (A) except as set forth in Disclosure Schedule 4.14(a)(i) neither KH Partners, any Keystone Entity nor any Keystone Entity Subsidiary is a party to or bound by any contract, arrangement or understanding (whether written or oral) with respect to the employment or compensation of any (x) consultants receiving in excess of $50,000 annually or (y) employees and, (B) except as provided under the Benefit Plans (as defined below) set forth in Disclosure Schedule 4.14(a)(ii) and other agreements or arrangements set forth in Disclosure Schedule 4.14(a)(ii), consummation of the transactions contemplated by this Agreement and the Plan of Merger will not (either alone or upon the occurrence of any additional acts or events) result in any payment (whether of severance pay or otherwise) becoming due from any Keystone Entity or any Keystone Entity Subsidiary to any officer or employee thereof. The Keystone Entities have previously delivered or made available to WMI true and complete copies of all consulting agreements calling for payments in excess of $50,000 annually and employment, and deferred compensation agreements that are in writing, to which any Keystone Entity or any Keystone Entity Subsidiary is a party.

(b) Except as set forth on Disclosure Schedule 4.14(b)

no employee of any Keystone Entity or any Keystone Entity Subsidiary received aggregate remuneration (bonus, salary and commissions) in excess of $200,000 for 1995 or would reasonably be expected to receive aggregate remuneration (excluding severance or other payments which, pursuant to an agreement or arrangement set forth on Disclosure Schedule 4.14(a)(ii), are made as a result of consummation of the transactions contemplated by this Agreement and the Plan of Merger, either alone or upon the occurrence of any additional acts or events) in excess of $200,000 in 1996.

(c) Except as disclosed on Disclosure Schedule 4.14(c), as of the date of this Agreement, there are not, and have not been at any time since January 1, 1994, any actions, suits, claims or proceedings before any court, commission, bureau, regulatory, administrative or governmental agency, arbitrator, body or authority (which in any case have been served on KH Partners, any Keystone Entity or any Keystone Entity Subsidiary) pending or, to the best of KH Partners' and the Keystone Entities' knowledge, threatened by any employees, former employees or other persons relating to the employment practices or activities of any Keystone Entity or any Keystone Entity Subsidiary (except for actions which have subsequently been resolved). Neither any Keystone Entity nor any Keystone Entity Subsidiary is a party to any collective bargaining agreement, and no union organization efforts are pending or, to the best of KH Partners' and the Keystone Entities' knowledge, threatened nor have any occurred during the last three years.

(d) The Keystone Entities have made available to WMI true and complete copies of all personnel codes, practices, procedures, policies, manuals, affirmative action programs and similar materials.

(e) Except as disclosed on Disclosure Schedule 4.14(e), KH Partners and the Keystone Entities represent and warrant as follows:

(i) All employee benefit plans, as defined in Section 3(3) of ERISA, and any other pension, bonus, deferred compensation, stock bonus, stock purchase, post-retirement medical, hospitalization, health and other employee benefit plan, program or arrangement under which any Keystone Entity or any Keystone Entity Subsidiary has any obligation or liability to any employee or former employee (the "Benefit Plans") are set forth on Disclosure Schedule 4.14(e)(i). All Benefit Plans that are subject to the funding requirements in Title I, Subtitle B, Part 3 of ERISA or Section 412 of the Code, are in compliance with such funding standards, and no waiver or variance from such funding requirements has been obtained or applied for under Section 412(d) of the Code. None of the Benefit Plans is subject to Title IV of ERISA or is a "multiemployer plan," as such term is defined in Section 3(37) of ERISA.

(ii) In all material respects, the terms of the Benefit Plans are, and the Benefit Plans have been administered, in accordance with the requirements of ERISA, the Code, applicable law and the respective plan documents. None of the Benefit Plans is under audit or to the knowledge of the Keystone Entities is the subject of an investigation by the Internal

Revenue Service, the U.S. Department of Labor or any other federal or state governmental agency. All material reports and information required to be filed with, or provided to, the U.S. Department of Labor, Internal Revenue Service, the PBGC and plan participants and beneficiaries with respect to each Benefit Plan have been timely filed or provided. With respect to each Benefit Plan for which an annual report has been filed, to the knowledge of KH Partners and the Keystone Entities, no material change has occurred with respect to the matters covered by the most recent annual report since the date thereof.

(iii) Each of the Benefit Plans which is intended to be "qualified" within the meanings of Section 401(a) of the Code is so qualified and has been the subject of a determination letter from the Internal Revenue Service to the effect that each such Plan is qualified and exempt from Federal income taxes under Section 401(a) and 501(a), respectively, of the Code.

(iv) Prior to the Closing, KH Partners and the Keystone Entities shall deliver or make available to WMI complete and correct copies (if any) of (w) the most recent Internal Revenue Service determination letter relating to each Benefit Plan intended to be tax qualified under Section 401(a) and 501(a) of the Code, (x) the most recent annual report (Form 5500 Series) and accompanying schedules of each Benefit Plan, filed with the Internal Revenue Service or an explanation of why such annual report is not required, (y) the most current summary plan description for each Benefit Plan, and (z) the most recent audited financial statements of each Benefit Plan.

(v) With respect to each Benefit Plan, all contributions, premiums or other payments due or required to be made to such plans as of the Effective Time have been or will be made prior to the Effective Time.

(vi) To the knowledge of KH Partners and the Keystone Entities, there are not now, nor have there been, any non-exempt "prohibited transactions", as such term is defined in Section 4975 of the Code or Section 406 of ERISA, involving any Keystone Entity or any Keystone Entity Subsidiary, or any officer, director or employee thereof, with respect to the Benefit Plans that could subject any Keystone Entity or any Keystone Entity Subsidiary or, to the knowledge of KH Partners and the Keystone Entities, any other party-in-interest to the penalty or tax imposed under Section 502(i) of ERISA and Section 4975 of the Code.

(vii) No claim, lawsuit, arbitration or other action has been instituted, asserted (and no such lawsuit has been served on any Keystone Entity or any Keystone Entity Subsidiary) or, to the best of KH Partners' and the Keystone Entities' knowledge, threatened by or on behalf of such Benefit Plan or by any employee alleging a breach of fiduciary duty or violations of other applicable state or federal law with respect to such Benefit Plans, which could result in liability on the part of any Keystone Entity, any Keystone Entity Subsidiary or a Benefit Plan under ERISA or any other law, nor is there any known basis for successful prosecution of such

a claim, and WMI will be notified promptly in writing of any such threatened or pending claim arising between the date hereof and the Closing.

(viii) No Benefit Plan which is an "employee welfare benefit plan" (within the meaning of Section 3(1) of ERISA) provides for continuing benefits or coverage for any participant or beneficiary of a participant after such participant's termination of employment, except as may be required by COBRA, nor does any Keystone Entity or any Keystone Entity Subsidiary have any material current or projected liability under any such plans (such disclosure being made in accordance with the principles of Financial Accounting Standard No. 106 of the Financial Accounting Standards Board).

(ix) Except for (y) the plan adopted by the American Savings Bank Board of Directors on March 26, 1996 and reaffirmed with amendments on June 6, 1996, and (z) the American Savings Bank Special Severance Protection Program (as of January 1, 1994), copies of which have been provided to WMI, the Keystone Entities and the Keystone Entity Subsidiaries have not maintained or contributed to, and do not currently maintain or contribute to, any severance pay plan.

(x) Except as disclosed on Disclosure Schedule 4.14(a)(ii), no individual will accrue or receive any additional benefits, service, or accelerated rights to payment or vesting of benefits under any Benefit Plan as a result of the transactions contemplated by this Agreement.

(xi) The Keystone Entities will obtain the requisite stockholder approval, in accordance with Section 280G(b)(5)(B) of the Code, prior to the Effective Time, of all payments to be made to individuals under any Benefit Plan or otherwise as a result of the transactions contemplated by this Agreement which would, without such approval, have constituted a "parachute payment" as defined in Section 280G(b)(2) of the Code.

(f) Disclosure Schedule 4.14(f) is a complete listing of all individual agreements with employees which provide for the possibility of bonus payments in the event of a change of control (the "Change of Control Agreements").

(g) The termination and distribution of American Savings Bank's defined benefit plan was done in accordance with all applicable laws and regulations. An Internal Revenue Service letter of determination has been requested by American Savings Bank and American Savings Bank has no reason to believe it will not be issued in due course. Except for surplus trust assets in the amount of approximately $1.3 million, all distributions have been made and there are no employees (present or former) or retirees that are owed any benefits under such terminated plan that have not been remitted in accordance with all applicable laws and regulations. There are no outstanding obligations or liabilities relating to the winding up of such plan.

4.15 Compliance With Applicable Law.

(a) Each Keystone Entity and Keystone Entity Subsidiary holds all licenses, certificates, franchises, permits and other governmental authorizations ("Permits") necessary for the lawful conduct of its respective business and such Permits are in full force and effect, and each Keystone Entity and Keystone Entity Subsidiary is in all respects complying therewith except in each case where such failure to hold any Permit or to comply with any Permit would not have a Material Adverse Effect on the Keystone Entities.

(b) Each Keystone Entity and Keystone Entity Subsidiary is and for the past three years has been in compliance with all foreign, federal, state and local laws, statutes, ordinances, rules, regulations and orders applicable to the operation, conduct or ownership of its business or properties except for any noncompliance which is not reasonably likely to have in the aggregate a Material Adverse Effect on any of the Keystone Entities.

4.16 Contracts and Agreements. To the knowledge of KH Partners and the Keystone Entities, (i) except (A) with respect to deposits or other borrowings in the ordinary course, (B) leases of and contracts relating to interests in real property, (C) contracts, agreements, commitments or instruments relating to loan servicing, insurance, tax or utility matters or the employment or retention of (or compensation or other benefits payable with respect to) employees or consultants (including attorneys and accountants, (D) the FRF Agreements, the Senior Notes, the Subordinated Notes, the New Capital Preferred Stock and the American Savings Bank Preferred Stock, (E) commitments, contracts, agreements or other instruments which are terminable by the Keystone Entities or a Keystone Entity Subsidiary upon notice of not more than 90 days, and (F) as otherwise disclosed on Disclosure Schedule 4.16(i), neither any Keystone Entity nor any Keystone Entity Subsidiary is a party to or bound by any existing commitment, contract, agreement or other instrument which involved payments by any Keystone Entity or any Keystone Entity Subsidiary to any party (other than a Keystone Entity or a Keystone Entity Subsidiary) during 1995 of more than $750,000 or which could reasonably be expected to involve payments during 1996 of more than $750,000; and (ii) except as set forth on Disclosure Schedule 4.16(ii), no commitment, contract, agreement or other instrument to which any Keystone Entity or any Keystone Entity Subsidiary is a party or by which it is bound, limits the freedom of any Keystone Entity or any Keystone Entity Subsidiary to compete in any line of business, in any geographic area, or with any Person.

4.17 Affiliate Transactions.

(a) To the knowledge of KH Partners and the Keystone Entities and except as disclosed in Disclosure Schedule 4.17, since July 31, 1994, neither any Keystone Entity nor any Keystone Entity Subsidiary has engaged in, or is currently obligated to engage in (whether in writing or orally), any transaction with any Affiliated Person (as

defined below) involving aggregate payments by or to a Keystone Entity or a Keystone Entity Subsidiary of $60,000 or more during any consecutive 12 month period other than transactions between or among Keystone Entities or Keystone Entity Subsidiaries which are not in violation of Sections 23A and 23B of the Federal Reserve Act.

(b) For purposes of this Section 4.17, "Affiliated Person" means:

(i) a director, executive officer or Controlling Person (as defined below) of any Keystone Entity;

(ii) a spouse of a director, executive officer or Controlling Person of any Keystone Entity;

(iii) a member of the immediate family of a director, executive officer, or Controlling Person of any Keystone Entity who has the same home as such person;

(iv) any company (other than a Keystone Entity) of which a director, executive officer or Controlling Person of any Keystone Entity directly or indirectly, or acting through or in concert with one or more persons, (v) owns, controls or has the power to vote 25% or more of any class of voting securities of the company; (w) controls in any manner the election of a majority of the directors of the company; (x) has the power to exercise a controlling influence over the management or policies of the company; (y) is an executive officer or director of the company and owns, controls or has the power to vote more than 10% of any class of voting securities of the company; or (z) owns, controls or has the power to vote more than 10% of any class of voting securities of the company and no other person owns, controls or has the power to vote a greater percentage of that class of voting securities;

(v) any trust or estate in which a director, executive officer, or Controlling Person of any Keystone Entity or the spouse of such person has a substantial beneficial interest or as to which such person or his spouse serves as trustee or in a similar fiduciary capacity.

(c) For purposes of this Section 4.17 the term "Controlling Person" means any person or entity which, either, directly or indirectly, or acting in concert with one or more other persons or entities owns, controls or holds with power to vote, or holds proxies representing ten percent or more of the outstanding common stock of any entity.

(d) For purposes of this Section 4.17, the term "director" means any director, trustee, or other person performing similar functions with respect to any organization whether incorporated or unincorporated.

(e) For purposes of this Section 4.17, the term "executive officer" means the chief executive officer, the president, any

executive vice president, and any other person performing similar functions with respect to any organization whether incorporated or unincorporated.

(f) For purposes of this Section 4.17, the term "company" means any corporation, partnership, trust (business or otherwise), association, joint venture, pool syndicate, sole proprietorship, unincorporated organization or any other form of business entity other than a Keystone Entity.

4.18 Title to Property.

(a) Real Property. Disclosure Schedule 4.18(a) contains a description of all interests in real property (other than real property security interests received in the ordinary course of business or real property acquired through foreclosure or deed in lieu thereof or other realization proceedings ("REO")), whether owned, leased or otherwise claimed, including a list of all leases of real property, in which any Keystone Entity or Keystone Entity Subsidiary has or claims an interest as of the date of this Agreement and any guarantees of any such leases by any of such parties. True and complete copies of such leases have previously been delivered or made available to WMI, together with all amendments, modifications, agreements or other writings related thereto which are in the possession of any Keystone Entity or any Keystone Entity Subsidiary. Except as disclosed on Disclosure Schedule 4.18(a), to the knowledge of the Keystone Entities and the Keystone Entity Subsidiaries, each such lease is valid and binding as between a Keystone Entity or a Keystone Entity Subsidiary and the other party or parties thereto, and the occupant is a tenant or possessor in good standing thereunder, free of any default or breach whatsoever (except as otherwise disclosed on Disclosure Schedule 4.18(a)) and quietly enjoys the premises provided for therein. Except as disclosed on Disclosure Schedule 4.18(a), to the knowledge of KH Partners and the Keystone Entities, each Keystone Entity and Keystone Entity Subsidiary has owner's policies of title insurance insuring it to be the owner of all real property owned by it on the date of this Agreement, free and clear of all mortgages, liens, pledges, charges or encumbrances of any nature whatsoever, except liens for current taxes not yet due and payable and other standard exceptions commonly found in title policies in the jurisdiction where such real property is located, and such encumbrances and imperfections of title, if any, as do not materially detract from the value of the properties and do not materially interfere with the present or proposed use of such properties or otherwise materially impair such operations. All real property and fixtures material to the business, operations or financial condition of each Keystone Entity and each Keystone Entity Subsidiary are in substantially good condition and repair.

(b) Environmental Matters. Except as set forth on Disclosure Schedule 4.18(b), to the knowledge of KH Partners and the Keystone Entities, real property owned or leased by any Keystone Entity or any Keystone Entity Subsidiary on the date of this Agreement does not contain any underground storage tanks, asbestos, ureaformaldehyde, uncontained polychlorinated biphenyls, or, except for materials which are

ordinarily used in office buildings and office equipment such as janitorial supplies and do not give rise to financial liability therefor under the hereafter defined Environmental Laws, releases of hazardous substances as such terms may be defined by all applicable federal, state or local environmental protection laws and regulations ("Environmental Laws"). As of the date of this Agreement (i) no part of any such real property has been listed, or to the knowledge of KH Partners and the Keystone Entities, proposed for listing on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or on a registry or inventory of inactive hazardous waste sites maintained by any state, and, (ii) except as set forth on Disclosure Schedule 4.18(b), no notices have been received alleging that any Keystone Entity or any Keystone Entity Subsidiary is a potentially responsible person under CERCLA or any similar statute, rule or regulation. Neither any Keystone Entity nor any Keystone Entity Subsidiary knows of any violation of law, regulation, ordinance (including, without limitation, laws, regulations and ordinances with respect to hazardous waste, zoning, environmental, city planning or other similar matters) relating to its respective properties, which violations could have in the aggregate a Materially Adverse Effect on any Keystone Entity.

(c) Personal Property. To the knowledge of KH Partners and the Keystone Entities, American Savings Bank has good, valid and marketable title to all tangible personal property owned by it on the date hereof, free and clear of all liens, pledges, charges or encumbrances of any nature whatsoever except as disclosed on Disclosure Schedule 4.18(c). With respect to personal property used in the business of American Savings Bank which is leased rather than owned, American Savings Bank is not in default under the terms of any such lease the loss of which would have a Material Adverse Effect on American Savings Bank.

(d) Repurchase Agreements. With respect to each repurchase agreement where American Savings Bank is the purchaser of the securities, the value of the collateral securing each such repurchase obligation equals or exceeds the amount of the debt secured by the collateral under such agreement and such collateral is held by American Savings Bank or a party other than the repurchaser pursuant to an agreement substantially in the form of the standard PSA agreement.

4.19 Patents, Trademarks, Etc. American Savings Bank owns or possesses all legal rights to use all proprietary rights, including without limitation all trademarks, trade names, service marks and copyrights, that are material to the conduct of American Savings Bank's existing and proposed businesses. Except for the agreements listed on Disclosure Schedule 4.19, American Savings Bank is not bound by or a party to any options, licenses or agreements of any kind with respect to any trademarks, service marks or trade names which American Savings Bank claims to own. None of KH Partners or any Keystone Entity has received any communications alleging that American Savings Bank has violated or would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity.

4.20 Insurance. Disclosure Schedule 4.20 contains a true and complete list and a brief description (including name of insurer, agent, coverage and expiration date) of all insurance policies in force on the date hereof with respect to the business and assets of the Keystone Entities (other than insurance policies under which any Keystone Entity is named as a loss payee, insured or additional insured as a result of its position as a secured lender on specific Loans and mortgage insurance policies on specific Loans). The Keystone Entities are in compliance with all of the material provisions of their insurance policies and are not in default under any of the material terms thereof. Each such policy is outstanding and in full force and effect and, except as set forth on Disclosure Schedule 4.20, a Keystone Entity is the sole beneficiary of such policies. All premiums and other payments due under any such policy have been paid.

4.21 Powers of Attorney. Neither any Keystone Entity nor any Keystone Entity Subsidiary has any powers of attorney outstanding other than those issued pursuant to the requirements of regulatory authority or in the ordinary course of business with respect to routine matters.

4.22 Community Reinvestment Act Compliance. Except as disclosed on Disclosure Schedule 4.22, American Savings Bank is in substantial compliance with the applicable provisions of the Community Reinvestment Act of 1977 and the regulations promulgated thereunder (collectively, "CRA") and has received a CRA rating of "outstanding" from the OTS in its most recent exam, and neither KH Partners nor any Keystone Entity has knowledge of the existence of any fact or circumstance or set of facts or circumstances which could be reasonably expected to result in American Savings Bank failing to be in substantial compliance with such provisions or having its current rating lowered.

4.23 Agreements with the FRF. Disclosure Schedule 4.23 contains a true and complete list of all of the currently applicable agreements between the Keystone Entities and the FRF arising from the 1988 Acquisition. Except as disclosed on Disclosure Schedule 4.23, such agreements (hereinafter the "FRF Agreements") are all in full force and effect and none of the Keystone Entities is aware of (a) the existence of any event of default or breach by any Keystone Entity or (b) any event or set of circumstances which, with the passage of time, will constitute such a default or breach by any Keystone Entity under any provisions thereof. All monies due to the FDIC or the FRF pursuant to the terms of the FRF Agreements (other than pursuant to the FRF Warrant Agreement) have been paid for all time periods through (i) June 30, 1993 (in the case of certain loans sold prior to December 28, 1988 that New West is obligated to repurchase in certain events, as managed by American Savings Bank pursuant to the FRF Agreements); (ii) June 30, 1994 in all other cases, and (iii) to the best of KH Partners' knowledge through December 31, 1995. The "Guaranteed Minimum Amount" as defined in the Assistance Agreement, as modified by the July 21, 1992 Settlement Agreement, has been paid to New West for the benefit of the FRF. Except as noted on Disclosure Schedule

4.23, no consent is required under the FRF Agreements to the transactions contemplated by this Agreement.

4.24 Agreements with Bank Regulators. Except for the FRF Agreements and as set forth in Disclosure Schedule 4.24, neither KH Partners nor any Keystone Entity is a party to or is subject to any written order, decree, agreement or memorandum of understanding with, or a party to any commitment letter or similar undertaking to, or is a recipient of any currently applicable extraordinary supervisory letter from, any federal or state governmental agency or authority charged with the supervision or regulation of depository institutions or the insurance of deposits therein which is outside the ordinary course of business or not generally applicable to entities engaged in the same business. Neither KH Partners nor any Keystone Entity has been advised within the last 18 months by any such regulatory authority that such authority is contemplating issuing, requiring or requesting (or is considering the appropriateness of issuing, requiring or requesting) any such order, decree, agreement, memorandum of understanding, commitment letter or submission.

4.25 Regulatory Approvals. On the date of this Agreement, there is no pending or, to the knowledge of KH Partners or any Keystone Entity, threatened legal or governmental proceedings against any Keystone Entity or any subsidiary or affiliate thereof which would affect the WM Entities' ability to obtain any of the required regulatory approvals or any party's ability to satisfy any of the other conditions required to be satisfied in order to consummate the transactions contemplated by this Agreement. KH Partners will promptly notify WMI if any of the representations contained in this Section 4.25 ceases to be true and correct.

4.26 Rights Agreement. Upon the distribution of shares of WMI Common Stock to the partners of KH Partners immediately after the Effective Time pursuant to Section 2.6(b), no such partner of KH Partners will be an "Acquiring Person" as defined in the Rights Agreement.

4.27 AREG Matters. To the knowledge of KH Partners and the Keystone Entities:

(a) (i) New West has not made any assertion denying its obligation to indemnify AREG and American Savings Bank and their respective officers, directors, agents, employees and stockholders to the extent set forth in Section 8.03 of the AREG Management Agreement dated December 28, 1988 (as such section was preserved in accordance with its terms by Section 3.1a of the AMD Residual Agreement dated as of June 30, 1993) and Section 8.03 of the Amended and Restated NA Management Agreement dated as of June 30, 1993, respectively, and (ii) the FDIC, as manager of the FRF, has not made any assertion that New West is not so obligated.

(b) AREG has conducted no business, other than pursuant to the AREG Management Agreement dated December 28, 1988.

4.28 Investment Intent. KH Partners is acquiring the Keystone Consideration Shares hereunder for its own account and with no present intention of distributing or selling such securities in violation of the Securities Act or any applicable state securities law. KH Partners agrees that it will not sell or otherwise dispose of any of the Keystone Consideration Shares being acquired hereunder unless such sale or other disposition has been registered or is exempt from registration under the Securities Act and has been registered or qualified or is exempt from registration under applicable state securities laws. KH Partners, alone or with its financial advisors, has such knowledge and experience in financial business matters that it is capable of evaluating the merits and risks of the investment to be made by it hereunder.

5. Representations and Warranties of WMI. WMI hereby represents and warrants to KH Partners and the Keystone Entities as follows:

5.1 Organization, Power, Good Standing, Etc.

(a) WMI is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington and is duly qualified to do business and is in good standing in each other jurisdiction where its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. WMI has previously delivered to KH Partners true and complete copies of its articles of incorporation and bylaws, each as currently in effect. WMI has the requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. WMI is a duly registered savings and loan holding company under HOLA.

(b) WM Bank is a stock savings bank, duly organized, validly existing and in good standing under the laws of the State of Washington and is duly qualified to do business and is in good standing in each other jurisdiction where its ownership or lease of property or the nature of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. WM Bank has previously delivered to KH Partners true and complete copies of its amended and restated articles of incorporation and charter and its bylaws, each as currently in effect. WM Bank has the requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. WM Bank is a member in good standing of the FHLB of Seattle and its deposits are insured by the BIF and SAIF to the fullest extent permitted by law.

(c) WMBfsb is a federally chartered stock savings bank, duly organized, validly existing and in good standing under the laws of the United States and is duly qualified to do business and is in good standing in each jurisdiction where its ownership or lease of property or the nature

of the business conducted by it requires it to be so qualified, except for such jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on it. WMBfsb has previously delivered to KH Partners true and complete copies of its charter and bylaws, each as currently in effect. WMBfsb has the requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. WMBfsb is a member in good standing of the FHLB of Seattle and its deposits are insured by the SAIF to the fullest extent permitted by law.

5.2 Subsidiaries. As used herein, "WMI Subsidiaries" shall mean WM Bank, WMBfsb and WM Life Insurance Company. Substantially all of the business of WMI and its subsidiaries is done through WMI and the WMI Subsidiaries. All of the WMI Subsidiaries' capital stock, which is issued and outstanding, is owned by WMI directly or indirectly through wholly-owned subsidiaries. There are outstanding no options, convertible securities, warrants or other rights to purchase or acquire capital stock from any of the WMI Subsidiaries, and there is no commitment of any of the WMI Subsidiaries to issue any of the same. Except as set forth on Disclosure Schedule 5.2, no WMI Subsidiary is the general partner of any partnership or joint venture or is under any obligation of any sort to acquire any capital stock or other equity interest in any corporation, partnership, joint venture or other entity.

5.3 Capitalization. As of June 30, 1996, the authorized capital stock of WMI consists of the following: 100,000,000 shares of WMI Common Stock, of which 72,200,356 shares were duly authorized and validly issued and outstanding, fully paid and non-assessable, with no personal liability attaching to the ownership thereof, and 10,000,000 shares of preferred stock, of which 6,122,500 shares were issued and outstanding, fully paid and nonassessable with no personal liability attaching to the ownership thereof. Assuming receipt of WMI Stockholder Approval, the WMI Common Stock to be issued in the Merger and pursuant to the Warrant Exchange Agreement when issued in accordance with the Plan of Merger and the Warrant Exchange Agreement, (i) will be duly authorized and validly issued and fully paid and nonassessable, with no personal liability attaching to the ownership thereof, and no shareholder of WMI will have any preemptive rights thereto and (ii) will be exempt from registration under the Securities Act. Upon consummation of the Merger, KH Partners and the FRF will acquire valid title to such shares, free and clear of any and all liens, claims, encumbrances and restrictions on transfer other than those contemplated by this Agreement. Except as provided for in this Agreement or as set forth on Disclosure Schedule 5.3 hereto, there are no outstanding subscriptions, options, warrants, calls, commitments, agreements, understandings or arrangements of any kind which call for or might require the transfer, sale, delivery or issuance of any shares of WMI capital stock or other equity securities or any securities representing the right to acquire stock or securities convertible into or representing the right to purchase or subscribe for any such shares.

5.4 Reports. WMI and the WMI Subsidiaries have duly filed with the Director (or his predecessor), the FDIC, the OTS and the SEC in correct form in all material respects, the monthly, quarterly, semi-annual and annual reports required to be filed by them under applicable regulations for all periods subsequent to December 31, 1992. The WM Entities have previously delivered or made available to KH Partners accurate and complete copies of such reports. Except as disclosed on Disclosure Schedule 5.4, WMI (or its predecessor Washington Mutual Savings Bank) has timely filed all reports required to be filed by it pursuant to the Securities Exchange Act and the rules and regulations promulgated by the SEC and the FDIC thereunder ("SEC Reports"). The WM Entities have previously delivered or made available to KH Partners an accurate and complete copy of each (i) final registration statement, offering circular, and definitive proxy statement filed by WMI or Washington Mutual Savings Bank since January 1, 1993, with the SEC or the FDIC, and (ii) communication (other than general advertising materials) mailed by WMI or Washington Mutual Savings Bank to its stockholders since January 1, 1993. No such SEC Report, registration statement, offering circular, proxy statement or communication, as of its date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.5 Authority. WMI has full corporate power and authority to execute and deliver this Agreement and the Plan of Merger and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Plan of Merger and the consummation of the transactions contemplated hereby and thereby have been duly and validly approved by the Board of Directors of WMI. Except for the approval of WMI's shareholders and an amendment to WMI bylaws to increase the number of directors, no other corporate proceedings on the part of WMI are required to authorize this Agreement, the Plan of Merger or the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by WMI and, assuming due authorization, execution and delivery hereof by the Keystone Entities and KH Partners, constitutes the valid and binding obligation of WMI, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium of other laws relating to creditors' rights generally and to general principles of equity.

5.6 No Violation. Neither the execution and delivery of this Agreement or the Plan of Merger by WMI nor the consummation by WMI of the transactions contemplated hereby and thereby, nor compliance by WMI with any of the terms hereof or thereof, will (i) assuming an increase in the authorized shares of WMI stock and approval of an amendment to WMI's bylaws to increase the number of directors violate any provision of the articles of incorporation or charter or bylaws of any of the WM Entities, or (ii) assuming that the consents and approvals referred to in Section 9.1 are duly obtained, violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to any of the WM Entities or any of their respective properties or assets, or (iii) violate,

conflict with, result in the breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of, accelerate the performance required by, or result in the creation of any lien, security interest, charge or other encumbrance upon any of the respective properties or assets of any WM Entity under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which any WM Entity is a party, or by which they or any of their respective properties or assets may be bound or affected, except, with respect to (iii) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or encumbrances which in the aggregate will not prevent or delay the consummation of the transactions contemplated hereby.

5.7 Consents and Approvals. Except for consents and approvals of or filings, deliveries or registrations with the OTS, the FRF, the FDIC, the Director, the Washington Secretary of State, the Texas Secretary of State, the SEC, the FTC, the Justice Department and other applicable governmental authorities, no consents or approvals of or filings or registrations with any third party, public body or authority are necessary in connection with the execution and delivery by WMI of this Agreement and the Plan of Merger and the consummation of the transactions contemplated hereby by WMI.

5.8 Financial Statements. WMI has previously delivered or made available to KH Partners copies of (i) audited consolidated statements of financial condition for WMI and its subsidiaries as of the end of WMI's last three fiscal years, and audited consolidated statements of income, stockholders' equity, and cash flows for each of the last three fiscal years, including the notes to such audited consolidated financial statements, together with the reports of WMI's independent certified public accountants, pertaining to such audited consolidated financial statements (the "WMI 1993, 1994 and 1995 Financial Statements," respectively), and (ii) the unaudited consolidated statement of financial condition as of March 31, 1996 and the related unaudited consolidated statements of income, stockholders' equity and cash flows for the three-month period then ended (the "WMI March 1996 Financial Statements"). The WMI 1993, 1994 and 1995 Financial Statements and the WMI March 1996 Financial Statements are sometimes herein referred to collectively as the WMI Financial Statements. The consolidated statements of financial condition of WMI referred to herein (including the related notes) present fairly in all material respects the financial condition of the companies indicated on a consolidated basis at the dates thereof, using generally accepted accounting principles consistently applied. Such audited and unaudited consolidated statements of operations, stockholders' equity and cash flows present fairly in all material respects the results of the operations of the companies indicated on a consolidated basis for the periods or at the dates indicated, using generally accepted accounting principles consistently applied. To the knowledge of WMI and the WMI Subsidiaries, the books and records of WMI and the WMI Subsidiaries have been, and are being, maintained in accordance with applicable legal and accounting

requirements using generally accepted accounting principles consistently applied in all material respects and reflect only actual transactions.

5.9 Brokerage. Except for payments owed to CS First Boston, there are no claims for investment banking fees, brokerage commissions, finder's fees or similar compensation arising out of or due to any act of WMI or any of its subsidiaries in connection with the transactions contemplated by this Agreement.

5.10 Absence of Material Adverse Change. Since March 31, 1996, there has not been any Material Adverse Change with respect to WMI (except for changes resulting from market and economic conditions which generally affect the savings industry as a whole including, without limitation, changes in law or regulation, and changes in generally accepted accounting principles or interpretations thereof).

5.11 Litigation. Except as set forth on Disclosure Schedule 5.11 hereto, no action, suit, counterclaim or other litigation, investigation or proceeding to which WMI or any of its subsidiaries is a party is pending, or is known by the executive officers of WMI or any of its subsidiaries to be threatened, against WMI or any of its subsidiaries before any court or governmental or administrative agency, domestic or foreign which would be reasonably expected to result in any liabilities which would, in the aggregate, have a Material Adverse Effect on WMI. Except as set forth on Disclosure Schedule 5.11 hereto, neither WMI nor any of its subsidiaries is in default with respect to any orders, judgments, or decrees that would in the aggregate require payment of more than $100,000.

5.12 Compliance With Applicable Law.

(a) Each of WMI and each WMI Subsidiary hold all Permits necessary for the lawful conduct of their respective businesses and such Permits are in full force and effect, and each of WMI and each WMI Subsidiary is in all material respects complying therewith, except in each case where the failure to possess or comply with such Permits would not have a Material Adverse Effect on WMI.

(b) Except as set forth on Disclosure Schedule 5.12(b), each of WMI and each WMI Subsidiary is and since January 1, 1993 has been in compliance with all foreign, federal, state and local laws, statutes, ordinances, rules, regulations and orders applicable to the operation, conduct or ownership of its business or properties except for any noncompliance which has not and will not have in the aggregate a Material Adverse Effect on WMI.

5.13 CRA Compliance. Each of WM Bank and WMBfsb is in substantial compliance with the applicable provisions of CRA. The most recent CRA rating for WM Bank is "outstanding". WMBfsb has not received a CRA rating. WMI has no knowledge of the existence of any fact or circumstance or set of facts or circumstances which could reasonably be expected to result in WM Bank or WMBfsb failing to be in substantial

compliance with such provisions or, in the case of WM Bank, having its current rating lowered.

5.14 Agreements With Bank Regulators. No WM Entity is a party to or is subject to any written order, decree, agreement or memorandum of understanding with, or a party to any commitment letter or similar undertaking to, or is a recipient of any currently applicable extraordinary supervisory letter from, any federal or state governmental agency or authority charged with the supervision or regulation of depository institutions or the insurance of deposits therein which is outside the ordinary course of business or not generally applicable to entities engaged in the same business. No WM Entity has been advised within the last 18 months by any such regulatory authority that such authority is contemplating issuing, requiring or requesting (or is considering the appropriateness of issuing, requiring or requesting) any such order, decree, agreement, memorandum of understanding, commitment letter or submission.

5.15 Regulatory Approvals. On the date of this Agreement, there is no pending or, to the knowledge of WMI, threatened legal or governmental proceeding against any WM Entity or any subsidiary or affiliate thereof which would affect the WM Entities' ability to obtain any of the required regulatory approvals or satisfy any of the other conditions required to be satisfied in order to consummate the transactions contemplated by this Agreement. WMI will promptly notify KH Partners if any of the representations contained in this Section 5.15 ceases to be true and correct.

5.16 Tax Matters.

(a) Neither WMI nor any of its affiliates or subsidiaries has any plan or intention of taking any action prior to, at or after the Effective Time or of permitting any of the Keystone Entities to take any action after the Effective Time, including any transfer or other disposition of any assets of or any interest in any of the Keystone Entities, that would cause the Merger to fail to qualify as a reorganization within the meaning of section 368(a) of the Code.

(b) Neither WMI nor any of its affiliates or subsidiaries has any plan or intention to acquire or reacquire, as the case may be, any of the shares of WMI Common Stock to be issued as contemplated by this Agreement.

(c) WMI has no plan or intention to sell or otherwise dispose of any of the assets of Keystone Holdings acquired in the Merger, except for dispositions made in the ordinary course of business or transfers described in section 368(a)(2)(C) of the Code.

(d) WMI is not an investment company as defined in section 368(a)(2)(F)(iii) and (iv) of the Code.

5.17 WMI Rights Agreement. Subject to the accuracy of the representation of KH Partners and the Keystone Entities contained in Section 4.26 hereof, WMI has taken all necessary action so that the entering into of this Agreement, the Merger and the other transactions contemplated hereby, and the payment to KH Partners, and the distribution to its partners pursuant to Section 2.6(b) hereof, of the Keystone Consideration Shares do not and will not result in the grant of any rights to any person under the Rights Agreement or enable or require the rights issued thereunder to be exercised, distributed, triggered or adjusted.

6. Covenants of the Keystone Entities. In addition to other covenants and agreements set forth herein, KH Partners and each Keystone Entity covenant and agree as follows:

6.1 Conduct of the Business of Keystone Entities.

(a) During the period from the date of this Agreement to the Effective Time, KH Partners and the Keystone Entities will conduct the business of each Keystone Entity and each Keystone Entity Subsidiary in a manner consistent with prudent banking practice and with the American Savings Bank 1996 Business Plan Presentation of November 28, 1995, taken as a whole, and approved board changes made thereto as set forth in Disclosure Schedule 6.1(a) (the "1996 Business Plan"). KH Partners and the Keystone Entities will use their best efforts to (x) preserve the business organization of American Savings Bank and each Keystone Entity Subsidiary intact, (y) keep available to themselves and to the WM Entities the present services of the employees of American Savings Bank and each Keystone Entity Subsidiary, and (z) preserve for themselves and for the WM Entities the goodwill of the customers of American Savings Bank and others with whom business relationships exist.

(b) Without limiting the generality of the foregoing, KH Partners and the Keystone Entities agree that from the date hereof to the Effective Time, no Keystone Entity or Keystone Entity Subsidiary shall:

(i) change any provisions of its articles, charter or bylaws or any similar governing documents;

(ii) change the number of shares of its authorized or issued capital stock or issue, grant or amend any option, warrant, call, commitment, subscription, right to purchase or agreement of any character relating to the authorized or issued capital stock of any Keystone Entity or any Keystone Entity Subsidiary, or any securities convertible into shares of such stock, or split, combine or reclassify any shares of its capital stock, or declare, set aside or pay any dividend, or other distributions (whether in cash, stock or property or any combination thereof) in respect of the capital stock of any Keystone Entity or any Keystone Entity Subsidiary, or redeem or otherwise acquire any shares of such capital stock; provided, however, that Keystone Holdings may make ordinary dividends or other distributions in cash during 1996 so long as the aggregate amount of such dividends and distributions made in 1996 does

not exceed $56,500,000, subject to Section 2.2(d) hereof, and so long as such dividends or other distributions are in accordance with an established dividend policy and consistent with past dividend practice and do not preclude the treatment of the Merger as a pooling transaction; provided, further, that cash dividends may be declared and paid by direct and indirect wholly owned subsidiaries of Keystone Holdings, subject to compliance with applicable regulatory requirements, but in no event shall any dividend permitted by this proviso be used to facilitate or fund any payment, and no dividend shall be declared or paid, directly or indirectly, by Keystone Holdings, to Keystone Partners or the partners thereof other than (A) as set forth in the preceding proviso, (B) payments in the ordinary course consistent with past practice under existing agreements listed on Schedule 4.17, in an aggregate amount not to exceed $3,000,000, or (C) as set forth on Annex II.

(iii) liquidate, sell, transfer, assign, encumber or otherwise dispose of any shares of capital stock of any Keystone Entity or Keystone Entity Subsidiary;

(iv) merge or consolidate with any other Person or acquire any capital stock of or other equity interest in any Person or create any subsidiary;

(c) KH Partners and the Keystone Entities agree that from the date hereof to the Effective Time, no Keystone Entity or Keystone Entity Subsidiary shall do any of the following without complying with the notification procedure in Section 6.1(d) below:

(i) make any capital expenditures in excess of (A) $500,000 per project or related series of projects or (B) $3,000,000 in the aggregate, other than expenditures necessary to maintain existing assets in good repair;

(ii) make application for the opening, relocation or closing of any, or open, relocate or close any, branches;

(iii) change in any material manner its lending or pricing policies or approval policies for making loans, its investment policies, its deposit pricing policies, its asset/liability management policies or any other material banking policies;

(iv) make or acquire any loan or issue a commitment for any loan except for loans and commitments that are made in the ordinary course of business consistent with past practice or issue or agree to issue any letters of credit or otherwise guarantee the obligations of any other persons except in the ordinary course of business in order to facilitate the sale of REO;

(v) except for the Fixed Fee Agreement, enter into, amend or terminate any contract (other than contracts for deposits at or borrowings by American Savings Bank or agreements for American Savings Bank to lend

money or contracts involving capital markets transactions not otherwise restricted under this Agreement, so long as such contract does not involve a public offering of securities or an offering under Rule 144A of the Securities Act) that calls for the payment by any Keystone Entity or Keystone Entity Subsidiary of $250,000 or more after the date of this Agreement and that cannot be terminated on not more than 30 days' notice without cause and without payment or loss of any material amount as a penalty, bonus, premium or other compensation for termination (a "Material Contract");

(vi) engage or participate in any material transaction or incur or sustain any material obligation not in the ordinary course of business;

(vii) except after having followed the American Savings Bank Environmental Policy, foreclose upon or otherwise acquire (whether by deed in lieu of foreclosure or otherwise) any real property (other than 1-to-4 family residential properties in the ordinary course of business);

(viii) liquidate, sell, transfer, assign, encumber or otherwise dispose of any assets of any Keystone Entity or Keystone Entity Subsidiary other than as has been customary in its ordinary course of business; or

(ix) agree to do any of the foregoing.

(d) If any of the Keystone Entities or Keystone Entity Subsidiaries wishes to engage in an activity listed in subsection (c) above it shall provide notice to WMI at least 10 days prior to taking any irrevocable action with regard to such activity. The notification shall be sent to the attention of S. Liane Wilson and shall contain a brief description of the proposed activity, the associated cost, if relevant, and the proper contact person for discussing the proposal. If the designated contact person has not heard from a representative of WMI within 10 days of providing such notice, it shall be deemed conclusively that WMI has no objection to the action being proposed. If WMI so requests within such 10 day period, the action shall be delayed until after the next regularly scheduled Management Consultation Meeting (as defined in Section 8.8 below).

(e) To the extent that it may be necessary in order to effect satisfaction of the conditions set forth in Section 9.2(b)(i) and (ii), Keystone Holdings may sell or transfer shares of Family SB to an unaffiliated Person, provided such sale or transfer does not preclude the Merger from being treated as a pooling of interests.

6.2 No Solicitation. Neither KH Partners, any Keystone Entity nor any of their partners, directors, officers, representatives, agents or other Persons controlled by any of them, shall directly or indirectly encourage or solicit, or hold discussions or negotiations with, or provide any information to, any person, entity or group, other than the WM Entities, concerning any merger, sale of substantial assets not in the ordinary course of business, sale of shares of capital stock or similar

transactions involving any Keystone Entity, any division thereof or any Keystone Entity Subsidiary. KH Partners and the Keystone Entities will promptly communicate to WMI the terms of any proposal that any of them may receive in respect of any such transaction.

6.3 Access to Properties and Records. Each Keystone Entity shall, and American Savings Bank shall cause each Keystone Entity Subsidiary to, give representatives of the WM Entities reasonable access to its properties, and shall disclose and make available to the WM Entities all books, papers and records relating to the assets, stock, ownership, properties, obligations, operations and liabilities of the Keystone Entities and the Keystone Entity Subsidiaries, including but not limited to, all books of account (including the general ledger), tax records, minute books of directors and stockholders meetings, organizational documents, bylaws, material contracts and agreements, loan files, filings with any regulatory authority, accountants work papers (subject to the consent of such accountants), litigation files, plans affecting employees, and any other business activities or prospects in which a WM Entity may have a reasonable interest in each case during normal business hours and upon reasonable notice. The Keystone Entities and the Keystone Entity Subsidiaries shall not be required to provide access to or disclose information where such access or disclosure would jeopardize the attorney-client privilege of any Keystone Entity or any Keystone Entity Subsidiary or would contravene any law, rule, regulation, order, judgment, decree or binding agreement entered into prior to the date hereof. The parties will use all reasonable efforts to make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply.

6.4 Assignment of Contract Rights. KH Partners and the Keystone Entities shall use reasonable efforts (best efforts in the case of the four branch leases previously identified to KH Partners) to obtain any consents, waivers or revisions necessary to allow the WM Entities to accede to all of the rights of each Keystone Entity and each Keystone Entity Subsidiary under all existing real property and personal property leases, licenses and other contracts, including without limitation loan servicing contracts, which WMI wishes to have continue in effect after the Effective Time, without incurring substantial costs in connection therewith. The WM Entities will reasonably cooperate with KH Partners and the Keystone Entities in obtaining such consents, waivers and revisions, it being understood that the obligation to use reasonable efforts to obtain such consents, waivers and revisions shall nevertheless be the obligation of KH Partners and the Keystone Entities.

6.5 Amendment to Environmental Policy. Promptly following the execution of this Agreement, American Savings Bank will amend the American Savings Bank Environmental Policy so that between the date hereof and the Effective Time, American Savings Bank will not foreclose on any Commercial Real Estate Loan with an outstanding principal balance of $1,000,000 or more without first having had conducted a "Phase I" environmental study of the property serving as security for such Loan.

6.6 FRF Agreements. KH Partners and the Keystone Entities shall (a) use their best efforts to obtain any necessary consents and modifications so that the FRF Agreements shall be assumed by WM Bank, or such other subsidiary or subsidiaries of WMI as WMI shall reasonably designate, at Closing or provisions consistent with, or necessary to implement, the provisions of Sections 6.7 and 6.12 hereof; (b) use their best efforts to resolve, without material liability to the Keystone Entities or the WMI Entities, all material outstanding differences between KH Partners and the Keystone Entities, on the one hand, and the FDIC, on the other hand, relating to the FRF Agreements; and (c) use their best efforts to facilitate a renegotiation of such agreements to simplify the remaining effective provisions thereof.

6.7 New West. KH Partners and the Keystone Entities shall use reasonable efforts to take such steps and obtain such approvals as shall be necessary or advisable so that the shares of stock in New West, and any obligation or liabilities in connection with the ownership, business or operation thereof, are transferred to and assumed by an entity other than any Keystone Entity or any Keystone Entity Subsidiary.

6.8 Payment of Notes and Preferred Stock. KH Partners and the Keystone Entities shall take such steps as WMI may reasonably request in order that the Senior Notes, the Subordinated Notes and the New Capital Preferred Stock may be paid or redeemed at or as soon as practicable after the Effective Time. It is agreed that KH Partners and the Keystone Entities shall be under no obligation to issue irrevocable notices of redemption prior to the Effective Time; provided, that KH Partners shall use reasonable efforts to obtain a waiver of the right to receive prior irrevocable notice of redemption from Merrill Lynch & Co.

6.9 Tax Return and Section 9 Report Amendments. KH Partners and the Keystone Entities shall file or cause to be filed with the IRS, amended consolidated federal income tax returns of Keystone Holdings for the years 1992 and 1993 no later than September 14, 1996. The amendments shall reduce the amount of the addition to the qualifying real property loan loss reserve established pursuant to Section 593 of the Code for 1992 to approximately $88 million and the amount of such addition for 1993 to approximately $134 million. In addition, KH Partners and the Keystone Entities shall cause to be filed no later than October 15, 1996 with the California Franchise Tax Board an amended return for American Savings Bank reducing the amount of the tax bad debt reserve at December 31, 1993 to approximately $369 million. KH Partners and the Keystone Entities shall contemporaneously cause to be provided to the FDIC (i) copies of the amended tax returns referred to above and (ii) revised computations of the amounts due to the FDIC under Section 9 of the Assistance Agreement.

6.10 Employees, Employee Benefit Plans.

(a) Without the consultation and approval of WMI (which shall not be unreasonably withheld, delayed or conditioned), American

Savings Bank shall not establish any Benefit Plan and shall not amend or terminate any Benefit Plan (except as may be required by law) or make any contribution to any Benefit Plan except in such amount and at such times as may be required by law or as are consistent with past practices.

(b) American Savings Bank shall not disseminate or make available any memoranda, notices, plan summaries, or other communications regarding the terms and conditions of employment or benefits payable as a result of employment or the Benefit Plans (other than materials customarily furnished by American Savings Bank to new employees or as required by law or the applicable Plan) without the consultation and approval of WMI or the Plan Administration Committee of WMI (which shall not be unreasonably withheld, delayed or conditioned).

(c) All necessary action shall be taken to initiate termination of the American Savings Bank Phantom Share Plan (the "Phantom Share Plan"), the American Savings Bank Executive Short-Term Incentive Plan (the "Short-Term Incentive Plan") and the American Savings Bank Executive Long-Term Incentive Plan (the "Long-Term Incentive Plan"), in each case in accordance with its terms so that termination can occur within 120 days following Closing. All amounts due and owing to participants in any of such plans shall be accrued as a liability of American Savings Bank prior to Closing and thereafter paid in accordance with their terms.

(d) Other than in the ordinary course of business consistent with past practice or except as required by agreements disclosed on Disclosure Schedule 4.14(a)(i), American Savings Bank shall not grant any severance or termination pay to or enter into or amend any employment agreement with, or increase the amount of payments or fees to, any of its employees, officers or directors; provided that American Savings Bank may, with the prior written consent of WMI, pay or agree to pay reasonable amounts to induce officers and other employees to remain in the employ of American Savings Bank.

(e) No amendments will be made to the Change of Control Agreements listed on Disclosure Schedule 4.14(f) except for a First Amendment to Change of Control Agreement with respect to each such agreement, the form of which was approved by the Compensation Committee of the board of directors of American Savings Bank and a copy of which has been provided to WMI.

(f) Prior to Closing American Savings Bank shall make all contributions required by the terms of that certain Grantor Trust/Trust Agreement between American Savings Bank and Security Pacific National Bank dated June 25, 1991. In addition, American Savings Bank shall, prior to Closing, cause the trust to eliminate corporate owned life insurance from the trust assets.

(g) The Keystone Entities shall not make any changes to the Phantom Share Plan, the Long-Term Incentive Plan, the Change of Control Agreements and the Short-Term Incentive Plan without the prior written

consent of WMI. The total payments, net of accrual, to be made to employees under such plans and agreements shall not exceed $27 million, assuming that the applicable price per share of WMI Common Stock is less than or equal to $28.00 and without giving effect to any increase if such per share amount is greater than $28.00.

(h) Prior to the Effective Time, KH Partners, the Keystone Entities and the Keystone Entity Subsidiaries shall take all action necessary to insure that no individual will receive an "excess parachute payment," as defined in Section 280G(b)(1) of the Code, as a result of the Closing or any change described in Section 280G(b)(2)(A)(i) of the Code.

(i) During the period from the date of this Agreement to the Effective Time, American Savings Bank shall not authorize, designate or permit any additional employee of American Savings Bank to participate in the American Savings Bank Executive Compensation Program's Life Insurance Plan.

(j) The Keystone Entities agree to amend their 401(k) plan prior to Closing so that participant loans are no longer available, and may amend their 401(k) plan to allow partial repayments of existing loans thereunder.

6.11 Assets of KH Partners. Prior to the Effective Time, KH Partners shall take all steps necessary to contribute all of its assets to the Keystone Entities, other than shares of Keystone Holdings, its claims in the Case (which shall be subject to the provision set forth in Section 2.3(g) hereof) and its rights hereunder.

6.12 New West Dissolution. KH Partners shall not permit New West to be dissolved or liquidated without obtaining the prior written consent of the FDIC to indemnify both AREG and American Savings Bank to the full extent that AREG and American Savings Bank are currently indemnified by New West pursuant to Section 8.03 of the AREG Management Agreement dated December 28, 1988 (as such section was preserved by Section 3.1a of the AMD Residual Agreement dated as of June 30, 1993) and Section 8.03 of the Amended and Restated NA Management Agreement dated as of June 30, 1993, respectively.

6.13 Waiver of Notice. On or prior to the Closing Date, KH Partners and the Keystone Entities shall, and shall cause their affiliates to, as the case may be, irrevocably waive the requirement of thirty days' written notice of termination under each of the following two affiliate agreements which are set forth on Disclosure Schedule 4.17: (i) the Consulting Agreement, dated December 16, 1993, by and between Keystone Holdings and Keystone, Inc., a Texas corporation, and (ii) the First Amended and Restated Service Agreement, dated February 19, 1993, by and among Bass Enterprises Production Company, a Texas corporation, and each of the Keystone Entities.

7. Covenants of the WM Entities. In addition to other covenants and agreements set forth herein, each WM Entity covenants and agrees as follows:

7.1 Conduct of Business of WM Entities. During the period from the date of this Agreement to the Effective Time:

(a) The WM Entities will conduct the business of WMI and each WMI Subsidiary in a manner consistent with prudent banking and (in the case of WM Life Insurance Company) insurance practice and with the 1996 WMI Strategic Plan.

(b) No WM Entity, or any of its directors, officers, representatives, agents or other persons controlled by any of them, shall directly or indirectly encourage or solicit, or hold discussions or negotiations with, or provide any information to, any Person or group concerning any transaction which, if consummated, would constitute a Third Party Acquisition of WMI. WMI will promptly communicate to KH Partners the terms of any proposal that it may receive in respect of any such transaction. Notwithstanding the foregoing two sentences, if the board of directors of WMI receives an unsolicited offer or inquiry with respect to such a transaction, the board may respond to such offer if the board determines in its good faith judgment (after receiving advice of counsel) that such response is reasonably required in order to discharge its fiduciary duties.

(c) Without the prior written consent of KH Partners, neither WMI nor any of its subsidiaries shall enter into, or agree to enter into, any transaction whereby WMI or any of its subsidiaries would acquire or assume, whether by merger, a purchase of stock, a purchase and assumption agreement or otherwise, (i) another Person with more than $5,000,000,000 in assets, (ii) assets of another Person in excess of $5,000,000,000 or (iii) deposits and other liabilities of another Person in excess of $5,000,000,000.

7.2 Approval of WMI Stockholders. WMI will (a) take all steps necessary duly to call, give notice of, convene and hold a meeting of its stockholders as soon as practicable for the purpose of voting on this Agreement, the Plan of Merger and the transactions contemplated hereby and of increasing the number of authorized shares of WMI Common Stock and for such other purposes as may be necessary or desirable, (b) include in the WMI Proxy Statement the recommendation of WMI's Board of Directors that the WMI stockholders approve this Agreement and the other transactions contemplated hereby and such other matters as may be submitted to its stockholders in connection with this Agreement, (c) use all reasonable efforts to obtain, as promptly as practicable, the necessary approvals by WMI stockholders of this Agreement and the transactions contemplated hereby. Prior to the Effective Time (subject to the receipt of WMI Stockholder Approval), WMI will take all other necessary actions to permit it to issue the number of shares of WMI Common Stock required pursuant to the terms of this Agreement and the Warrant Exchange Agreement.

7.3 Employees; Employee Benefit Plans.

(a) All employees of American Savings Bank or the Keystone Entity Subsidiaries who have worked for such entities for (i) at least one year (a minimum of 1,000 hours in a calendar year) who continue as employees of an WM Entity or any WMI Subsidiary or (ii) less than one year but who continue as employees of an WM Entity or any WMI Subsidiary for the balance of one year (a minimum of an aggregate of 1,000 hours in a calendar year) shall receive service credit for employment at any Keystone Entity and any Keystone Entity Subsidiary of one year for purposes of meeting all eligibility and vesting requirements for participation in the WMI Retirement Savings and Investment Plan (the "WMI RSIP").

(b) At the Effective Time or as soon thereafter as is operationally reasonable for WMI, the Keystone Entities' 401(k) plan shall be merged into the WMI RSIP. On the Effective Date, deferrals and contributions to the Keystone Entities' 401(k) shall cease and such plan will be frozen. As soon as practical following the Effective Date, the American Savings Bank employees will be enrolled in the WMI RSIP. The profit sharing contribution for Keystone Entity employees made for the period following the Effective Time shall be prorated for the period of time that the Keystone Entity employee is a participant in the merged plan.

(c) Effective as of the Effective Time, all employees of American Savings Bank or the Keystone Entity Subsidiaries shall, at the option of WMI, either continue to participate in the Benefit Plans that are employee welfare benefit plans (within the meaning of Section 3(1) of ERISA) or "cafeteria plans" (within the meaning of Section 125 of the Code) and are in effect immediately prior to the Effective Time or become participants in similar WMI employee benefit plans, practices and policies (the "WMI Welfare Benefit Plans") on the same terms and conditions as similarly situated WMI employees. If any of the employees of American Savings Bank or the Keystone Entity Subsidiaries shall become eligible to participate in any WMI Welfare Benefit Plans that provide medical, hospitalization or dental benefits, WMI shall waive any pre-existing condition exclusions and actively at work requirements (to the extent that a waiver of the actively at work requirement would be available to an employee of WMI or its subsidiaries under similar circumstances, (but shall not waive general requirements of formal employment with WMI or its subsidiaries).

(d) All vacation accrued and not used by employees of American Savings Bank and the Keystone Entity Subsidiaries prior to the Effective Time shall be maintained by WMI after the Effective Time; provided, however, that following the Closing, such vacation shall accrue at the same rate as for similarly situated WMI employees (counting service credit earned prior to the Effective Time). All sick leave or short-term disability accrued by employees of American Savings Bank and the Keystone Entity Subsidiaries prior to the Effective Time shall be maintained by WMI after the Effective Time provided, however, that following the Closing,

such sick leave and short-term disability shall accrue at the same rate as for similarly situated WMI employees (counting service credit earned prior to the Effective Time). Promptly following Closing, to the extent not inconsistent with specific employment agreements employees of American Savings Bank and the Keystone Entity Subsidiaries shall be paid for any vacation or sick leave accrued prior to the Effective Time to which such employees will no longer be entitled as WMI employees.

(e) The American Savings Bank Grantor Trust which is intended to provide the funding for the American Savings Bank Executive Compensation Program's Supplemental Executive Retirement Plan I for both Senior Vice Presidents and for the Executive Vice Presidents and above (collectively the "American Savings Bank SERP") and for the American Savings Bank Executive Compensation Program's Deferred Compensation Plan (as restated as of January 1, 1995) (the "American Savings Bank Deferred Compensation Plan"), the American Savings Bank SERP and the Deferred Compensation Plan will be maintained for the benefit of all persons with a vested interest in the American Savings Bank SERP and/or the American Savings Bank Deferred Compensation Plan at Closing.

7.4 WMI Board of Directors.

(a) As of the Effective Time, two representatives mutually agreeable to Robert M. Bass and WMI will be invited to fill vacant seats on the WMI board of directors. It is currently anticipated that, assuming that the Effective Time occurs prior to the Record Date (as defined below) for the 1997 annual meeting of the WMI stockholders, one director will be appointed to the class whose term ends at the WMI annual meeting in 1997 and one will be appointed to the class whose term ends at the WMI annual meeting in 1999.

(b) WMI agrees to propose these directors or their successors mutually agreed to by Robert M. Bass and WMI (the "Bass Directors") for reelection to the WMI board of directors in accordance with the following arrangement:

(i) If, on the record date for any annual meeting of the WMI stockholders at which directors are to be elected (a "Record Date"), the number of Bass Shares outstanding exceeds the sum of (A) 8.5 million and (B) 21.3% of the Escrow Shares (if any) released by the Escrow Agent to the holders of the contingent right thereto as of such Record Date, then WMI will renominate any and all Bass Directors whose terms are expiring in connection with such meeting.

(ii) If on any Record Date the number of Bass Shares outstanding is not greater than the sum of (A) and (B) in Section 7.4(b)(i) but is greater than the sum of (C) 5.0 million and (D) 21.3% of the Escrow Shares (if any) released to the holders of the contingent right thereto as of such Record Date, then WMI will renominate any Bass Director whose term is expiring in connection with such meeting only if there is no other Bass Director then serving on the WMI Board.

(iii) Notwithstanding subsections (i) and (ii) above, if on any Record Date the Bass Shares constitute less than five percent of the total number of shares of WMI Common Stock then outstanding, WMI will have no obligation to renominate any Bass Director.

(c) For purposes of this Agreement, "Bass Shares" shall be defined as shares of WMI Common Stock held of record or beneficially by the Persons set forth on Annex III. Robert M. Bass shall be the sole representative of the holders of the Bass Shares with respect to any proposal for successors to the initial Bass Directors. Robert M. Bass shall have the burden of establishing to WMI's satisfaction record or beneficial ownership for the Bass Shares for purposes of this Section 7.4.

7.5 Tax Reorganization Matters.

(a) WMI and its affiliates and subsidiaries shall not take or permit any of the Keystone Entities to take any action after the Closing, including any transfer or other disposition of any assets of or any interest in any of the Keystone Entities, that would cause the Merger to fail to qualify as a reorganization within the meaning of Section 368(a) of the Code.

(b) WMI shall report the Merger for income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and any comparable state or local tax statute.

(c) Following the Merger, WMI will continue the historic business of Keystone Holdings or use a significant portion of Keystone Holdings' historic business assets in a business.

7.6 Access to Information/Updated Due Diligence. During the 30 day period prior to Closing, KH Partners and its representatives shall have a reasonable opportunity to conduct an update of their due diligence review of WMI and its subsidiaries. In order to permit such due diligence update, the WM Entities agree to provide KH Partners and its representatives reasonable access to the properties of WMI and its subsidiaries, and shall disclose and make available to the KH Partners all books, papers and records relating to the assets, stock, ownership, properties, obligations, operations and liabilities of WMI and its subsidiaries, including, but not limited to, all books of account (including the general ledger), tax records, minute books of directors and stockholders meetings, organizational documents, bylaws, material contracts and agreements, loan files, filings with any regulatory authority, accountants work papers (subject to such accountants' consents), litigation files, plans affecting employees, and any other business activities or prospects in which KH Partners may have a reasonable interest in each case during normal business hours and upon reasonable notice. WMI and its subsidiaries shall not be required to provide access to or disclose information where such access or disclosure would jeopardize the attorney-client privilege of WMI or any WMI subsidiaries or would contravene any

law, rule, regulation, order, judgment, decree or binding agreement entered into prior to the date hereof. The parties will use all reasonable efforts to make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply.

7.7 Indemnification and Insurance.

(a) From and after the Effective Time, WMI shall indemnify and hold harmless each current and former director and officer of any Keystone Entity or Keystone Entity Subsidiary, against any costs or expenses (including advancing reasonable attorneys' fees and expenses as incurred, subject to any undertaking to reimburse such advances required by applicable law), judgments, fines, losses, claims, damages or liabilities incurred by reason of the fact that he is or was a director or officer of such Keystone Entity or Keystone Entity Subsidiary in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent permitted by the applicable Keystone Entity's or Keystone Entity Subsidiary's Articles of Incorporation, bylaws, as well as applicable law and regulations, subject to any limitations provided therein (all as in effect on the date hereof); provided, however, that this indemnity shall not apply to any costs, expenses, judgments, fines, losses, claims, damages or liabilities incurred by or on behalf of the individuals listed on Annex IV in connection with any claim, action, suit, proceeding or investigation (i) arising out of actions or omissions relating to their service as officers, directors or agents of New West, and (ii) made or alleged by any person who is or was a direct or indirect beneficial owner of an interest in KH Partners. This indemnity shall be exclusive with respect to the individuals listed on Annex IV and shall supersede in its entirety any right to indemnity contained in the articles or bylaws of any Keystone Entity or Keystone Entity Subsidiary or under applicable law.

(b) WMI shall allow Keystone Holdings to purchase discovery period or "runoff" directors and officers ("D&O") insurance coverage with limits of not less than $50,000,000 and for a period of not less than 5 years for prior acts for all current and former directors and officers of the Keystone Entities and the Keystone Entity Subsidiaries and those other entities covered on Keystone Holding's current D&O policies.

8. Mutual Covenants of the Parties. In addition to other covenants and agreements of the parties contained herein, the parties agree and covenant as follows:

8.1 Current Information. No later than ten (10) business days from the date of this Agreement, KH Partners and WMI will each designate an individual acceptable to the other party (a "Designated Representative" and, together, the "Designated Representatives") to be the recipients of updated information, including any revisions to the Disclosure Schedules as discussed in Section 8.5. The Keystone Designated

Representative will promptly notify the WMI Designated Representative of any governmental complaints, investigations or hearings (or communications indicating that the same may be contemplated) or the institution or the threat of any litigation involving any Keystone Entity or any Keystone Entity Subsidiary, and will keep the WMI Designated Representative fully informed of such events and the progress of any already existing litigation. The WMI Designated Representatives shall likewise notify and keep informed the Keystone Designated Representative.

8.2 Reports.

(a) As soon as reasonably available, but in no event more than 45 days after the end of each fiscal quarter ending after the date of this Agreement (other than the last quarter of any fiscal year), KH Partners will deliver to WMI any quarterly reports provided to the holders of New Capital Preferred Stock, the Senior Notes or the Subordinated Notes. As soon as reasonably available but in no event more than 120 days after the end of each fiscal year ending after the date of this Agreement, KH Partners will deliver to WMI any annual reports provided to the holders of New Capital Preferred Stock, the Senior Notes or the Subordinated Notes.

(b) As soon as reasonably available, but in no event more than 45 days after the end of each fiscal quarter ending after the date of this Agreement (other than the last quarter of any fiscal year), WMI will deliver to KH Partners its quarterly report on Form 10-Q as filed under the Securities Exchange Act. As soon as reasonably available, but in no event more than 120 days after the end of each fiscal year ending after the date of this Agreement, WMI will deliver to KH Partners its annual report on Form 10-K as filed under the Securities Exchange Act.

(c) KH Partners shall provide WMI with copies of director reports prepared for meetings of the Board of Directors of each Keystone Entity no later than three business days after such meeting. WMI shall provide KH Partners with copies of director reports prepared for meeting of the board of directors of WMI no later than three business days after such meeting.

8.3 Regulatory Matters.

(a) The parties hereto will cooperate with each other and use all reasonable efforts to prepare all necessary documentation, to effect all necessary filings and to obtain all necessary permits, consents, approvals and authorizations of all third parties and governmental bodies necessary to consummate the transactions contemplated by this Agreement including, without limitation, those that may be required from the SEC, the FDIC, the OTS, the Justice Department and other regulatory authorities. KH Partners and WMI shall each have the right to review reasonably in advance all information relating to the WM Entities or the Keystone Entities, as the case may be, and any of their respective subsidiaries, together with any other information reasonably requested, which appears in any filing made with or written material submitted to any governmental body in

connection with the transactions contemplated by this Agreement.

(b) The KH Partners and WMI shall furnish each other with all reasonable information concerning themselves, their subsidiaries, directors, officers and stockholders and such other matters as may be necessary or advisable in connection with the WMI Proxy Statement, or any other statement or application made by or on behalf of WMI or the KH Partners, or any of their respective subsidiaries to any governmental body in connection with the Merger and the other transactions, applications or filings contemplated by this Agreement.

(c) The KH Partners and WMI will promptly furnish each other with copies of written communications received by WMI or American Savings Bank or any of their respective subsidiaries from, or delivered by any of the foregoing to, any governmental body in respect of the transactions contemplated hereby other than any such written communications received or delivered in connection with any proposed settlement of the Case where the furnishing of such communications would reasonably be expected to jeopardize the attorney-client privilege of KH Partners or any Keystone Entity.

8.4 Further Assurances. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Effective Time any further action is reasonably necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall take all reasonably necessary action, subject to the terms and conditions of this Agreement.

8.5 Disclosure Supplements.

(a) As soon as practicable after the end of each calendar quarter, at such other times as WMI may reasonably request and on the date five business days prior to Closing, KH Partners and the Keystone Entities will promptly supplement or amend the Disclosure Schedules delivered in connection herewith with respect to any matter hereafter arising and known to KH Partners or any Keystone Entity which, if existing, occurring or known at the date of this Agreement would have been required to be set forth or described in such Schedules or which is necessary to correct any information in such Schedules which has been rendered inaccurate thereby. Notwithstanding this provision, no supplement or amendment to the Disclosure Schedules shall be deemed to modify any representation or warranty for the purpose of determining satisfaction of the conditions hereinafter set forth in Section 9.2(a)(ii) and (iii).

(b) As soon as practicable after the end of each calendar quarter, at such other times as KH Partners may reasonably request and at least five business days prior to Closing, the WM Entities will

promptly supplement or amend the Disclosure Schedules delivered in connection herewith with respect to any matter hereafter arising and known to any of the WM Entities which, if existing, occurring or known at the date of this Agreement would have been required to be set forth or described in such Schedules or which is necessary to correct any information in such Schedules which has been rendered inaccurate thereby. Notwithstanding this provision, no supplement or amendment to such Schedules shall be deemed to modify any representation or warranty for the purpose of determining satisfaction of the conditions hereinafter set forth in Section 9.3(b).

8.6 Confidentiality.

(a) All information furnished by, or on behalf of, any Keystone Entity or any Keystone Entity Subsidiary to the WM Entities or their representatives or affiliates pursuant to, or in any negotiation in connection with, this Agreement shall be treated as the sole property of the Keystone Entity or the Keystone Entity Subsidiary until consummation of the Merger and, if the Merger shall not occur, the WM Entities and their agents and advisers shall return to the Keystone Entity or the Keystone Entity Subsidiary, as appropriate, all documents or other materials containing, reflecting, referring to such information, and shall keep confidential all such information and shall not disclose or use such information for competitive purposes.

The obligation to keep such information confidential shall not apply to any information which would be excluded from the definition of "Evaluation Materials" pursuant to the last sentence of the first paragraph of the WMI Confidentiality Letter. Disclosure of any confidential information pursuant to federal securities laws or under the terms of a subpoena, discovery request or other order issued by a court of competent jurisdiction or other government agency shall be handled in the same manner as provided in the WMI Confidentiality Letter for such disclosure of Evaluation Material.

(b) All information furnished by, or on behalf of, any WM Entity or any WM Bank Subsidiary to the Keystone Entities or their representatives or affiliates pursuant to, or in any negotiation in connection with, this Agreement shall be treated as the sole property of the WM Entity or the WM Bank Subsidiary, and upon consummation of the Merger or termination of this Agreement in accordance with Section 10.1, the Keystone Entities and their agents and advisers shall return to the WM Entity or the WM Bank Subsidiary, as appropriate, all documents or other materials containing, reflecting, referring to such information, and shall keep confidential all such information and shall not disclose or use such information for competitive purposes.

The obligation to keep such information confidential shall not apply to any information which would be excluded from the definition of "Evaluation Materials" pursuant to the last sentence of the first paragraph of the Keystone Confidentiality Letter. Disclosure of any confidential

information pursuant to federal securities laws or under the terms of a subpoena, discovery request or other order issued by a court of competent jurisdiction or other government agency shall be handled in the same manner as provided in the Keystone Confidentiality Letter for such disclosure of Evaluation Material.

8.7 Public Announcements. The mutually agreed upon initial press release announcing this Agreement and the Merger is attached hereto as Exhibit D. Thereafter, no release or other public disclosures shall be made by any of the WM Entities, on the one hand, or by KH Partners or any of the Keystone Entities, on the other hand, with respect to this Agreement or any of the transactions contemplated hereby without the prior consultation and approval of KH Partners, on the one hand, or of WMI, on the other hand (which shall not be unreasonably withheld, delayed or conditioned), except as may be otherwise required by law.

8.8 Management Consultation Meetings. From the date of this Agreement until the Effective Time, management of WMI and of American Savings Bank shall confer on a regular basis regarding the business and operations of American Savings Bank and WMI. The parties shall agree upon a mutually convenient time and place for such meetings (the "Management Consultation Meetings"), which shall occur no less frequently than monthly.

8.9 Failure to Fulfill Conditions. In the event that WMI or KH Partners determines that a condition to its obligation to consummate the transactions contemplated hereby cannot be, or is not likely to be, fulfilled on or prior to June 30, 1997 and that it will not waive that condition, it will promptly notify the other party.

9. Closing Conditions.

9.1 Conditions to Each Party's Obligations Under This Agreement. The respective obligations of each party under this Agreement to consummate the Merger shall be subject to the fulfillment at or prior to the Effective Time of the following conditions:

(a) Stockholder Approval. This Agreement, the Plan of Merger, the increase in WMI's authorized shares of common stock, and the transactions contemplated hereby shall have been approved by the requisite vote of the stockholders of WMI.

(b) Regulatory Approvals. All necessary regulatory or governmental approvals and consents required to consummate the transactions contemplated hereby shall have been obtained and shall remain in full force and effect and all statutory or regulatory waiting periods in respect thereof shall have expired.

(c) No Injunction. No party hereto shall be subject to any order, decree or injunction of a court or agency of competent jurisdic-

tion which enjoins or prohibits the consummation of the Merger.

(d) Tax Opinion. An opinion shall be obtained from Foster Pepper & Shefelman in a form reasonably satisfactory to WMI and KH Partners with respect to federal income tax laws substantially to the effect that the Merger will qualify as a "reorganization" under Section 368(a) of the Code. No opinion will be expressed with respect to the tax consequences of receiving cash in lieu of fractional shares of WMI Common Stock.

(e) Antitrust Law. Any applicable pre-merger notification provisions of Section 7A of the Clayton Act shall have been complied with by the parties hereto, and no other statutory or regulatory requirements with respect to the Clayton Act shall be applicable other than Section 18(c) of the Federal Deposit Insurance Act and rules and regulations in connection therewith. There shall be no pending or threatened proceedings by the California Attorney General or any other public entity under any applicable antitrust law of the State of California.

(f) New West. The shares of stock in New West, together with any obligations or liabilities in connection with the ownership, business or operation thereof, shall have been transferred to and assumed by an entity other than a Keystone Entity or a Keystone Entity Subsidiary, without any substantial cost being incurred by any Keystone Entity.

(g) FRF Matters. The FDIC, WMI, the Keystone Entities, KH Partners and certain other Persons shall have entered into, concurrently with the execution of this Agreement, the Warrant Exchange Agreement and such agreement shall be in full force and effect and be consummated concurrently with the Closing hereunder. Pursuant to the Warrant Exchange Agreement certain of the FRF Agreements, namely the Securityholders Agreement, the FRF Warrant Agreement and the Option Agreement, shall be terminated (all of the FRF Agreements except for the Warrant Agreement, the Securityholders Agreement and the Option Agreement are hereinafter referred to as the "Surviving FRF Agreements."). The Keystone Entities shall have obtained all consents relating to and modifications of the Surviving FRF Agreements necessary in order for the Merger to be consummated and so that the FRF Agreements may be assumed by the WMI Entities at the Effective Time. Notwithstanding any other provision of this Agreement, the condition in the first sentence of this Section 9.1(g) shall not be waivable by any of the parties hereto.

(h) Pooling Letter. Deloitte & Touche shall have delivered a letter addressed to WMI and KH Partners, in a form reasonably satisfactory to each of WMI and KH Partners, that the transaction contemplated hereby qualifies for pooling of interests accounting treatment.

(i) Execution of Escrow Agreement. The Escrow Agreement shall have been duly executed by all parties thereto.

9.2 Conditions to the Obligations of the WM Entities under this Agreement. The obligations of the WM Entities under this Agreement shall be further subject to the satisfaction, at or prior to the Effective Time, of the following conditions, any one or more of which may be waived by the WM Entities.

(a) (i) Each of the obligations or covenants of KH Partners and the Keystone Entities required to be performed by them at or prior to the Closing pursuant to the terms of this Agreement shall have been duly performed and complied with in all material respects and (ii) each of the representations and warranties of KH Partners and the Keystone Entities contained in this Agreement shall be true and correct as of the date of this Agreement and as of the Effective Time as though made at and as of the Effective Time (except as to any representation or warranty that specifically relates to an earlier date, which shall be true and correct as of such earlier date), except where the failure of such representations and warranties to be true and correct would not in the aggregate (without regard to any materiality standard contained in any such representation and warranty) have a Material Adverse Effect on the Keystone Entities taken as a whole and (iii) each of the representations and warranties of KH Partners and Keystone Entities contained in Sections 4.1, 4.2(a), (b) and (d), 4.3, 4.6, 4.7 (other than clause (iii) of each of (a) and (b)), 4.8, 4.14(a), 4.23, 4.25, 4.26 and 4.28 of this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Time as though made at and as of the Effective Time (except as to any representation or warranty that specifically relates to an earlier date, which shall be true and correct as of such earlier date).

(b) (i) Any consents, waivers, clearances, approvals and authorizations of regulatory or governmental bodies that are necessary in connection with the consummation of the transactions contemplated hereby shall have been obtained, and none of such consents, waivers, clearances, approvals or authorizations shall contain any term or condition that (x) is a term or condition that has not heretofore been normally imposed in such transactions and which would have a Material Adverse Effect on the Keystone Entities or WMI, or (y) would require WM Bank or WMBfsb to raise additional capital other than to increase either or both of such institutions' leverage capital (as defined in Appendix B to 12 C.F.R. Part 325 as proposed or adopted by the FDIC) or core capital (as defined in 12 C.F.R. Part 567 as proposed or adopted by the OTS) to a level no higher than 5.0 percent (as adjusted to account for the Merger). It is hereby agreed that any term or condition contained in any previous approval granted to a WM Entity for a merger or acquisition transaction shall be deemed a "normal" condition for purposes of this Section 9.2(b). For purposes of Section 10 hereof, any "approval" which contains any of the foregoing unacceptable terms or conditions shall be deemed to be a regulatory "denial."

(ii) WMI shall have received (x) from the OTS confirmation that upon consummation of the Merger, WMI will not be deemed to control Family SB for purposes of 12 U.S.C. Sec. 1467a and (y) from the FDIC either

confirmation that upon consummation of the Merger, WMI will not be deemed to control Family SB for purposes of 12 U.S.C. Sec. 1815(e) or a waiver for subsidiaries of WMI that are insured depository institutions from "cross-guaranty" liability under 12 U.S.C. Sec. 1815(e) with respect to the default of Family SB; provided, however, that WMI agrees that it will accept conditions from the OTS and the FDIC that are identical to or as stringent as but no more stringent than those contained in OTS Order Number 92-66 dated February 28, 1992 and FDIC Order Conditionally Granting Approval for Waiver of Cross-Guaranty Number 92-98kk dated April 7, 1992, respectively.

(iii) All material outstanding differences between KH Partners and the Keystone Entities, on the one hand, and the FDIC, on the other hand, relating in any way to the FRF Agreements or the Keystone Entities shall have been resolved without material liability to the Keystone Entities.

(c) The WM Entities shall have received an opinion or opinions reasonably satisfactory to them in form and substance, dated the date of the Closing, from Cleary, Gottlieb, Steen & Hamilton and Kelly, Hart & Hallman, special counsel to KH Partners.

(d) WMI shall have received an opinion reasonably satisfactory to it from CS First Boston, a financial advisory firm, dated as of the date of the WMI Proxy Statement, as to the fairness, from a financial point of view, of the consideration to be paid by WMI pursuant to this Agreement.

(e) Since the date of this Agreement there shall have been no Material Adverse Change with respect to the Keystone Entities and the Keystone Entity Subsidiaries (except for changes resulting from market and economic conditions which generally affect the savings industry as a whole including, without limitation, changes in law or regulation or changes in generally accepted accounting principles or interpretations thereof); provided, however, that the following expenses and adjustments shall be excluded in determining whether a Material Adverse Change has occurred: (i) fees and expenses relating to the negotiation and consummation of the transactions contemplated hereby, (ii) charges for severance and other payments to officers and employees made or expected to be made in connection with the transactions contemplated hereby, (iii) other closing adjustments requested by WMI, and (iv) payments under the Fixed Fee Agreement.

(f) Except as otherwise requested by WMI, the directors of each Keystone Entity and each Keystone Entity Subsidiary shall have executed letters of resignation effective on or prior to the Effective Time and, in such letters (or in a separate letter, in the case of any former director listed on Annex IV) all Persons listed on Annex IV shall have waived any and all rights they may have to make claims for indemnification, other than the rights specifically provided in Section 7.7.

(g) KH Partners and the Keystone Entities shall have furnished the WM Entities with such certificates of their officers and such other documents to evidence fulfillment of the conditions set forth in this Section 9.2 as WMI may reasonably request.

(h) KH Partners and the Keystone Entities shall have obtained (i) all Keystone Entities' real property lease transfer consents necessary, as a result of consummation of the Merger, to permit American Savings Bank to continue 90% of its branch deposit operations in the ordinary course (measured by deposit balances at March 31, 1996) without having incurred substantial costs to the Keystone Entities or the Keystone Entity Subsidiaries, and (ii) all of the other consents, waivers and revisions described in Section 6.4, without having incurred substantial costs to the Keystone Entities or the Keystone Entity Subsidiaries in connection therewith, except for any such consents, waivers and revisions the failure to obtain which would, in the aggregate, cause material disruption of such operations.

(i) KH Partners shall have obtained the consents and modifications referred to in Section 6.6(a).

(j) Affiliates of KH Partners shall have waived the right to receive irrevocable notice in connection with the redemption of the Subordinated Notes or the New Capital Preferred Stock owned by such Affiliates.

(k) The amendments to the 1992 and 1993 Federal Income Tax Returns referred to in Section 6.9 hereof shall have been filed with the appropriate authorities (including the provision of copies thereof to the FDIC) within the time limits specified in Section 6.9; none of those amendments shall have been challenged by the relevant taxing authority; and no additional payment to the FRF of more than $500,000 by any Keystone Entity shall have resulted from such amendments.

(l) The FDIC Office of Inspector General (the "OIG") shall have completed a compliance audit (the "Audit") of the schedules of activity maintained by New West and American Savings Bank in the Special Reserve Accounts (as described in the Assistance Agreement), both debits and credits, and any related book value adjustments resulting from such debits and credits or from FRF contributions or payments, for the period from July 1, 1994 through December 31, 1995 or such later date as is reasonably practicable, including without limitation, with respect to the Intercompany Note and the Liquidity Account (each as defined in the Assistance Agreement) and to credits and payments pursuant to Section 9 of the Assistance Agreement for the period from January 1, 1994 through the tax return filed or anticipated to be filed no later than September 15, 1996 for the year ended December 31, 1995. In addition, as (x) tax returns for years 1988 through 1991 were amended during this audit period and (y) tax returns for the years 1992 and 1993 will be amended by September 15, 1996, tax benefits generated from all such amended returns shall also be included in the audit.

All disputes arising with respect to items or periods covered by the Audit will be resolved without the payment of additional amounts in excess of $500,000 in the aggregate by all Keystone Entities, and the FDIC and the Keystone Entities shall have entered into a release in which the FDIC shall agree that, absent a finding of fraud or mathematical error, all matters covered by the Audit will be deemed approved at all levels of audit review and for all purposes, and shall constitute (and shall state that it is) a final resolution for purposes of further challenges by the FDIC to any entries covered by the Audit; provided, however, that the FDIC may reserve its rights with respect to the matters covered by the Tax Settlement Agreement (as defined in section 9.2(m)) in the event this Agreement is terminated in accordance with Article 10 hereof.

(m) The tax settlement agreement, dated as of July 21, 1996, by and among the Keystone Entities, New West and the FDIC (the "Tax Settlement Agreement"), shall be in full force and effect and shall not have been modified or amended in any respect without the prior consent of WMI, which shall not be unreasonably withheld.

9.3 Conditions to the Obligations of KH Partners and the Keystone Entities Under This Agreement. The obligations of KH Partners and the Keystone Entities under this Agreement shall be further subject to the satisfaction, at or prior to the Effective Time, of the following conditions, any one or more of which may be waived by the KH Partners and the Keystone Entities:

(a) Each of the obligations or covenants of the WM Entities required to be performed by them at or prior to the Closing pursuant to the terms of this Agreement shall have been duly performed and complied with in all material respects.

(b) Each of the representations and warranties of the WM Entities contained in this Agreement shall be true and correct as of the date of this Agreement and as of the Effective Time as though made at and as of the Effective Time (except as to any representation or warranty which specifically relates to an earlier date, which shall be true and correct as of such earlier date), except where the failure of any such representation and warranty to be true and correct would not in the aggregate (without regard to any materiality standard contained in such representations and warranties) have a Material Adverse Effect on WMI, and each of the representations and warranties contained in Sections 5.1, 5.2, 5.3, 5.5, 5.6 (other than clause (iii)), 5.7, 5.15 and 5.17 of this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Time as though made at and as of the Effective Time (except as to any representation or warranty that specifically relates to an earlier date, which shall be true and correct as of such earlier date).

(c) The KH Partners shall have received an opinion reasonably satisfactory to it in form and substance, dated the date of the

Closing, from Foster, Pepper & Shefelman, counsel to the WM Entities. Foster, Pepper & Shefelman may rely as to certain matters of New York law on an opinion, dated as of the Closing Date, of Gibson, Dunn & Crutcher, special counsel to WMI.

(d) Since the date of this Agreement, there shall have been no Material Adverse Change with respect to WMI (except for changes resulting from market and economic conditions which generally affect the savings industry as a whole including, without limitation, changes in law or regulation or changes in general accepted accounting principles or interpretations thereof); provided, however, that fees and expenses relating to the negotiation and consummation of the transactions contemplated hereby shall be excluded in determining whether a Material Adverse Change has occurred.

(e) The WM Entities shall have furnished KH Partners with such certificates of its officers or others and such other documents to evidence fulfillment of the conditions set forth in this Section 9.3 as KH Partners may reasonably request.

(f) WMI shall have instructed its transfer agent with respect to the issuance of WMI Common Stock to the Keystone Holdings stockholder at least two days prior to Closing.

10. Termination, Amendment and Waiver.

10.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the Merger by the WMI stockholders:

(a) by mutual written consent of all the parties hereto;

(b) by any party hereto (i) if the Effective Time shall not have occurred on or prior to June 30, 1997, unless the failure of such occurrence shall be due to the failure of the party seeking to terminate this Agreement to perform or observe its agreements and conditions set forth herein to be performed or observed by such party at or before the Effective Time; or (ii) 31 days after the date on which any application for regulatory approval prerequisite to the consummation of the transactions contemplated hereby shall have been denied or withdrawn at the request of the applicable regulatory authority; provided, that, if prior to the expiration of such 31-day period WMI is engaged in litigation or an appeal procedure relating to an attempt to obtain such approval, KH Partners and the Keystone Entities may not terminate this Agreement until the earlier of (A) June 30, 1997 and (B) 31 days after the completion of such litigation and appeal procedures, and of any further regulatory or judicial action pursuant thereto, including any further action by a government agency as a result of any judicial remand, order or directive or otherwise; or (iii) 10 days after written certification of the vote of the WMI's stockholders is delivered to KH Partners indicating that such stockholders failed to adopt the resolution to approve this Agreement and the transactions contemplated

hereby at the stockholders' meeting (or any adjournment thereof) contemplated by Section 2.4 hereof;

(c) by the WM Entities (i) if at the time of such termination there shall have been a Material Adverse Change with respect to the Keystone Entities from that set forth in March 1996 Keystone Financial Statements (except for changes resulting from market and economic conditions which generally affect the savings industry as a whole, including, without limitation, changes in law or regulation or changes in generally accepted accounting principles or interpretations thereof), it being understood that any of the matters set forth in the Keystone Entities' Disclosure Schedules as of the date of this Agreement or any of the matters described in clauses (i) or (ii) of Section 9.2(e) are not deemed to be a Material Adverse Change for purposes of this paragraph (c); or (ii) if there shall have been any material breach of any covenant of KH Partners or the Keystone Entities hereunder and such breach shall not have been remedied within 45 days after receipt by American Savings Bank of notice in writing from WMI specifying the nature of such breach and requesting that it be remedied;

(d) by KH Partners and the Keystone Entities (i) if at the time of such termination there shall have been a Material Adverse Change with respect to WMI from that set forth in WMI's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996 (except for changes resulting from market and economic conditions which generally affect the savings industry as a whole including, without limitation, changes in law or regulation or changes in generally accepted accounting principles or interpretations thereof), it being understood that any of the matters set forth in WM Entities' Disclosure Schedules as of the date of this Agreement or items described in the proviso in Section 9.3(d) are not deemed to be a Material Adverse Change for purposes of this paragraph (d); (ii) if there shall have been any material breach of any covenant of the WM Entities hereunder and such breach shall have not been remedied within 45 days after receipt by WMI of notice in writing from KH Partners specifying the nature of such breach and requesting that it be remedied; or (iii) if a Third Party Acquisition of WMI shall have occurred.

10.2 Effect of Termination. In the event of termination of this Agreement by any party as provided in Section 10.1, this Agreement shall forthwith become void (other than Section 8.6, this Section 10.2, Section 11.1 and Section 11.7 hereof, which shall remain in full force and effect) and, there shall be no further liability on the part of any party or its officers or directors except for the liability of the WM Entities under Section 8.6.

10.3 Amendment, Extension and Waiver. Subject to applicable law, at any time prior to the consummation of the Merger, whether before or after approval thereof by the stockholders of WMI, the parties may (a) amend this Agreement (including the Plans of Merger incorporated herein), (b) extend the time for the performance of any of the obligations or other acts of any other party hereto, (c) waive any inaccuracies in the

representations and warranties of any other party contained herein or in any document delivered pursuant hereto, or (d) waive compliance with any of the agreements or conditions contained herein; provided, however, that after any approval of the Merger by the WMI stockholders, there may not be, without further approval of such stockholders, any amendment or waiver of this Agreement (or the Plan of Merger) that changes the amount of consideration to be delivered to the Keystone Holdings stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. Any agreement on the part of a party hereto to any extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party, but such waiver or failure to insist on strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

11.Miscellaneous.

11.1 Expenses. All legal and other costs and expenses incurred by KH Partners in connection with this Agreement and the transactions contemplated hereby shall be the responsibility of the Keystone Entities and not KH Partners, other than legal fees incurred in connection with negotiations with the FDIC to determine the appropriate consideration the FDIC will receive in exchange for the Warrants, which fees shall be the responsibility of KH Partners. All other legal and other costs and expenses shall be borne by the party incurring such costs and expenses unless otherwise specified in this Agreement.

11.2 Survival. Except for the covenants of Sections 7.3, 7.4, 7.5, 7.7, the second sentence of Section 8.4, Sections 2.3(a)-(e), (g) and (h), the third sentence of Section 2.6(a), the first sentence of Section 2.6(b), Sections 2.6(c), 8.6(b), 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7 and 11.8, the respective representations and warranties, covenants and agreements set forth in this Agreement and all Disclosure Schedules shall not survive the Effective Time.

11.3 Notices. All notices, requests, claims, demands or other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if so given) by delivery, by registered or certified mail (return receipt requested) or by cable, telecopier, or telex to the respective parties as follows:

(a) If to a WM Entity, to:

Washington Mutual, Inc.
1201 Third Avenue, 15th Floor
Seattle, WA 98101
Attn: Marc R. Kittner, Senior Vice President
Telecopy Number: (206) 554-2790

With copies to:

Foster Pepper & Shefelman
1111 Third Avenue Bldg., 34th Floor
Seattle, WA 98101
Attn: Fay L. Chapman
Telecopy Number: (206) 447-9700

and

Gibson, Dunn & Crutcher
One Montgomery Street, Telesis Tower
San Francisco, CA 94104-4505
Attn: Todd H. Baker
Telecopy Number: (415) 986-5309

If to KH Partners or a Keystone Entity, to:

Keystone Holdings Partners, L.P.
201 Main Street, 23rd Floor
Fort Worth, TX 76102
Attn: Ray L. Pinson
Telecopy Number: (817) 338-2047

With copies to:

Kelly, Hart & Hallman
201 Main Street, Suite 2500
Ft. Worth, TX 76102
Attn: Billie J. Ellis, Jr.
Telecopy Number: (817) 878-9280

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, NY 10006
Attn: Michael L. Ryan
Telecopy Number: (212) 225-3999

and

Paul Weiss Rifkind Wharton & Garrison
1285 Avenue of the Americas
New York, NY 10019
Attn: David R. Sicular
Telecopy Number: (212) 757-3990

or such other address as shall be furnished in writing by any party to the others in accordance herewith, except that notices of change of address shall only be effective upon receipt.

11.4 Parties in Interest. This Agreement shall be binding

upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other parties. Nothing in this Agreement is intended to confer, expressly or by implication, upon any other Person any rights or remedies under or by reason of this Agreement (except for Sections 2.3(e), 7.3, 7.4 and 7.7, which are intended to benefit third party beneficiaries) and except for Sections 2.2(c), 2.2(d), 2.3 (a)-(d), 2.3(f), the second sentence of Section 3, Sections 6.1(b)(ii), 6.13, 8.4 and the second sentence of 10.3, which provisions are also intended for the benefit of the FDIC.

11.5 Entire Agreement. This Agreement, including the documents and other writings referred to herein or delivered pursuant hereto (including without limitation the Warrant Exchange Agreement), contains the entire agreement and understanding of the parties with respect to its subject matter. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties other than those expressly set forth herein or therein. This Agreement supersedes all prior agreements and understandings between the parties, both written and oral, with respect to its subject matter other than the terms of the WMI Confidentiality Letter and the Keystone Confidentiality Letter incorporated by reference in Section 8.6 hereof.

11.6 Counterparts. This Agreement may be executed in one or more counterparts all of which shall be considered one and the same agreement and each of which shall be deemed an original.

11.7 Governing Law. This Agreement, in all respects, including all matters of construction, validity and performance, is governed by the internal laws of the State of New York as applicable to contracts executed and delivered in New York by citizens of such state to be performed wholly within such state without giving effect to the principles of conflicts of laws thereof.

11.8 Headings. The Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

WASHINGTON MUTUAL, INC.

By:/s/ Craig E. Tall
Its: Executive Vice President

KEYSTONE HOLDINGS PARTNERS, L.P.

By: KH Group Management, Inc.,
its General Partner

By: /s/ Ray L. Pinson
Its: Sr. Vice President

KEYSTONE HOLDINGS, INC.

By: /s/ Ray L. Pinson
Its: Sr. Vice President

NEW AMERICAN HOLDINGS INC.

By: /s/ Ray L. Pinson
Its: Sr. Vice President

NEW AMERICAN CAPITAL, INC.

By: /s/ Ray L. Pinson
Its: Sr. Vice President

N.A. CAPITAL HOLDINGS, INC.

By: /s/ Ray L. Pinson
Its: Sr. Vice President

AMERICAN SAVINGS BANK, F.A.

By: /s/ Mario Antoci
Its: Chief Executive Officer

Exhibit 2.2

FIRST AMENDMENT
TO
AGREEMENT FOR MERGER

This First Amendment to Agreement for Merger (the "First Amendment") is made and entered into as of the 1st day of November, 1996 by and among WASHINGTON MUTUAL, INC., a Washington corporation, KEYSTONE HOLDINGS PARTNERS, L.P., a Texas limited partnership, KEYSTONE HOLDINGS, INC., a Texas corporation, NEW AMERICAN HOLDINGS, INC., a Delaware corporation, NEW AMERICAN CAPITAL, INC., a Delaware corporation, N.A. CAPITAL HOLDINGS, INC., a Delaware corporation, and AMERICAN SAVINGS BANK, F.A., a federal savings association.

The parties to this First Amendment are the parties to that certain Agreement for Merger (the "Merger Agreement") dated July 21, 1996. The parties now desire to amend certain provisions of the Merger Agreement.

THEREFORE, the parties hereby agree as follows:

1. Section 2.4(a) of the Agreement is hereby amended by deleting "100,000,000" in the first sentence and substituting therefor "250,000,000".

2. Section 2.6(a) of the Agreement is hereby amended by deleting the phrase "within 30 days from the date of this Agreement," in the sixth sentence and substituting therefor the phrase "no later than November 12, 1996".

3. Section 6.10(f) of the Agreement is hereby amended by deleting the second sentence thereof.

4. Exhibit C to the Agreement is hereby amended to read in its entirety as set forth on Annex I attached hereto.

5. Except as expressly amended by this First Amendment, the Merger Agreement remains in full force and effect.

6. This First Amendment may be executed in one or more counterparts all of which shall be considered one and the same agreement and each of which shall be deemed an original.

7. This First Amendment, in all respects, including all matters of construction, validity and performance, is governed by the internal laws of the State of New York as applicable to contracts executed and delivered in

New York by citizens of such state to be performed wholly within such state without giving effect to the principles of conflicts of laws thereof.

Executed as of the date first above written.

WASHINGTON MUTUAL, INC.

By: /s/ Craig E. Tall
Its: Executive Vice President

KEYSTONE HOLDINGS PARTNERS, L.P.

By: KH Group Management, Inc.,
its General Partner

By: /s/ Ray L. Pinson
Its: Vice President

KEYSTONE HOLDINGS, INC.

By: /s/ Ray L. Pinson
Its: Senior Vice President

NEW AMERICAN HOLDINGS INC.

By: /s/ Ray L. Pinson
Its: Senior Vice President

NEW AMERICAN CAPITAL, INC.

By: /s/ Ray L. Pinson
Its: Senior Vice President

N.A. CAPITAL HOLDINGS, INC.

By: /s/ Ray L. Pinson
Its: Senior Vice President

AMERICAN SAVINGS BANK, F.A.

By: /s/ Mario Antoci
Its: Chairman

Exhibit 4.1

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is made this 20th day of December, 1996, by and among THE BANK OF NEW YORK, a New York banking corporation (the "Escrow Agent"), WASHINGTON MUTUAL, INC., a Washington corporation ("WMI"), KEYSTONE HOLDINGS PARTNERS, L.P., a Texas limited partnership ("KH Partners"), and the FEDERAL DEPOSIT INSURANCE CORPORATION (the "FDIC"), as manager of the FSLIC Resolution Fund (the "FRF"), as successor in interest to the Federal Savings and Loan Insurance Corporation.

Recitals

WHEREAS, WMI and KH Partners, together with certain of KH Partners' affiliates, have entered into an Agreement for Merger, dated as of July 21,1996 and amended as of November 1, 1996 (as amended, the "Merger Agreement"), pursuant to which Keystone Holdings, Inc. ("Keystone Holdings" will merge with and into WMI (the "Merger");

WHEREAS, pursuant to Section 2 of the Merger Agreement, the Escrow Shares (as defined in Section 1 below) are to be delivered by WMI into escrow at the direction of KH Partners and the FDIC;

WHEREAS, KH Partners owned all of the issued and outstanding stock of Keystone Holdings immediately prior to the Merger and has under the Merger Agreement a contingent right to have 64.9% of the Escrow Shares released to it from the Escrow (as defined in Section 1 below);

WHEREAS, the FDIC is selling, assigning, transferring and delivering certain warrants to WMI at the closing of the Merger pursuant to a Warrant Exchange Agreement, dated as of July 21, 1996 (the "Warrant Exchange Agreement"), by and among WMI, the Keystone Entities (as defined in the Section 1 below), KH Partners, New West Federal Savings and Loan Association, certain other persons and the FDIC and, as part of the consideration to be received in exchange for the Warrants, has a contingent right to have 35.1% of the Escrow Shares released to it from the Escrow; and

WHEREAS, the parties desire to appoint the Escrow Agent as escrow agent hereunder, and the Escrow Agent desires to accept such appointment.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them below:

"Aggregate Escrow Distribution" shall mean the Distributed Escrow Shares plus (i) all dividends and distributions (of whatever nature) other than dividends payable in shares of WMI Common Stock paid on or with respect to the Distributed Escrow Shares from the Effective Time to and including the date the Distributed Escrow Shares are paid pursuant to Section 2.3 of the Merger Agreement and the terms hereof; (ii) any additional securities with respect thereto, and (iii) any interest or earnings upon such dividends, distributions or additional or substitute securities in accordance with the terms hereof. In the case of any Installment, the Aggregate Escrow Distribution shall be determined in accordance with the preceding sentence.

"Agreement" shall have the meaning specified in the preamble hereof.

"Case" shall mean Case No. 92-782C resulting from a complaint filed on December 28, 1992 in the Untied States Court of Federal Claims and styled:

AMERICAN SAVINGS BANK, F.A.,
KEYSTONE HOLDINGS, INC.,
KEYSTONE HOLDINGS PARTNERS, L.P.,
N.A. CAPITAL HOLDINGS, INC.,
NEW AMERICAN CAPITAL, INC. and
NEW AMERICAN HOLDINGS, INC.
v.
THE UNITED STATES

"Case Proceeds" shall equal the amount, if any, of cash received by WMI or its subsidiaries (including the Keystone Entities after the Effective Time) on or before the Escrow Expiration Date in respect of (1) any judgment, fees, costs and expenses, interest and other amounts that have been awarded to the plaintiffs (including any successors thereto) in the Case, or (2) any final settlement of the Case; provided, however, that any judgment referred to in (1) above constitutes a final, nonappealable judgment in the Case. In the case of any Installment, the Case Proceeds with respect to such Installment shall be determined in accordance with the preceding sentence.

"Distributed Escrow Shares" shall mean that number of whole shares of WMI Common Stock (or any substitute securities with respect thereto) resulting from dividing the Net Case Proceeds by the Market Price Per Share; provided that, in no event shall the Distributed Escrow Shares exceed the number of Escrow Shares. The Distributed Escrow Shares with respect to any Installment shall be calculated in accordance with the preceding sentence except that in no event shall the Distributed Escrow Shares, when added to the Distributed Escrow Shares with respect to earlier Installments, exceed the number of Escrow Shares.

"Effective Date" shall mean December 20, 1996.

"Effective Time" shall mean 2:00 p.m., Pacific Standard Time, on the

Effective Date.

"Escrow" shall mean the escrow created hereby.

"Escrow Agent" shall have the meaning specified in the preamble hereof.

"Escrow Expiration Date" shall mean the date that is the sixth anniversary of the Effective Date; provided, however, that (i) if, prior to such date, there has been any judgment granted or entered in favor of WMI or its subsidiaries (including the Keystone Entities after the Effective Time), then the Escrow Expiration Date shall be automatically extended to the earlier of the tenth anniversary of the Effective Date and the date upon which the number of Escrow Shares equals zero and (ii) if, prior to such sixth anniversary or any extension pursuant to clause (i) of this definition, there has been any settlement or final nonappealable judicial resolution of the Case involving two or more Installments, then the Escrow Expiration Date shall not occur until all such Installments have been paid.

"Escrow Fund" shall have the meaning specified in Section 3 hereof.

"Escrow Shares" shall mean eight million (8,000,000) shares of WMI Common Stock; provided that the number of Escrow Shares shall be appropriately adjusted to reflect any reclassification, recapitalization, split-up, combination or exchange of shares of WMI Common Stock, or any stock dividend thereon declared with a record date between the date of this Agreement and the Escrow Expiration Date; provided, further, that, in the event that the Escrow Expiration Date is extended beyond the sixth anniversary of the Effective Date in accordance with the definition of "Escrow Expiration Date" herein, the number of Escrow Shares, as adjusted in accordance with the preceding proviso, shall be reduced on the last day of each full calendar month following the sixth anniversary of the Effective Date by an amount equal to 1.25% of the number of Escrow Shares (as so adjusted) on the sixth anniversary of the Effective Date; provided further, that if, prior to the sixth anniversary of the Effective Date, there has been any settlement or final nonappealable judicial resolution of the Case involving two or more Installments, then there shall be no reduction in the number of Escrow Shares pursuant to the immediately preceding proviso.

"FDIC" shall have the meaning specified in the preamble hereof.

"Fixed Fee Agreement" shall mean that certain Fixed Fee Agreement dated as of August 9, 1996 between Arnold & Porter and Keystone Holdings.

"FRF" shall have the meaning specified in the preamble hereof.

"Holder" shall have the meaning specified in Section 6 hereof.

"Installment" shall mean, in the event of a final, nonappealable judicial resolution or a settlement of the Case occurring after the

Effective Time involving two or more installments or structured payments of cash over a period of time, one of such payments.

"Investment Rate" shall have the meaning specified in Exhibit 1 hereto.

"Keystone Entities" shall mean Keystone Holdings, New American Holdings, Inc., a Delaware corporation, New American Capital, Inc., a Delaware corporation, N.A. Capital Holdings, Inc., a Delaware corporation, and American Savings Bank, F.A., a federal savings association.

"KH Partners" shall have the meaning specified in the preamble hereof.

"Market Price Per Share" shall mean $41.6125; provided, however, that such price shall be appropriately adjusted to reflect any reclassification, recapitalization, split-up, combination or exchange of shares of WMI Common Stock, or any stock dividend thereon declared with a record date between the date hereof and the Escrow Expiration Date.

"Merger" shall have the meaning specified in the Recitals hereof.

"Net Case Proceeds" shall mean the Case Proceeds, minus the sum of (1) the Tax on the Case Proceeds, (2) the out-of-pocket, third-party fees, costs and expenses paid or accrued by WMI or its subsidiaries to attorneys, accountants, experts or other third party service providers in connection with the Case from July 21, 1996 (excluding any amount paid to Arnold & Porter under the Fixed Fee Agreement), (3) 200% of the allocated time costs of employees of WMI or its subsidiaries for time reasonably devoted to the Case from the Effective Date,in each case, to and including the date the Case Proceeds are paid to WMI or its subsidiaries (including the Keystone Entities after the date hereof), (4) fees and other amounts, if any, paid or accrued by WMI to the Escrow Agent pursuant to this Agreement (5) all amounts paid by any Keystone Entity to Arnold & Porter under the Fixed Fee Agreement in excess of $10 million. In the event that the Case Proceeds are payable in two or more Installments, Net Case Proceeds with respect to any given Installment shall mean all Case Proceeds received by WMI from such Installment and all prior Installments, if any, minus (x) the sum of (I) the Tax on the Case Proceeds with respect to all Installments or portions thereof (whether received or to be received) includible, in WMI's judgment, in its income for federal income tax purposes for the year in which such Installment is received or in prior years and (II) the amounts described in clauses (2), (3), (4) and (5) of the preceding sentence, and (y) the aggregate Net Case Proceeds calculated pursuant to this sentence with respect to all prior Installments, if any.

"Net Pre-Tax Case Proceeds" shall mean the amount, if any, resulting from subtracting from Case Proceeds the sum of the amounts described in Clauses (2), (3), (4) and (5) in the definition of Net Case Proceeds.

"Notes" shall have the meaning specified in Section 8 hereof.

"Person" shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture, governmental authority or other entity of whatever nature.

"Tax on the Case Proceeds" shall mean (1) the product of .28 and the Net Pre-Tax Case Proceeds, in the event the Case Proceeds are accrued for federal income tax purposes prior to the Effective Time, and (2) the product of .355 and the Net Pre-Tax Case Proceeds, in the event the Case Proceeds are accrued for federal income tax purposes on or after the Effective Time.

"Warrant Exchange Agreement" shall have the meaning specified in the Recitals hereof.

"WMI" shall have the meaning specified in the preamble hereof.

"WMI Common Stock" shall mean the common stock, no par value, of WMI.

2. Appointment of Escrow Agent. WMI, KH Partners, and the FDIC hereby appoint the Escrow Agent, and the Escrow Agent hereby accepts its appointment, as escrow agent to hold and dispose of the Escrow Fund solely in accordance with the terms hereof.

3. Delivery of Escrow Shares. Concurrently with the execution and delivery of this Agreement, KH Partners and the FDIC have directed WMI to deliver, or cause to be delivered, and WMI has so delivered or caused to be delivered, the Escrow Shares, registered in the name of the Escrow Agent, to the Escrow Agent. By execution hereof, the Escrow Agent evidences its receipt from WMI of the Escrow Shares. The term "Escrow Fund" shall mean the Escrow Shares together with (i) all dividends and distributions (of whatever nature) (other than dividends payable in shares of WMI Common Stock paid on or with respect to the Escrow Shares), (ii) any additional or substitute securities with respect thereto, and (iii) any interest or earnings upon such dividends, distributions or additional or substitute securities in accordance with the terms of this Agreement (including without limitation amounts payable under the Notes.

4. Subaccounts. The Escrow Agent shall establish and maintain a subaccount with respect to each Holder (as defined herein) representing the pro rata portion of the Escrow Fund attributable to each such Holder.

5. Investment of Funds.

(a) The Escrow Agent shall invest and reinvest the cash portion of the Escrow Fund in the Institutional Service Shares of the Federated U.S. Treasury Cash Reserves Fund except as otherwise directed in a joint letter signed by both KH Partners and the FDIC.

The Escrow Agent shall not be liable for any loss suffered in connection with any investments made pursuant to Section 5(a) hereof or to

joint instructions received from KH Partners and the FDIC. No instructions, requests or notices from KH Partners and the FDIC to the Escrow Agent shall be effective until received by the Escrow Agent in writing, and no such instructions, requests or notices shall be effective unless executed by both KH Partners and the FDIC.

(b) As and when any amounts invested as aforesaid may be needed for disbursement from the Escrow Fund required hereunder (including the funding of loans made pursuant to Section 8 hereof), the Escrow Agent shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of the Escrow Fund. Any written request by a Holder for a loan pursuant to Section 8 hereof shall also be deemed written authority to the Escrow Agent from such Holder for the Escrow Agent to sell or otherwise convert a portion of the assets in such Holder's subaccount necessary to fund the loan. The Escrow Agent shall not be held liable for any loss of income due to the liquidation of any investment which the Escrow Agent, acting in good faith, believes necessary to make payments or disbursements in accordance with this Agreement.

6. Transfers. KH Partners and the FDIC are the initial holders of contingent rights to receive the Escrow Shares. It is understood that KH Partners intends to distribute its contingent right in the Escrow Fund to the partners of KH Partners immediately after the Effective Time. Such partners, the FDIC and their transferees may transfer any or all of their respective contingent rights to the Escrow Fund, provided that no transfer shall be effective unless and until the proposed transferor has delivered to WMI the following documents:

(a) an opinion of counsel reasonably satisfactory to WMI that such transfer is exempt from the registration requirements of the Securities Act of 1933 and similar requirements under all applicable state securities laws, accompanied by such other documentation as WMI shall reasonably require to demonstrate compliance with applicable requirements of federal and state securities laws, and

(b) a written instrument executed by the proposed transferee whereby such party agrees to be bound by all applicable obligations contained in this Agreement.

As used herein, the term "Holder" shall mean any Person owning from time to time a contingent right to receive a portion of the Escrow Fund. No Holder shall be allowed to transfer such Holder's contingent right to its allocated portion of the Escrow Fund until the Holder has repaid all outstanding Notes (as defined below in Section 8). The Escrow Agent shall not be required to treat any purported transfer as effective until such time as it has received (x) written notice of such transfer from the transferor, (y) written notice from WMI that the opinion of counsel and other documentation described above has been received, and (z) receipt of any tax or other information or documents reasonably requested by the Escrow Agent. The Escrow Agent shall maintain a list of the Holders and their addresses.

7. Voting of Escrow Shares. For so long as any Escrow Shares (or any additional or substitute securities with respect thereto) are held by the Escrow Agent in accordance with the terms of this Agreement, each Holder of the contingent right to receive such shares shall have the absolute right to have its pro rata portion of the Escrow Shares (and any additional or substitute securities with respect thereto) voted on all matters with respect to which the vote of the holders of WMI Common Stock is required or solicited in accordance with the written instructions of such Holder at the time of the applicable record date as given to the Escrow Agent. WMI shall provide the Escrow Agent written notice of any such record date. The right of a Holder to instruct the Escrow Agent to vote any portion of the Escrow Shares shall be determined as of the record date established by WMI with respect to such vote. If no written instructions are timely received by the Escrow Agent from a Holder, then the Escrow Agent shall not vote any of the shares in the Escrow Fund to which such Holder owns a contingent right.

8. Loans from the Escrow Fund. Each Holder shall have the right to request that the Escrow Agent make a loan to it out of the cash portion of the subaccount established with respect to it pursuant to Section 4. Such request must be delivered in writing to the Escrow Agent no later than 30 days following notice to such Holder of the payment to the Escrow Agent of any cash dividends or distributions on the Escrow Shares attributable to such Holder. Notice to Holders of such payments shall be given by the Escrow Agent. Such request may be for a loan in a principal amount equal to no more than 45 percent of the amount of such dividend or distribution. Such request shall be accompanied by (a) an executed promissory note substantially in the form attached hereto as Exhibit 1 (the "Note"), (b) an opinion of counsel substantially in the form attached hereto as Exhibit 2 that the Note will not violate any applicable usury or similar laws and (c) receipt of any tax or other information or documents reasonably requested by the Escrow Agent. The loan shall accrue interest and be payable as provided in Exhibit 1. The Escrow Agent shall calculate the Investment Rate as defined in Exhibit 1 within 30 days following the end of each calendar quarter and notify the borrowers of such rate.

9. Release of Escrow Funds. The Escrow Agent will hold the Escrow Fund in its possession until authorized hereunder to deliver the Escrow Fund or any specified portion thereof as provided in this Section 9. The Escrow Agent shall take all actions called for in any notice delivered by WMI under this Section 9 within ten (10) business days of the date such notice is received; provided that the Escrow Agent shall not deliver to any Holder that Holder's Aggregate Escrow Distribution until any such Holder's Notes have been fully repaid or offset pursuant to subsection (d).

(a) Unless the Escrow Expiration Date shall have occurred, within thirty (30) days of the date on which Case Proceeds are received by WMI or its subsidiaries (including the Keystone Entities), WMI shall deliver written instructions to the Escrow Agent to deliver to each Holder such Holder's pro rata portion of the Aggregate Escrow Distribution and,

(unless the provisions of subsection (c) apply) after making such distribution as to each and every Holder (or after setting aside a Holder's allocable portion of the Aggregate Escrow Distribution with respect to any Holder who has not repaid any outstanding Note or who has not delivered information or documents reasonably requested by the Escrow Agent), to return any remaining Escrow Shares to WMI for cancellation (together with the remainder of the Escrow Fund). The Escrow Agent shall not be required to make any payment to any Holder until such time as it has received any tax or other information or documents reasonably requested by it. No Holder shall be entitled to receive or shall receive any fractional shares of WMI Common Stock or cash in lieu of fractional shares.

(b) In the event that the Escrow Expiration Date has occurred and no Case Proceeds have been received by WMI or its subsidiaries (including the Keystone Entities), then WMI shall deliver written instructions to the Escrow Agent to return the Escrow Shares to WMI for cancellation together with the remainder of the Escrow Fund.

(c) Unless the Escrow Expiration Date shall have occurred, in the event that the Case Proceeds are received in Installments, then, within thirty (30) days of the date on which any Installment is received by WMI or its subsidiaries (including the Keystone Entities), WMI shall deliver written instructions to the Escrow Agent (i) to pay each Holder the pro rata portion of the Aggregate Escrow Distribution with respect to such Installment attributable to such Person, and (ii) after making the last Aggregate Escrow Distribution with respect to the last Installment as to each and every Holder (or after setting aside a Holder's allocable portion of the Escrow Fund with respect to any Holder who has not repaid any outstanding Note or who has not delivered information or documents reasonably requested by the Escrow Agent), to return any remaining Escrow Shares to WMI for cancellation, (together with the remainder of the Escrow Fund). No Holder shall be entitled to receive or shall receive any fractional shares of WMI Common Stock or cash in lieu of fractional shares.

(d) Upon receipt of the instructions described in (a), (b) or (c) above, the Escrow Agent shall promptly notify the obligors under each outstanding Note that such Note is due and payable in full within seven days of the date of such notice and shall take all reasonable steps to effect such distribution within 30 days of receipt of WMI's written instructions. In the event that any obligor fails to pay the Note in full within ten (10) days of the date of such notice, the Escrow Agent shall offset the amount of the Note (plus any interest or other amounts due thereunder) from the pro rata portion of the Aggregate Escrow Distribution otherwise due such obligor. In the event that (i) any obligor fails to pay such obligor's Note in full within ten (10) days of the date of such notice; (ii) the Escrow Expiration Date has occurred; and (iii) no Case Proceeds have been received by WMI or its subsidiaries (including the Keystone Entities) or such Case Proceeds were insufficient to pay off the Note, then the Note shall be in default and the Escrow Agent shall deliver the Note to WMI and assign all of its right, title and interest in the Note to WMI, without recourse.

(e) Beginning on the last day of the full calendar month immediately following the sixth anniversary of this Agreement and on the last day of every succeeding month, WMI shall deliver written instructions to the Escrow Agent to return to WMI a number of shares equal to 1.25% of the number of Escrow Shares (as adjusted pursuant to the definition of Escrow Shares in the Merger Agreement) held by the Escrow Agent on the sixth anniversary of this Agreement (together with any dividends and distributions received on such shares and any interest or earnings on such dividends); provided, that if there has been a final, nonappealable judicial resolution or settlement of the Case involving two or more Installments prior to the sixth anniversary of this Agreement, the provisions of this subsection shall not apply.

10. Escrow Agent's Responsibility.

(a) The Escrow Agent's sole responsibility shall be for the safekeeping of the Escrow Fund, the establishment and maintenance of subaccounts pursuant to Section 4, the investment of the Escrow Fund pursuant to Section 5, the providing of loans as provided in Section 8, the disbursement thereof in accordance with Section 9 and such other duties and obligations expressly set forth in this Agreement. The Escrow Agent shall not be required to take any other action with reference to any matters which might arise in connection with the Escrow Fund, this Agreement, the Merger Agreement, the Warrant Exchange Agreement or any other agreement between or among any or all of the parties hereto (other than the Escrow Agent) or to which any such party is a party or to comply with any direction or instruction (other than those contained herein or delivered in accordance with this Agreement). The Escrow Agent may act upon any written instruction or other instrument which the Escrow Agent in good faith believes to be genuine and to be signed and sent by the proper Persons. The Escrow Agent shall not be required to take any action until such time as it has received written instructions as provided above and any tax or other information or documents reasonably requested by it. The Escrow Agent shall not be required to expend or risk any of its own funds or otherwise incur any financial liability (other than as expressly set forth herein) in the performance of its duties hereunder. The Escrow Agent shall not be liable for any action taken by it in good faith and believed to be authorized or within the rights or powers conferred upon it by this Escrow Agreement or for anything which the Escrow Agent may do or refrain from doing in connection herewith unless the Escrow Agent is guilty of gross negligence, bad faith or willful misconduct. The Escrow Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Escrow Agent (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility unless such unavailability is the result of the Escrow Agent's willful misconduct, bad faith or gross negligence). The Escrow Agent may from time to time consult with legal counsel of its own choice for advice concerning its

obligations under this Agreement, and it shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Escrow Agent has no duty to determine or inquire into the occurrence of any event or the performance or failure of performance of any of the parties hereto with respect to any agreements or arrangements with each other or with any other party or parties including, without limitation, the Merger Agreement or the Warrant Exchange Agreement.

(b) The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement, and no duties and obligations shall be inferred or implied. The Escrow Agent's duties and obligations are purely ministerial in nature, and nothing herein shall be construed to give rise to any fiduciary obligations of the Escrow Agent. In the event of any disagreement or the presentation of any adverse claim or demand in connection with the disbursement of the Escrow Fund, the Escrow Agent shall, at its option, be entitled to refuse to comply with any such claims or demands during the continuance of such disagreement and may refrain from delivering any items affected thereby, and in so doing, the Escrow Agent shall not become liable to the undersigned or to any other Person, due to its failure to comply with such adverse claim or demand. The Escrow Agent shall be entitled to continue, without liability, to refrain and refuse to act:

(i) until authorized to disburse by a court order from a court having jurisdiction of the parties and the money, after which time the Escrow Agent shall be entitled to act in conformity with such adjudication; or

(ii) until all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof and shall have been directed in writing, signed jointly or in counterpart by the undersigned and by all Persons making adverse claims or demands, at which time the Escrow Agent shall be protected in acting in compliance therewith.

(c) If at any time the Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process (collectively, "order") which in any way affects Escrow Property (including but not limited to orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of the Escrow Fund), the Escrow Agent shall deliver prompt notice of the order to other parties hereto and to each Holder so that any party or Holder may, solely at its own expense, intervene, and the Escrow Agent is otherwise authorized to comply with any such final order in any manner as it or its legal counsel of its own choosing deems appropriate; and if the Escrow Agent complies with any such final order, Escrow Agent shall not be liable to any of the parties hereto or to any other person or entity even though such final order, may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

(d) The Escrow Agent shall treat all communications pursuant to this Agreement, whether oral or written, confidentially and shall not make any public disclosure of communications to or from any party hereto. In the event that the Escrow Agent is requested in any proceeding to disclose any communications, the Escrow Agent shall give prompt notice to KH Partners, the FDIC, any Holder and WMI of such request so that KH Partners, the FDIC, such Holder or WMI may seek an appropriate protective order or other remedy.

11. Indemnification of Escrow Agent. WMI agrees to indemnify and hold the Escrow Agent and its officers and employees harmless for and from all claims, losses, liabilities and expenses (including, without limitation, reasonable legal fees and expenses, including any legal fees in any appeal or bankruptcy proceeding) arising out of or in connection with its acting as Escrow Agent under this Agreement, except in those instances where the Escrow Agent has been guilty of gross negligence, bad faith or willful misconduct. In addition, WMI agrees to pay to the Escrow Agent its reasonable fees and expenses in connection with the performance of its duties under this Agreement as set forth in the Escrow Fee Schedule as Schedule 1. Under no circumstances shall the Escrow Agent be entitled to charge the Escrow Fund for any amounts otherwise due to the Escrow Agent from WMI. The provisions of this Section 11 shall survive the termination of this Agreement and/or the removal or resignation of the Escrow Agent.

12. Termination. This Agreement shall terminate upon the complete disbursement of the remaining assets constituting the Escrow Fund in accordance with this Agreement. Upon such termination, the Escrow Agent shall close its records, and all of the Escrow Agent's liability and obligations in connection with the Escrow Fund and this Agreement shall terminate, other than liabilities and obligations incurred by it hereunder prior to such resignation becoming effective.

13. Notices and Communications. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if delivered in person or by courier, if by facsimile transmission (with receipt thereof acknowledged), or if sent by certified mail, return receipt requested and shall be deemed to have been received on the date of delivery in person, by courier, or by facsimile transmission, or on the date set forth in the return receipt, as follows:

If to the Escrow Agent, at:

The Bank of New York
101 Barclay Street
12 East
New York, New York 10286
Attn: Specialized Agency Group
Facsimile Number: (212) 815-7157
Telephone Number: (212) 815-5728

If to KH Partners, at:

Keystone Holdings Partners, L.P.
201 Main Street, 23rd Floor
Fort Worth, TX 76102
Attn: Ray L. Pinson
Facsimile Number: (817) 338-2047
Telephone Number: (817) 338-2047

Copies to:

Kelly, Hart & Hallman
201 Main Street, Suite 2500
Ft. Worth, TX 76102
Attn: Billie J. Ellis, Jr.
Facsimile Number: (817) 878-9280
Telephone Number: (817) 878-3539

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, NY 10006
Attn: Michael L. Ryan
Facsimile Number: (212) 225-3999
Telephone Number: (212) 225-2520

If to the FDIC, at:

Federal Deposit Insurance Corporation
801 17th Street, N.W.
Washington, D.C. 20434-0001
Attn: Director, Division of Resolutions
Facsimile Number: (202) 898-7024
Telephone Number: (202) 736-0368

Copy to:

Legal Division
Federal Deposit Insurance Corporation
1717 H Street, N.W.
Washington, D.C. 20434-0001
Attn: David M. Gearin, Senior Counsel
Facsimile Number: (202) 736-0382
Telephone Number: (202) 736-3027

If to WMI, at:

Washington Mutual, Inc.
1201 Third Avenue, 15th Floor
Seattle, WA 98101

Attn: Marc R. Kittner, Senior Vice President
Facsimile Number: (206) 554-2790
Telephone Number: (206) 461-2005

Copy to:

Foster Pepper & Shefelman
1111 Third Avenue, Suite 3400
Seattle, WA 98101
Attn: Fay L. Chapman
Facsimile Number: (206) 447-9700
Telephone Number: (206) 447-8937

Any party may change its address for notice purposes by providing written notice thereof in accordance with this Section. Notices to a Holder other than KH Partners or the FDIC shall be made in the manner described above to the address of such Holder as shown on the Escrow Agent's records. Whenever under the terms hereof the time for giving a notice or performing an act falls upon a Saturday, Sunday, or banking holiday, such time shall be extended to the next day on which the Escrow Agent is open for business.

14. Resignation; Removal.

(a) The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving 30 days' prior written notice of such resignation to WMI, KH Partners and the FDIC, specifying a date when such resignation shall take effect; provided, that no such resignation shall be effective until a successor Escrow Agent shall have been appointed and shall have accepted its appointment in writing as hereinafter set forth. Upon such notice, KH Partners, the FDIC and WMI shall use commercially reasonable efforts to mutually agree upon and appoint a successor Escrow Agent. If KH Partners, the FDIC and WMI are unable to agree upon a successor Escrow Agent within 30 days after such notice or such appointed Escrow Agent has not accepted such appointment in writing within such 30 day period, the Escrow Agent shall be entitled to appoint its successor, which shall be a commercial bank organized under the laws of the United States or any state thereof that has a combined capital and surplus of at least $1 billion. Upon delivery of the Escrow Property to successor Escrow Agent, Escrow Agent shall have no further duties, responsibilities or obligations hereunder.

(b) Any successor Escrow Agent (whether succeeding a resigning or removed Escrow Agent) shall deliver a written acceptance of its appointment to the resigning Escrow Agent, WMI, KH Partners, and the FDIC, and immediately thereafter, (i) the resigning Escrow Agent shall transfer and deliver the Escrow Fund to the successive Escrow Agent, whereupon the resignation of the resigning Escrow Agent shall become effective, and (ii) the successor Escrow Agent shall constitute the Escrow Agent for all purposes hereunder and all applicable provisions of this Agreement shall apply to the successor Escrow Agent as though it had been named herein.

Any such resignation shall not relieve the resigning Escrow Agent from any liability incurred by it hereunder prior to such resignation becoming effective.

(c) The Escrow Agent shall continue to serve until its successor accepts the duties of Escrow Agent hereunder. KH Partners, the FDIC and WMI shall have the right at any time upon their mutual consent to remove the Escrow Agent and substitute a new Escrow Agent, by giving 30 days' notice thereof to the then acting Escrow Agent. Any successor Escrow Agent appointed under this Section 14 shall be qualified to act as an escrow agent under applicable law.

15. Miscellaneous.

(a) This Agreement, in all respects, including all matters of construction, validity and performance, is governed by the internal laws of the State of New York as applicable to contracts executed and delivered in New York by citizens of such state to be performed wholly within such state without giving effect to the principles of conflicts of laws thereof. Each of the parties hereto hereby submits to the personal jurisdiction of and each agrees that all proceedings relating hereto shall be brought in courts located within the City and State of New York.

(b) Unless the context otherwise requires, under this Agreement words in the singular number include the plural, and words in the plural include the singular; and words of the masculine gender include the feminine and the neuter, and when the context so indicates words of the neuter gender may refer to any gender.

(c) All titles and headings in this Agreement are intended solely for convenience of reference and shall in no way limit or otherwise affect the interpretation of any of the provisions hereof.

(d) The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the parties hereto or their successors or assigns.

(e) Neither this Agreement nor, except as explicitly provided in this Agreement, any right or interest hereunder may be assigned in whole or in part by any party without the prior written consent of the other parties.

(f) This Agreement constitutes the entire agreement between the Escrow Agent, on the one hand, and KH Partners, the FDIC and WMI, on the other hand. This Agreement supersedes all proposals, oral or written, and all other communications, oral or written, between the parties relating to the subject matter of this Agreement.

(g) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(h) Each party hereto and each Holder, except the Escrow Agent, shall provide the Escrow Agent with their Tax Identification Number (TIN) as assigned by the Internal Revenue Service.

(i) If any provision hereunder shall require the action by or notice to KH Partners, the provision shall be read to require the action by or notice to Robert M. Bass if KH Partners shall no longer be in existence.

(j) The rights and remedies conferred upon the parties hereto shall be cumulative, and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of any additional rights or remedies. The waiver of any right or remedy hereunder shall not preclude the subsequent exercise of such right or remedy.

(k) Each party hereby represents and warrants (i) that this Agreement has been duly authorized, executed and delivered on its behalf and constitutes its legal, valid and binding obligation and (ii) that the execution, delivery and enforcement of this Agreement by such party does not and will not violate any applicable law or regulation.

(l) The Escrow Agent does not have any interest in the Escrow Fund but is serving as escrow holder only and having only possession thereof. WMI shall pay or reimburse the Escrow Agent upon request for any transfer taxes, stamp taxes or other similar taxes relating to the Escrow Fund incurred in connection herewith and shall indemnify the Escrow Agent for and hold the Escrow Agent harmless from any amounts that it is obligated to pay in the way of such taxes. WMI, KH Partners and the FDIC acknowledge that any such taxes paid by WMI shall be deemed an "amount" paid to the Escrow Agent pursuant to clause (4) of the first sentence in the definition of Net Case Proceeds herein and in Section 1 of the Merger Agreement. Any payments of income from this Escrow Account shall be subject to withholding regulations then in force with respect to United States taxes. The parties hereto will provide the Escrow Agent with appropriate W-9 forms for tax I.D., number certifications, or W-8 forms for non-resident alien certifications. It is understood that the Escrow Agent shall be responsible for income reporting only with respect to income earned on investment of funds which are a part of the Escrow Fund and is not responsible for any other reporting. This paragraph shall survive notwithstanding any termination of this Escrow Agreement or the resignation or removal of the Escrow Agent.

(m) At any time the Escrow Agent may request an instruction in writing from WMI, the FDIC and KH Partners, and may at its own option include in such request the course of action it proposes to take and the date on which it proposes to act, regarding any matter arising in connection with its duties and obligations hereunder. The Escrow Agent shall not be liable for acting in accordance with such a proposal on or after the date specified therein, provided that the specified date shall be at least three business days after WMI, the FDIC and KH Partners receive the Escrow Agent's request for instructions and its proposed course of

action, and provided further that, prior to so acting, the Escrow Agent has not received the written instructions requested.

(n) In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Escrow Agent hereunder, Escrow Agent may, in its sole discretion, refrain from taking any action other than retain possession of the Escrow Fund, unless the Escrow Agent receives written instructions, signed by all the parties hereto (other than the Escrow Agent) , which eliminates such ambiguity or uncertainty.

(o) In the event of any dispute between or conflicting claims by or among the parties hereto (other than the Escrow Agent) and/or any other person or entity with respect to any of the Escrow Fund, the Escrow Agent shall be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions with respect to the Escrow Fund so long as such dispute or conflict shall continue, and the Escrow Agent shall not be or become liable in any way to the parties hereto for failure or refusal to comply with such conflicting claims, demands or instructions. The Escrow Agent shall be entitled to refuse to act until, in its sole discretion, either (i) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing reasonably satisfactory to the Escrow Agent or (ii) the Escrow Agent shall have received an indemnity satisfactory to it sufficient to hold it harmless from and against any and all losses which it may incur by reason of so acting. The Escrow Agent may, in addition, elect, in its sole discretion, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, necessary. The costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Escrow Agent in connection with such proceeding shall be paid by WMI.

IN WITNESS WHEREOF, the parties, by their officers thereunto duly authorized, have executed and delivered this Agreement the date first above written.

KEYSTONE HOLDINGS PARTNERS, L.P.

By: KH Group Management, Inc.
Its General Partner

By: /s/ Ray L. Pinson
Name: Ray L. Pinson
Title: Vice President

WASHINGTON MUTUAL, INC.

By: /s/ Kerry Killinger
Name: Kerry Killinger
Title: President and Chief Executive Officer

FEDERAL DEPOSIT INSURANCE CORPORATION,
as manager of the FSLIC Resolution Fund

By: /s/ James A. Meyer
Name: James A. Meyer
Title: Assistant Director

THE BANK OF NEW YORK

By: /s/ Enrico D. Reyes
Name: Enrico D. Reyes
Title: Vice President

Exhibit 4.2

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of July 21, 1996, by and among Keystone Holdings Partners L.P., a Texas limited partnership (the "Partnership"), the Federal Deposit Insurance Corporation ("FDIC"), as manager of the FSLIC Resolution Fund (the "FRF") (collectively with the FDIC, the "Initial Securities Holders"), and Washington Mutual, Inc., a Washington corporation (the "Company").

WHEREAS, the Partnership owns all of the outstanding capital stock of Keystone Holdings Inc., a Delaware corporation ("Keystone");

WHEREAS, the Partnership, Keystone, the Company, and certain direct and indirect subsidiaries of Keystone are concurrently with the execution of this Agreement entering into an Agreement for Merger (the "Merger Agreement"), providing for the merger of Keystone with and into the Company in exchange for 26,000,000 newly issued shares of Common Stock, no par value, of the Company ("Common Stock") to be issued to the Partnership, all in accordance with the terms of the Merger Agreement;

WHEREAS, the Partnership, the FDIC, the Company, Keystone, certain of Keystone's direct and indirect subsidiaries and certain other parties are, concurrently with the execution of this Agreement, entering into that certain agreement (the "Warrant Exchange Agreement") pursuant to which the FDIC is to transfer at the Effective Time (as defined in the Merger Agreement) warrants that the FRF holds for capital stock of N.A. Capital Holdings, Inc. to the Company in exchange for 14,000,000 newly issued shares of Common Stock, all in accordance with the terms of the Warrant Exchange Agreement;

WHEREAS, pursuant to the Merger Agreement and the Warrant Exchange Agreement, the Company will issue at the Effective Time an additional 8,000,000 newly issued shares of Common Stock (the "Litigation Shares") and deliver such shares to an escrow agent for release on a proportional basis to the Initial Securities Holders, or their permitted assigns, in the event of a cash recovery in the Case after the Closing, all in accordance with the terms of the Merger Agreement, the Warrant Exchange Agreement and the Escrow Agreement (as defined in the Merger Agreement);

WHEREAS, the transactions contemplated by the Merger Agreement and the Warrant Exchange Agreement are to be consummated at the Closing;

WHEREAS, in connection with the Merger Agreement and the Warrant Exchange Agreement, the Company has agreed to provide the registration rights set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS.

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" shall have the meaning ascribed thereto in Rule 12b-2 promulgated by the Commission under the Exchange Act as in effect on the date hereof.

"Agreement" shall mean this Registration Rights Agreement, as it may be amended, supplemented or otherwise modified from time to time.

"Closing" shall have the meaning assigned to such term in the Recitals.

"Closing Date" shall mean the date on which the Closing occurs.

"Commission" shall mean the United States Securities and Exchange Commission or any successor thereto.

"Common Stock" shall have the meaning assigned to such term in the Recitals.

"Company" shall have the meaning assigned to such term in the Preamble.

"Company Public Sale Event" shall mean any sale by the Company of Common Stock for its own account as contemplated by subsection 4.1 pursuant to an effective Registration Statement filed by the Company, filed on Form S-1 or any other form for the general registration of securities with the Commission (other than a Registration Statement filed by the Company on either Form S-4 or Form S-8 or any registration in connection with a standby underwriting in connection with the redemption of outstanding convertible securities).

"Company Sale Notice" shall mean a Notice of Offering pursuant to Subsection 4.1 from the Company to each Security Holder stating that the Company proposes to effect a Company Public Sale Event.

"Effective Time" shall have the meaning assigned to such term in the Recitals.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and any rules and regulations promulgated thereunder, and any successor federal statute, rules or regulations.

"FDIC" shall have the meaning assigned to such term in the Preamble.

"Form S-1" shall mean such form of registration statement under the Securities Act as in effect on the date hereof or any successor form thereto.

"Form S-3" shall mean such form of registration statement under the Securities Act as in effect on the date hereof or any successor form thereto.

"Form S-4" shall mean such form of registration statement under the Securities Act as in effect on the date hereof or any successor form thereto.

"Form S-8" shall mean such form of registration statement under the Securities Act as in effect on the date hereof or any successor form thereto.

"FRF" shall have the meaning assigned to such term in the Preamble.

"Initial Merger Shares" shall mean the aggregate of 40,000,000 newly issued shares of Common Stock issued by the Company pursuant to the terms of the Merger Agreement and the Warrant Exchange Agreement at the Effective Time, which shall consist of the 26,000,000 Keystone Initial Shares (as defined in the Merger Agreement) and the 14,000,000 FRF Initial Shares (as defined in the Merger Agreement). Notwithstanding the foregoing, if an Adjustment Event (as defined in the Merger Agreement) shall have occurred, then the Keystone Initial Shares shall be reduced to 25,883,333 shares of Common Stock, and the numbers 40,000,000 and 26,000,000 in this Agreement, shall be changed to the numbers 39,883,333 and 25,883,333, respectively, subject to Section 2.2(c) of the Merger Agreement.

"Initial Securities Holders" shall have the meaning assigned to such term in the Preamble of this Agreement.

"Initial Underwriting" shall mean the underwritten public offering referred to in Section 2.

"Keystone" shall have the meaning assigned in the first Recital.

"Litigation Shares" shall have the meaning assigned to such term in the Recitals.

"Litigation Shelf" shall have the meaning assigned to such term in subsection 3.1(b) hereof.

"Merger Agreement" shall have the meaning assigned to such term in the Recitals.

"NASD" shall mean the National Association of Securities Dealers,

Inc. or any successor thereto.

"Notice of Offering" shall mean a written notice with respect to (a) the Initial Underwriting, or (b) a proposed underwritten public offering pursuant to the Shelf Registration Statement or (c) a Company Public Sale Event, in each case setting forth (i) the expected maximum and minimum number of shares of Registrable Common or Common Stock, as the case may be, proposed to be offered and sold, (ii) the lead managing underwriter, if applicable or selected and (iii) the proposed method of distribution and the expected timing of the offering.

"Partnership" shall have the meaning assigned to such term in the Preamble of this Agreement.

"Person" shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

"Piggybacking Securities Holder" shall mean Securities Holders selling Registrable Common in connection with a Company Public Sale Event pursuant to subsection 4.3.

"Preliminary Prospectus" shall mean each preliminary prospectus included in a Registration Statement or in any amendment thereto prior to the date on which such Registration Statement is declared effective under the Securities Act, including any prospectus filed with the Commission pursuant to Rule 424(a) under the Securities Act.

"Prospectus" shall mean each prospectus included in a Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Registration Statement in accordance with Rule 430A), together with any supplement thereto, and any material incorporated by reference into such Prospectus, all as filed with, or transmitted for filing to, the Commission pursuant to Rule 424(b) under the Securities Act.

"Public Sale Event" shall mean the Initial Underwriting, an underwritten public offering under the Shelf Registration Statement or the Litigation Shelf, or a Company Public Sale Event, as the case may be.

"Purchase Agreement" shall mean any written agreement entered into by any Securities Holder providing for the sale of Registrable Common in the manner contemplated by a related Registration Statement, including the sale thereof to an underwriter for an offering to the public.

"Registrable Common" shall mean (a) the Initial Merger Shares and (b) any other securities issued as (or issuable upon the conversion or

exercise of any warrant, right, option or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the Initial Merger Shares; provided, however, that any such Registrable Common shall cease to be Registrable Common when (i) a Registration Statement with respect to the sale of such Registrable Common has been declared effective under the Securities Act and such securities have been disposed of in accordance with the plan of distribution set forth in such Registration Statement, (ii) such shares are disposed of pursuant to Rule 144 (or any similar provisions then in force) under the Securities Act, (iii) such Registrable Common shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer under the Securities Act shall have been delivered by the Company and they may be resold without subsequent registration or qualification under the Securities Act or any state securities laws then in force, or (iv) such securities shall cease to be outstanding; provided, further, that any securities that have ceased to be Registrable Common cannot thereafter become Registrable Common, and any security that is issued or distributed in respect to securities that have ceased to be Registrable Common shall not be Registrable Common.

"Registrable Litigation Shares" shall mean (a) the Litigation Shares and (b) any other securities issued as (or issuable upon the conversion or exercise of any warrant, right, option or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the Litigation Shares; provided, however, that any such Registrable Litigation Shares shall cease to be Registrable Litigation Shares when (i) a Registration Statement with respect to the sale of such Registrable Litigation Shares has been declared effective under the Securities Act and such securities have been disposed of in accordance with the plan of distribution set forth in such Registration Statement, (ii) such shares are disposed of pursuant to Rule 144 (or any similar provisions then in force) under the Securities Act, (iii) such Registrable Litigation Shares shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer under the Securities Act shall have been delivered by the Company and they may be resold without subsequent registration or qualification under the Securities Act or any state securities laws then in force, or (iv) such securities shall cease to be outstanding; provided, further, that any securities that have ceased to be Registrable Litigation Shares cannot thereafter become Registrable Litigation Shares, and any security that is issued or distributed in respect to securities that have ceased to be Registrable Litigation Shares shall not be Registrable Litigation Shares.

"Registration" shall mean a registration of securities pursuant to the Securities Act.

"Registration Statement" shall mean any registration statement

(including the Preliminary Prospectus, the Prospectus, any amendments (including any post-effective amendments) thereof, any supplements and all exhibits thereto and any documents incorporated therein by reference pursuant to the rules and regulations of the Commission), filed by the Company with the Commission under the Securities Act in connection with any Public Sale Event.

"Responsible Officer" shall mean, as to the Company, the chief executive officer, the president, the chief financial officer or any executive or senior vice president of the Company.

"Rule 144" shall mean Rule 144 promulgated by the Commission under the Securities Act, or any successor to such Rule.

"Rule 415" shall mean Rule 415 promulgated by the Commission under the Securities Act, or any successor to such Rule.

"Rule 424" shall mean Rule 424 promulgated by the Commission under the Securities Act, or any successor to such Rule.

"Rule 430A" shall mean Rule 430A promulgated by the Commission under the Securities Act, or any successor to such Rule.

"Sale Event" shall mean any sale by the Company of Common Stock pursuant to a Company Public Sale Event or any sale by any Securities Holder of Registrable Common pursuant to the Initial Underwriting or the Shelf Registration Statement, or Registrable Litigation Shares pursuant to the Litigation Shelf.

"Securities Act" shall mean the Securities Act of 1933, as amended, and any rules and regulations promulgated thereunder and, any successor federal statutes, rules or regulations.

"Securities Holder" shall mean any Initial Securities Holder and any transferee thereof to whom are transferred the rights and obligations of a Securities Holder pursuant to subsection 6.8.

"Securities Holders' Counsel" shall mean the single law firm from time to time representing the Securities Holders collectively as appointed by Securities Holders owning a majority of the Registrable Common and Registrable Litigation Shares held by Securities Holders at the time of such appointment.

"Securities Holder's Questionnaire" shall mean the questionnaire to be provided by each Securities Holder to the Company, substantially in the form of Annex A, as the same from time to time may be amended, supplemented or otherwise modified.

"Shelf Registration Statement" shall have the meaning assigned to such term in subsection 3.1.

"Significant Securities Holder" shall mean, on any date of determination thereof, a Securities Holder then holding or beneficially owning in the aggregate more than 5% of the number of shares of the Common Stock then outstanding.

"Supplemental Addendum" shall mean a Supplemental Addendum substantially in the form of Annex B to this Agreement.

"Termination Date" shall mean the later of the respective dates on which the Company has no further obligation under the terms of this Agreement to file or keep effective the Shelf Registration Statement or the Litigation Shelf, as the case may be.

"Warrant Exchange Agreement" shall have the meaning assigned to it in the Recitals.

i. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, references to sections, subsections, schedules and exhibits are references to such in this Agreement.

SECTION 2. INITIAL UNDERWRITING.

2.1 Underwritten Offering. The Company will use its best efforts to cause to be effective on the Closing Date, or as soon as practicable thereafter (recognizing that time is of the essence), a Registration Statement with respect to an underwritten public offering of not less than 7.5 million and not more than 20 million shares of Registrable Common; provided, however, that the Company agrees that it shall not cause such Registration Statement to be effective on the Closing Date or as soon as practicable thereafter if the Company and the holders of a majority of the Registrable Common participating in the Initial Underwriting mutually agree prior to the Closing Date, or thereafter, to cause such Registration Statement to be declared effective on another date, which date shall not be under any circumstances later than the date three (3) days after the Company publishes financial results covering thirty (30) days or more of post-Merger combined operations. Promptly after the execution hereof, the Company shall send a Notice of Offering to the Initial Securities Holders with respect to the Initial Underwriting. The Initial Securities Holders shall thereafter have thirty (30) days within which to submit a written response to the Company expressing their interest in participating in the Initial Offering and specifying the number of shares of Registrable Common they desire to sell in the Offering. Subject to subsection 2.3 hereof, all Securities Holders will be entitled to participate in the Initial Underwriting in accordance with the related Notice of Offering to the full extent of their Registrable Common; provided, however, that no Securities Holder shall be entitled to participate in the Initial Underwriting if such participation would be a violation of the pooling representation letter

given by such Securities Holder to the Company pursuant to the Merger Agreement.

2.2 Underwriters. The underwriters for the Initial Underwriting will be nationally recognized underwriters chosen by Securities Holders owning a majority of the Registrable Common held by Securities Holders anticipated to be participating in the Initial Underwriting, as previously identified to the Company.

2.2 Allocation in Initial Underwriting. If all the eligible shares of Registrable Common requested to be included in the Initial Underwriting cannot be so included as a result of the limit on the aggregate number of shares of Registrable Common set forth in subsection 2.1, the number of shares of Registrable Common that may be so included shall be allocated among the Securities Holders pro rata on the basis of the number of shares of Registrable Common held by such eligible Securities Holders; provided, however, that such allocation shall not operate to reduce the aggregate number of shares of Registrable Common that may be so included in such underwriting. If any Securities Holder does not request inclusion of the maximum number of eligible shares of Registrable Common allocated to it pursuant to the above-described procedure, the remaining portion of its allocation shall be reallocated among those requesting eligible Securities Holders whose allocation did not satisfy their requests pro rata on the basis of the number of shares of Registrable Common held by such Securities Holders, and this procedure shall be repeated until all of the shares of Registrable Common which may be included in the underwriting have been so allocated.

SECTION 3. SHELF REGISTRATION.

3.1 Shelf Registration. The Company agrees to prepare and file with the Commission a "shelf" Registration Statement on Form S-3 for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Common not previously sold in the Initial Underwriting (the "Shelf Registration Statement"). The permitted methods of distribution of shares of Registrable Common under the Shelf Registration Statement shall be limited to transactions complying with the provisions of Rule 144(f) and underwritten offerings of shares of Registrable Common under the Shelf Registration Statement in accordance with this Section 3. The Company will use its best efforts to have such Registration Statement declared effective by the Commission on or as soon as practicable after the date that is nine (9) months after the Effective Date (as defined in the Merger Agreement). The Company shall use its best efforts to keep the Shelf Registration Statement continuously effective until the earlier of (A) the date three (3) years after the effective date of the Shelf Registration Statement (subject to any "black-out" periods and extensions of such three-year period pursuant to subsection 5.1) and (B) the date on which no Registrable Common remains outstanding.

(b) The Company agrees to prepare and file with the Commission a "shelf" Registration Statement on Form S-3 for an offering to be made on a

continuous basis pursuant to Rule 415 covering all of the Litigation Shares that are distributed to the Initial Securities Holders or their permitted assigns pursuant to the Merger Agreement (the "Litigation Shelf"). The permitted method of distribution of such Litigation Shares shall be limited to transactions complying with the provisions of Rule 144(f). The Company will use its best efforts to (i) have such Registration Statement declared effective by the Commission on or as soon as practicable after the first date any Litigation Shares are distributed from the escrow established at the Closing under the Merger Agreement, and (ii) to keep such Registration Statement continuously effective until the earlier of (A) the date three (3) years thereafter (subject to any "black-out" periods and extensions of such three-year period pursuant to subsection 5.1), and (B) the date on which no Registrable Litigation Shares remain outstanding. Notwithstanding the foregoing, in the event any Aggregate Escrow Distribution (as defined in the Merger Agreement) is made over time as a result of Installments (as defined in the Merger Agreement), the Company shall be obligated to use its best efforts to keep the Litigation Shelf continuously effective until the earlier of (I) the date one (1) year after the last distribution of Litigation Shares from the escrow (so long as such date is at least three (3) years after the first date any Litigation Shares are distributed from such escrow) and (II) the date on which no Registrable Litigation Shares remain outstanding.

3.2 Demand Underwritings. If the Company shall at any time receive a Notice of Offering from any Securities Holder or Securities Holders holding a minimum of 15% of the Registrable Common then outstanding (but in no event less than 3,000,000 shares) requesting an underwritten public offering of Registrable Common under the Shelf Registration Statement that has anticipated aggregate proceeds at the time of the request (net of underwriting discounts, commissions and expenses) in excess of $10,000,000, the Company shall, subject to the terms and conditions hereof, be obligated to use its best efforts to facilitate such proposed underwritten public offering pursuant to the terms of this Agreement. The provisions of this subsection 3.2 shall not be applicable to Registrable Litigation Shares.

(b) Following receipt of the notice referred to in subsection 3.2(a), the Company shall promptly give a Notice of Offering to all Securities Holders (other than the demanding Securities Holders), which shall set forth the right of such Securities Holders to include any or all shares of Registrable Common held by such Securities Holders in the proposed offering, subject to the terms of this Agreement. Subject to subsection 3.2(e), the Company shall use its best efforts to facilitate the inclusion in the proposed underwritten public offering of the number of shares of Registrable Common specified in written requests from such Securities Holders that are received by the Company within fifteen (15) days after the Company provides its Notice of Offering to all Securities Holders.

(c) The Securities Holders shall be entitled to a total of four (4) underwritten public offerings of Registrable Common under the Shelf Registration Statement during the three (3) year period following the

effective date of the Shelf Registration Statement (subject to any "black out" periods and extensions of such three (3) year period pursuant to subsection 5.1); provided, that no more than two of such underwritten public offerings may take place in any twelve (12) month period.

(d) All underwritten public offerings of Registrable Common under the Shelf Registration Statement shall be broadly distributed. If at any time any of the Securities Holders of the Registrable Common covered by the Shelf Registration Statement desire to sell Registrable Common in an underwritten offering in accordance with the limitations of this subsection 3.2, the investment banker or investment bankers that will manage the offering will be nationally recognized underwriters selected jointly by the Company and by the Securities Holders owning a majority of the Registrable Common held by Securities Holders included in such offering.

(e) If all the shares of Registrable Common requested to be included in any underwritten public offering pursuant to this Section 3 cannot be so included as a result of any reasonable limit established by the underwriters on the aggregate number of shares of Registrable Common included in such underwriting, the number of shares of Registrable Common that may be so included shall be allocated among the Securities Holders pro rata on the basis of the number of shares of Registrable Common held by such Securities Holders; provided, however, that such allocation shall not operate to reduce the aggregate number of shares of Registrable Common that may be so included in such underwriting. If any Securities Holder does not request inclusion of the maximum number of shares of Registrable Common allocated to it pursuant to the above-described procedure, the remaining portion of its allocation shall be reallocated among those requesting Securities Holders whose allocation did not satisfy their requests pro rata on the basis of the number of shares of Registrable Common held by such Securities Holders, and this procedure shall be repeated until all of the Registrable Shares which may be included in the underwriting have been so allocated.

(f) Securities Holders holding a majority of the Registrable Common exercising a demand right for an underwritten public offering under this subsection 3.2 may withdraw the exercise of such right on behalf of all such exercising Securities Holders as a result of a material adverse change in the earnings, condition, financial or otherwise, or prospects of the Company, or a material adverse change in the market for equity securities generally by giving written notice to the Company prior to the date the Purchase Agreement for such underwritten public offering is signed, and such withdrawn demand registration right shall not be deemed to be one of the four demand rights provided under Section 3.2(c); provided, however, that the Company shall not be required to deliver a Notice of Offering with respect to a renewed or new demand for an underwritten public offering pursuant to subsection 3.2 or to take any other action with respect to any such renewed or new demand for a period of ninety (90) days following any such notice of withdrawal.

SECTION 4. COMPANY SALE EVENTS.

4.1 Determination. Subject to subsection 5.2, the Company may at any time effect a Company Public Sale Event pursuant to a Registration Statement filed by the Company if the Company gives each Securities Holder a Company Sale Notice, provided that such Company Sale Notice is given not less than 21 days prior to the initial filing of the related Registration Statement. The obligation of the Company to give to each Securities Holder a Company Sale Notice and to permit piggyback registration rights to Securities Holders with respect to Registrable Common in connection with Company Sale Events in accordance with this Section 4 shall terminate on the earlier of (A) the date three (3) years after the effective date of the Shelf Registration Statement (subject to any "black-out" periods and extensions of such three-year period pursuant to subsection 5.1) and (B) the date on which no Registrable Common remains outstanding. The provisions of this Section 4 shall not be applicable to Registrable Litigation Shares.

4.2 Notice. The Company Sale Notice shall offer the Securities Holders the opportunity to participate in such offering and include the number of shares of Registrable Common which represents the best estimate of the lead managing underwriter (or, if not known or applicable, the Company) that will be available for sale by the Securities Holders in the proposed offering.

4.3 Piggyback Rights of Securities Holders. (a) If the Company shall have delivered a Company Sale Notice, Securities Holders shall be entitled to participate on the same terms and conditions as the Company in the Company Public Sale Event to which such Company Sale Notice relates and to offer and sell shares of Registrable Common therein only to the extent provided in this subsection 4.3. Each Securities Holder desiring to participate in such offering shall notify the Company no later than ten (10) days following receipt of a Company Sale Notice of the aggregate number of shares of Registrable Common that such Securities Holder then desires to sell in the offering.

(b) Each Securities Holder desiring to participate in a Company Public Sale Event may include shares of Registrable Common in any Registration Statement relating to a Company Public Sale Event to the extent that the inclusion of such shares shall not reduce the number of shares of Common Stock to be offered and sold by the Company to be included therein. If the lead managing underwriter selected by the Company for a Company Public Sale Event advises the Company in writing that the total number of shares of Common Stock to be sold by the Company together with the shares of Registrable Common which such holders intend to include in such offering would be reasonably likely to adversely affect the price or distribution of the Common Stock offered in such Company Public Sale Event or the timing thereof, then there shall be included in the offering only that number of shares of Registrable Common, if any, that such lead managing underwriter reasonably and in good faith believes will not jeopardize the marketing of the offering; provided that if the lead

managing underwriter determines that such factors require a limitation on the number of shares of Registrable Common to be offered and sold as aforesaid and so notifies the Company in writing, the number of shares of Registrable Common to be offered and sold by Securities Holders desiring to participate in the Company Public Sale Event, shall be allocated among those Securities Holders desiring to participate in such Company Public Sale Event on a pro rata basis based on their holdings of Registrable Common. If any Securities Holder does not request inclusion of the maximum number of shares of Registrable Common allocated to it pursuant to the above-described procedure, the remaining portion of its allocation shall be reallocated among those requesting Securities Holders whose allocation did not satisfy their requests pro rata on the basis of the number of shares of Registrable Common held by such Securities Holders, and this procedure shall be repeated until all of the shares of Registrable Common which may be included in the underwriting have been so allocated.

4.4 Discretion of the Company. In connection with any Company Public Sale Event, subject to the provisions of this Agreement, the Company, in its sole discretion, shall determine whether (a) to proceed with, withdraw from or terminate such Company Public Sale Event, (b) to enter into a purchase agreement or underwriting agreement for such Company Public Sale Event, and (c) to take such actions as may be necessary to close the sale of Common Stock contemplated by such offering, including, without limitation, waiving any conditions to closing such sale which have not been fulfilled. No public offering effected pursuant to this Section 4 shall be deemed to have been effected pursuant to Section 2 or Section 3 hereof.

SECTION 5. BLACK-OUT PERIODS.

5.1 Black-Out Periods for Securities Holders. (a) No Securities Holder shall offer to sell or sell any shares of Registrable Common pursuant to the Shelf Registration Statement or Registrable Litigation Shares pursuant to the Litigation Shelf during the 60-day period immediately following the effective date of any Registration Statement filed by the Company in respect of a Company Public Sale Event.

(b) No Securities Holder shall offer to sell or sell any shares of Registrable Common pursuant to the Shelf Registration Statement or Registrable Litigation Shares pursuant to the Litigation Shelf, and the Company shall not be required to supplement or amend any Registration Statement or otherwise facilitate the sale of Registrable Common or Registrable Litigation Shares pursuant thereto, during the 90-day period (or such lesser number of days until the Company makes its next required filing under the Exchange Act) immediately following the receipt by each Securities Holder of a certificate of an authorized officer of the Company to the effect that the Board of Directors of the Company has determined in good faith that such offer, sale, supplement or amendment is likely to (1) interfere with or affect the negotiation or completion of any transaction that is being contemplated by the Company (whether or not a final decision has been made to undertake such transaction) at the time the right to delay is exercised, or (2) involve initial or continuing disclosure obligations

that might not be in the best interest of the Company or its stockholders. If any proposed sale is so postponed as provided herein, Securities Holders having filed the Notice of Offering pursuant to subsection 3.2 to which the deferral relates may, within 30 days after receipt of the notice of postponement, advise the Company in writing that it has determined to withdraw its request for registration, and such demand registration request shall be deemed to be withdrawn and such request shall be deemed not have been exercised for purposes of determining whether such holders retain the right to demand registrations pursuant to Section 3.2(c). Any period described in subsection 5.1(a) or 5.1(b) during which Securities Holders are not able to sell shares of Registrable Common pursuant to the Shelf Registration Statement or Registrable Litigation Shares pursuant to the Litigation Shelf is herein referred to as a "black-out" period. The Company shall notify each Securities Holder of the expiration or earlier termination of any "black-out" period (the nature and pendency of which need not be disclosed during such "black-out" period).

(c) The period during which the Company is required pursuant to subsection 3.1(a) or 3.1(b), respectively, to keep the Shelf Registration Statement or the Litigation Shelf continuously effective shall be extended by a number of days equal to the number of days, if any, of any "black-out" period applicable to Securities Holders pursuant to this subsection 5.1 occurring during such period, plus a number of days equal to the number of days during such period, if any, of any period during which the Securities Holders are unable to sell any shares of Registrable Common pursuant to the Shelf Registration Statement or Registrable Litigation Shares pursuant to the Litigation Shelf as a result of the happening of any event of the nature described in subsection 6.3(c)(ii), 6.3(c)(iii) or 6.3(c)(v).

5.2 Black-Out Period for the Company. Except for offers to sell and sales of Common Stock pursuant to a Registration Statement on Form S-8 or on Form S-4, standby underwritings in connection with the redemption of outstanding convertible securities, the conversion of outstanding convertible securities or in connection with the acquisition by the Company of another company or business, the Company shall not publicly offer to sell or sell any shares of capital stock of the Company during the 60-day period immediately following the initial sale of shares by any Securities Holder in an underwritten public offering of shares of Registrable Common pursuant to Sections 2 or 3.

5.3 Financial Reporting. The Company agrees that during the period from and after the Effective Time to and including the date 90 days thereafter, it will not publish financial results covering 30 or more days of post-Merger combined operations, except as part of the publication of financial results in the ordinary course for a quarterly operating period that includes such post-Merger combined operations, unless otherwise required by law.

SECTION 6. AGREEMENTS CONCERNING OFFERINGS.

6.1 Obligations of Securities Holders. (a) Each Securities Holder

shall, upon the reasonable request of the Company, advise the Company of the number of shares of Registrable Common and Registrable Litigation Shares then held or beneficially owned by it.

(b) It shall be a condition precedent to the obligations of the Company to effect a Registration of, or facilitate any Public Sale Event with respect to, any shares of Registrable Common or Registrable Litigation Shares for any Securities Holder that such Securities Holders shall have furnished to the Company a complete Securities Holder's Questionnaire and such additional information regarding such Securities Holder, the Registrable Common or Registrable Litigation Shares held by them and the intended method of disposition of such securities as shall be required by law, the Commission or the NASD, and any other information relating to such Registration reasonably required by the Company.

6.2 Obligations of the Company. Whenever required under this Agreement to proceed with a Registration of any Registrable Common or Registrable Litigation Shares, the Company shall, subject to the terms and conditions of this Agreement, use its best efforts to proceed as expeditiously as reasonably possible to:

(a) Prepare and file with the Commission a Registration Statement with respect to such Registrable Common or Registrable Litigation Shares and use its best efforts to cause such Registration Statement to become effective; provided, however, that before filing a Registration Statement or Prospectus or any amendments or supplements thereto, the Company will furnish to the Security Holders covered by such Registration Statement and to Securities Holders' counsel copies of any such Registration Statement or Prospectus proposed to be filed.

(b) Prepare and file with the Commission such amendments (including post-effective amendments) to such Registration Statement and supplements to the related Prospectus used in connection with such Registration Statement, and otherwise use its best efforts, to the end that such Registration Statement reflects the plan of distribution of the securities registered thereunder that is included in the relevant Notice of Offering and is effective until the completion of the distribution contemplated by such Registration Statement or so long thereafter as a broker or dealer is required by law to deliver a Prospectus in connection with the offer and sale of the shares of Registrable Common or Registrable Litigation Shares covered by such Registration Statement and/or as shall be necessary so that neither such Registration Statement nor the related Prospectus shall contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and so that such Registration Statement and the related Prospectus will otherwise comply with all applicable legal and regulatory requirements. The Company shall not be deemed to have effected a Registration for any purpose under this Agreement unless and until such Registration Statement is declared effective by the Commission.

(c) Provide to any Securities Holder requesting to include

Registrable Common or Registrable Litigation Shares in such Registration Statement and any managing underwriter(s) participating in any distribution thereof and to any attorney, accountant or other agent retained by such Securities Holder or managing underwriter(s), reasonable access to appropriate officers and directors of the Company, its independent auditors and counsel to ask questions and to obtain information (including any financial and other records and pertinent corporate documents) reasonably requested by any such Securities Holder, managing underwriter(s), attorney, accountant or other agent in connection with such Registration Statement or any amendment thereto, provided, however, that (i) in connection with any such access or request, any such requesting Persons shall cooperate to the extent reasonably practicable to minimize any disruption to the operation by the Company of its business and (ii) any records, information or documents shall be kept confidential by such requesting Persons, unless (i) such records, information or documents are in the public domain or otherwise publicly available or (ii) disclosure of such records, information or documents is required by court or administrative order or by applicable law (including, without limitation, the Securities Act).

(d) Furnish at the Company's expense to the participating Securities Holders and any managing underwriter(s) and to any attorney, accountant or other agent retained by such Securities Holder or managing underwriter(s), such number of copies of any Registration Statement and Prospectus, including any Preliminary Prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the shares of Registrable Common or Registrable Litigation Shares owned by them.

(e) Prior to any Public Sale Event, use its best efforts to register and qualify the securities covered by such Registration Statement (to the extent exemptions are not available) under securities or "Blue Sky" laws of such other jurisdictions as shall be reasonably requested by the Securities Holders or the managing underwriter(s) and to keep each such registration or qualification effective during the period required for such Public Sale Event to be consummated; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions in which it has not already done so.

(f) Enter into and perform its obligations under a Purchase Agreement, if the offering is an underwritten offering, in usual and customary form, with the managing underwriter(s) of such underwritten offering; provided, however, that each Securities Holder participating in such Public Sale Event shall also enter into and perform its obligations under such Purchase Agreement so long as such obligations are usual and customary obligations of selling stockholders in a registered public offering.

(g) Use its best efforts to cause the Registrable Common or Registrable Litigation Shares covered by the Registration Statement to be listed on each national securities exchange in the United States on which

the Common Stock is then listed or quoted on each inter-dealer quotation system on which the Common Stock is then quoted.

(h) Provide for or designate a transfer agent and registrar (which may be the same entity) for the Registrable Common or Registrable Litigation Shares covered by the Registration Statement from and after the effective date of such Registration Statement.

(i) Cooperate with the selling Securities Holders of Registrable Common and any managing underwriters to facilitate the timely issuance and delivery to any underwriters to which any Securities Holder may sell Registrable Common in such offering certificates evidencing shares of the Registrable Common not bearing any restrictive legends and in such denominations and registered in such names as the managing underwriters may request.

6.3 Agreements Related to Offerings. Subject to the terms and conditions hereof, in connection with the Registration Statement covering the Initial Underwriting, any Company Public Sale Event, the Shelf Registration Statement and the Litigation Shelf, as applicable:

(a) The Company will cooperate with the underwriters for any underwritten public offering of Registrable Common proposed to be sold pursuant to a Registration Statement, and will, unless the parties to the Purchase Agreement otherwise agree, use its best efforts to enter into a Purchase Agreement not inconsistent with the terms and conditions of this Agreement and containing such other terms and conditions of a type and form reasonable and customary for companies of similar size and credit rating (including, but not limited to, such provisions for delivery of a "comfort letter" and legal opinion as are customary), and use its best efforts to take all such other reasonable actions as are necessary or advisable to permit, expedite and facilitate the disposition of such shares of Registrable Common in the manner contemplated by such Registration Statement in each case to the same extent as if all the shares of Registrable Common then being offered were for the account of the Company.

(b) Neither such Registration Statement nor any amendment or supplement thereto will be filed by the Company until Securities Holders' Counsel shall have had a reasonable opportunity to review the same and to exercise its rights under subsection 6.2(c) with respect thereto. No amendment to such Registration Statement naming any Securities Holder as a selling security holder shall be filed with the Commission until such Securities Holder shall have had a reasonable opportunity to review such Registration Statement as originally filed. Neither such Registration Statement nor any related Prospectus or any amendment or supplement thereto shall be filed by the Company with the Commission which shall be disapproved (for reasonable cause) by the managing underwriters named therein or Securities Holders' Counsel within a reasonable period after notice thereof.

(c) The Company will use its reasonable efforts to keep the

Securities Holders informed of the Company's best estimate of the earliest date on which such Registration Statement or any post-effective amendment thereto will become effective and will notify each Securities Holder, Securities Holders' Counsel and the managing underwriter(s), if any, participating in the distribution pursuant to such Registration Statement promptly (i) when such Registration Statement or any post-effective amendment to such Registration Statement is filed or becomes effective, (ii) of any request by the Commission for an amendment or any supplement to such Registration Statement or any related Prospectus, or any other information request by any other governmental agency directly relating to the offering, and promptly deliver to each Securities Holder participating in the offering and the managing underwriter(s), if any, copies of all correspondence between the Commission or any such governmental agency or self-regulatory body and all written memoranda relating to discussions with the Commission or its staff with respect to the Registration Statement or proposed sale of shares, to the extent not covered by attorney-client privilege or constituting attorney work product, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement or of any order preventing or suspending the use of any related Prospectus or the initiation or threat of any proceeding for that purpose, (iv) of `the suspension of the qualification of any shares of Common Stock included in such Registration Statement for sale in any jurisdiction or the initiation or threat of a proceeding for that purpose, (v) of any determination by the Company that an event has occurred (the nature and pendency of which need not be disclosed during a "black-out period" pursuant to subsection 5.1(b)) which makes untrue any statement of a material fact made in such Registration Statement or any related Prospectus or which requires the making of a change in such Registration Statement or any related Prospectus in order that the same will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (vi) of the completion of the distribution contemplated by such Registration Statement if it relates to a Company Sale Event, and (vii) if at any time the representations and warranties of the Company under Section 7 cease to be true and correct in all material respects.

(d) In the event of the issuance of any stop order suspending the effectiveness of such Registration Statement or of any order suspending or preventing the use of any related Prospectus or suspending the qualification of any shares of Common Stock included in such Registration Statement for sale in any jurisdiction, the Company will use its reasonable best efforts to obtain its withdrawal at the earliest possible time.

(e) The Company agrees to otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to the Security Holders, as soon as reasonably practicable, but not later than fifteen months after the effective date of such Registration Statement, an earnings statement covering the period of at least twelve months beginning with the first full fiscal quarter after the effective date of such Registration Statement, which earnings statement shall satisfy

the provisions of Section 11(a) of the Securities Act.

(f) The Company shall, subject to permitted "black-out" periods, upon the happening of any event of the nature described in subsection 6.3(c)(ii), 6.3(c)(iii) or 6.3(c)(v), as expeditiously as reasonably possible, prepare a supplement or post-effective amendment to the applicable Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required documents and deliver a copy thereof to each Securities Holder so that, as thereafter delivered to the purchasers of the Registrable Common or Registrable Litigation Shares being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

6.4 Certain Expenses. The Company shall pay all fees, disbursements and expenses in connection with the Initial Underwriting, any Company Sale Event, the Shelf Registration Statement and the Litigation Shelf and the performance of its obligations hereunder (including those pursuant to Section 3.2 hereof), including, without limitation, to the extent applicable, all registration and filing fees, printing, messenger and delivery expenses, fees of the Company's auditors, listing fees, registrar and transfer agents' fees, reasonable fees and disbursements of Securities Holders' Counsel in connection with the registration but not the disposition of the Registrable Common and Registrable Litigation Shares (provided that the Company shall have no obligation to reimburse the fees and disbursements of any other counsel to any Securities Holder), fees and disbursements for counsel for the Company, fees and expenses (including reasonable fees and disbursements of counsel) of complying with applicable state securities or "Blue Sky" laws and the fees of the NASD in connection with its review of any offering contemplated in any such Registration Statement, but not including underwriting discounts and commissions or brokerage commissions on any shares of Registrable Common or Registrable Litigation Shares sold in any such offering.

6.5 Reports Under the Exchange Act. From the date hereof to the Termination Date, the Company agrees to:

(i) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act or the Exchange Act; and

(ii) furnish to any Securities Holder, forthwith upon request (A) a written statement by the Company that it has complied with the current public information and reporting requirements of Rule 144 and the Exchange Act, (B) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (C) such other information as may be reasonably requested in connection with any Securities Holder availing itself of any rule or regulation of the Commission which permits the selling of

any such securities without Registration or pursuant to such rule or regulation.

(b) If any Securities Holder is required to file a Form 144 with respect to any sale of shares of Registrable Common or Registrable Litigation Shares, such Securities Holder shall promptly deliver to the Company a copy of such completed Form 144 filed with the Commission.

6.6 Limitations on Subsequent Registration Rights. From the date hereof to the Termination Date, the Company shall not, without the prior written consent of Securities Holders owning a majority of the shares of Registrable Common and Registrable Litigation Shares held by Securities Holders at such time, enter into any agreement (other than this Agreement) which would allow any holder or prospective holder of Common Stock to include such securities in the Shelf Registration Statement or the Litigation Shelf, or which would provide any holder or prospective holder of Common Stock piggyback registration rights for such Common Stock unless the piggyback registration rights provided to the Securities Holders hereunder shall have priority in the event of any cutback.

6.7 Indemnification and Contribution. In connection with (x) the Shelf Registration Statement and the Litigation Shelf, subsections 6.7(a)(i), (ii) and (v), 6.7(c) and 6.5(e) hereof shall be in full force and effect upon the effective date of the Shelf Registration Statement or the Litigation Shelf, as the case may be, and (y) a Registration Statement which covers the Initial Underwriting or Registrable Common being sold by Piggybacking Securities Holders or in connection with an underwritten offering pursuant to the Shelf Registration Statement under subsection 3.2, provisions substantially in conformity with the following provisions shall be contained in the related Purchase Agreement unless the parties to such Purchase Agreement agree otherwise (references in such provisions to a Securities Holder or an underwriter being references to a Securities Holder or an underwriter participating in the offering covered by such Registration Statement):

(i) The Company agrees to indemnify and hold harmless each Securities Holder and each Person, if any, who controls such Securities Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and each of their respective officers, directors and employees against any losses, claims, damages or liabilities, joint or several, or actions in respect thereof to which such Securities Holder or Persons may become subject under the Securities Act, or otherwise (collectively, "Losses"), insofar as such Losses arise out of, or are based upon, any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement, any related Preliminary Prospectus or any related Prospectus, or any amendment or supplement thereto, or arise out of, or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such Securities Holder or Persons for any legal or other expenses

reasonably incurred by them in connection with investigating or defending any such Losses; provided, however, that the Company shall not be so liable to the extent that any such Losses arise out of, or are based upon, an untrue statement or alleged untrue statement of a material fact or an omission or alleged omission to state a material fact in said Registration Statement in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of such Securities Holder specifically for use therein. Notwithstanding the foregoing, the Company shall not be liable in any such instance to the extent that any such Losses arise out of, or are based upon, an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus if (i) after the Company had made available sufficient number of copies of the Prospectus, such Securities Holder failed to send or deliver a copy of the Prospectus with or prior to the delivery of written confirmation of the sale of Registrable Common to the Person asserting such Losses or who purchased the Registrable Common the purchase of which is the basis of the action if, in either instance, such delivery by such Securities Holder is required by the Securities Act and (ii) the Prospectus would have corrected such untrue statement or alleged untrue statement or alleged omission; and the Company shall not be liable in any such instance to the extent that any such Losses arise out of, or are based upon, an untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact in the Prospectus, if such untrue statement or alleged untrue statement, omission or alleged omission is corrected in an amendment or supplement to the Prospectus and if, having previously been furnished by or on behalf of the Company with copies of the Prospectus as so amended or supplemented, such Securities Holder thereafter fails to deliver such Prospectus as so amended or supplemented, prior to or concurrently with the sale of Registrable Common if such delivery by such Securities Holder is required by the Securities Act. This indemnity agreement will be in addition to any liability which the Company may otherwise have and shall remain in full force and effect regardless of any investigation made by or on behalf of such holder or any such Person and shall survive the Termination Date and the transfer of Registrable Common by such holder as otherwise permitted hereby.

(ii) Each Securities Holder severally agrees to indemnify and hold harmless the Company, each other Securities Holder and each Person, if any, who controls the Company or such other Securities Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and their respective officers, directors and employees, against any Losses to which the Company, such other Securities Holder or such Persons may become subject under the Securities Act, or otherwise, insofar as such Losses arise out of, or are based upon, any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement, any related Preliminary Prospectus or any related Prospectus, or any amendment or supplement thereto, or arise out of, or are based upon

the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company, such other Securities Holder or such Persons for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Losses, in each instance to the extent, but only to the extent, that any such Losses arise out of, or are based upon, an untrue statement or alleged untrue statement of a material fact or an omission or alleged omission to state a material fact in said Registration Statement, said Preliminary Prospectus or said Prospectus, or any said amendment or supplement thereto in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of such Securities Holder specifically for use therein; provided, however, that the liability of each Securities Holder under this subsection 6.7(a)(ii) shall be limited to an amount equal to the proceeds of the sale of shares of Registrable Common by such Securities Holder in the offering which gave rise to the liability (net of all costs and expenses (including underwriting commissions and disbursements) paid or incurred by such Securities Holder in connection with the registration, if any, and sale).

(iii) The Company will indemnify and hold harmless each underwriter and each Person, if any, who controls any such underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and their respective officers, directors and employees, against any Losses to which such underwriter or Persons may become subject under the Securities Act, or otherwise, insofar as such Losses arise out of, or are based upon, any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement, any related Preliminary Prospectus or any related Prospectus, or any amendment or supplement thereto, or arise out of, or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such underwriter or Persons for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Losses; provided, however, that (i) the Company shall not be so liable to the extent that any such Losses arise out of, or are based upon, an untrue statement or alleged untrue statement of a material fact or an omission or alleged omission to state a material fact in said Registration Statement, said Preliminary Prospectus or said Prospectus or any said amendment or supplement in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of such underwriter specifically for use therein; and (ii) such indemnity with respect to any Preliminary Prospectus shall not inure to the benefit of any underwriter (or any Person controlling such underwriter) from whom the Person asserting any such Losses purchased shares of Common Stock if such Person did not receive a copy of the Prospectus (or the Prospectus as amended or supplemented) at or prior to the confirmation of the sale of such shares of Common Stock to such Person in any case where such delivery is required by the

Securities Act and the untrue statement or alleged untrue statement or omission or alleged omission of a material fact in such Preliminary Prospectus was corrected in the Prospectus (or the Prospectus as amended or supplemented); provided, further, that the Company shall only be required to provide the indemnification described in this subsection 6.7(a)(iii) to an underwriter and each Person, if any, who controls such underwriter, and their respective officers, directors and employees, if such underwriter agrees to indemnification provisions substantially in the form set forth in subsection 6.7(b).

(iv) Each Securities Holder will severally indemnify and hold harmless each underwriter and each Person, if any, who controls such underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and their respective officers, directors and employees, against any Losses to which such underwriter or such Persons may become subject under the Securities Act, or otherwise, insofar as such Losses arise out of, or are based upon, any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement, any related Preliminary Prospectus or any related Prospectus, or any amendment or supplement thereto, or arise out of, or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such underwriter or such Persons for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Losses, in each case to the extent, but only to the extent, that any such Losses arise out of, or are based upon, an untrue statement or alleged untrue statement of a material fact or an omission or alleged omission to state a material fact in said Registration Statement in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of such Securities Holder specifically for use therein; provided, however, that such Securities Holder shall only be required to provide the indemnification described in this subsection 6.7(a)(iv) to an underwriter and each Person, if any, who controls such underwriter if such underwriter agrees to indemnification provisions substantially in the form set forth in subsection 6.7(b); and provided, further, that such Securities Holder shall not be liable in any such case to the extent that any such Losses arise out of, or are based upon, an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus if (i) such underwriter failed to send or deliver a copy of the Prospectus with or prior to the delivery of written confirmation of the sale of Registrable Common to the Person asserting such Loss who purchased the Registrable Common which is the subject thereof where such delivery is required by the Securities Act and (ii) the Prospectus would have corrected such untrue statement or omission or alleged untrue statement or alleged omission; and such Securities Holder shall not be liable in any such case to the extent that any such Losses arises out of, or are based upon, an untrue statement or alleged untrue statement of a material fact or omission or alleged

omission to state a material fact in the Prospectus, if such untrue statement or alleged untrue statement, omission or alleged omission is corrected in an amendment or supplement to the Prospectus and if, having previously been furnished by or on behalf of such Securities Holder with copies of the Prospectus as so amended or supplemented, such underwriter thereafter fails to deliver such Prospectus as so amended or supplemented, prior to or concurrently with the sale of Registrable Common to the Person asserting such Loss who purchased such Registrable Common which is the subject thereof or where such delivery is required by the Securities Act, and provided, further, that the liability of such Securities Holder under this subsection 6.7(a)(iv) shall be limited to an amount equal to the proceeds of the sale of shares of Common Stock by such Securities Holder in the offering which gave rise to the liability (net of all costs and expenses (including underwriting commissions and disbursements) paid or incurred by such Securities Holders in connection with the registration, if any, and sale).

(v) Promptly after any Person entitled to indemnification under this subsection 6.7 or such Purchase Agreement receives notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party pursuant to the indemnification provisions of this subsection 6.7 or such Purchase Agreement, notify the indemnifying party in writing of the claim or the commencement of such action; provided, however, that the failure or delay to so notify the indemnifying party shall not relieve it from any liability which it may have to the indemnified party hereunder unless and to the extent such failure or delay has materially prejudiced the rights of the indemnifying party and shall not, in any event, relieve it from any liability which it may have to the indemnified party other than pursuant to the indemnification provisions of this subsection 6.7 or such Purchase Agreement. If any such claim or action shall be brought against an indemnified party, and it has notified the indemnifying party thereof in accordance with the terms hereof, the indemnifying party shall be entitled to participate in the defense of such claim, or, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party, upon written notice to the indemnified party of such assumption. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, (i) the indemnifying party shall not be liable to the indemnified party pursuant to the indemnification provisions hereof or of such Purchase Agreement for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation, (ii) the indemnifying party shall not be liable for the costs and expenses of any settlement of such claim or action unless such settlement was effected with the consent of the indemnifying party (which consent shall not be unreasonably withheld or delayed) and (iii) the indemnified party shall be obligated to

cooperate with the indemnifying party in the investigation of such claim or action; provided, however, that any indemnified party hereunder shall have the right to employ separate counsel and to participate in the defense of such claim assumed by the indemnifying party, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (a) the employment of such counsel has been specifically authorized in writing by the indemnifying party, (b) the indemnifying party shall have failed to assume the defense of such claim from the Person entitled to indemnification hereunder and failed to employ counsel within a reasonable period following such assumption, or (c) in the reasonable judgment of the indemnified party, based upon advice of its counsel, a material conflict of interest may exist between such indemnified party and the indemnifying party with respect to such claims or there may be one or more material legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case, if the indemnified party notifies the indemnifying party in writing that the indemnified party elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of the indemnified party). Notwithstanding the foregoing, the Securities Holders (together with their respective controlling Persons and officers, directors and employees) and the underwriters (together with their respective controlling Persons and officers, directors and employees) shall, each as a separate group, have the right to employ at the expense of the Company only one separate counsel for each such group to represent such Securities Holders and such underwriters (and their respective controlling Persons and officers, directors and employees) who may be subject to liability arising out of any one action (or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances) in respect of which indemnity may be sought by such Securities Holders and underwriters against the Company pursuant to the indemnification provisions of this subsection 6.7 or such Purchase Agreement. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent (but such consent will not be unreasonably withheld or delayed). No indemnifying party will consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. All fees and expenses to be paid by the indemnifying party hereunder shall be paid a commercially reasonable time after they are billed to the indemnified party, subject to receipt of a written undertaking from the indemnified party to repay such fees and expenses if indemnity is not ultimately determined to be available to such indemnified party under this subsection 6.7.

(b) As a condition to agreeing in any Purchase Agreement to the indemnification provisions set forth in subsections 6.7(a)(iii) and

6.7(a)(iv) in favor of an underwriter participating in the offering covered by the related Registration Statement, its controlling Persons, if any, and their respective officers, directors and employees, the Company and the Securities Holders participating in an offering pursuant to such Registration Statement may require that such underwriter agree in the Purchase Agreement to provisions substantially in the form set forth in subsection 6.7(a)(v) and to severally indemnify and hold harmless the Company, each Securities Holder participating in such offering, each Person, if any, who controls the Company or such Securities Holder within the meaning of the Securities Act, and their respective officers, directors and employees against any Loss to which the Company, such Securities Holder or such Persons may become subject under the Securities Act, or otherwise, insofar as such Losses arise out of, or are based upon, any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement in which such underwriter is named as an underwriter, any related Preliminary Prospectus or any related Prospectus, or any amendment or supplement thereto, or arise out of, or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and to reimburse the Company, such Securities Holder or such Persons for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Losses in each case to the extent, but only to the extent, that any such Loss arises out of, or are based upon, an untrue statement or alleged untrue statement of a material fact in said Registration Statement, said Preliminary Prospectus or said Prospectus or any said amendment or supplement in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of such underwriter specifically for use therein.

(c) In order to provide for just and equitable contribution between the Company and such Securities Holders in circumstances in which the indemnification provisions of this subsection 6.7 or the related Purchase Agreement are for any reason insufficient or inadequate to hold the indemnified party harmless, the Company and such Securities Holders shall contribute to the aggregate Losses (including any investigation, legal and other fees and expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting any contribution actually received from Persons other than the Company and such Securities Holders) to which the Company and one or more of its directors or its officers who sign such Registration Statement or such Securities Holders or any controlling Person of any of them, or their respective officers, directors or employees may become subject, under the Securities Act, under any other statute, at common law or otherwise, insofar as such Losses or actions in respect thereof arise out of, or are based upon, any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement or arise out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading. Such contributions shall be in such amounts that the portion of such Losses for which each such Securities Holder shall be responsible under this

subsection 6.7(c) shall be limited to the portion of such Losses which are directly attributable to an untrue statement of a material fact or an omission to state a material fact in said Registration Statement in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of any such Securities Holder specifically for use therein, and the Company shall be responsible for the balance of such Losses; provided, however, that the liability of each such Securities Holder to make such contribution shall be limited to an amount equal to the proceeds of the sale of shares of Registrable Common by such Securities Holder in the offering which gives rise to the liability (net of all cost and expenses (including underwriting commissions and disbursements) paid or incurred in connection with the registration, if any, and sale). As among themselves, such Securities Holders agree to contribute to amounts payable by other such Securities Holders in such manner as shall, to the extent permitted by law, give effect to the provisions in subsection 6.7(a)(ii) and those provisions in the Purchase Agreement comparable to such subsection 6.7(a)(ii). The Company and such Securities Holders agree that it would not be just and equitable if their respective obligations to contribute pursuant to this subsection were to be determined by pro rata allocation (other than as set forth above) of the aggregate Losses by reference to the proceeds realized by such Securities Holders in a sale pursuant to said Registration Statement or said Prospectus or by any other method of allocation which does not take account of the considerations set forth in this subsection 6.7(c). No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution under this subsection from any Person who was not guilty of such fraudulent misrepresentation.

(d) The Company and the Securities Holders participating in an offering pursuant to a Registration Statement agree that, if the underwriters participating in a Public Sale Event are agreeable, the Purchase Agreement, if any, relating to such Registration Statement shall contain provisions to the effect that in order to provide for just and equitable contribution between such underwriters on the one hand and the Company and such Securities Holders on the other hand in circumstances in which the indemnification provisions of such Purchase Agreement are for any reason insufficient or inadequate to hold the indemnified party harmless, the Company and such Securities Holders on the one hand and such underwriters on the other hand will contribute on the basis herein set forth to the aggregate Losses, (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or claims asserted, but after deducting any contribution actually received from Persons other than the Company and such Securities Holders and such underwriters) to which the Company and one or more of its directors or its officers who sign such Registration Statement or such Securities Holders or such underwriters or any controlling Person of any of them, or their respective officers, directors or employees may become subject, under the Securities Act, under any other statute, at common law or otherwise insofar as such Losses, arise out of, or are based upon an untrue statement or alleged untrue statement of any material fact contained in such Registration Statement, any related

Preliminary Prospectus or any related Prospectus, or any amendment or supplement thereto, or arise out of, or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading. Such contribution shall be in such proportions as is appropriate to reflect the relative benefits received by the Company and such Securities Holders on the one hand and such underwriters on the other hand from the offering of the shares of Common Stock covered by such offering. The relative benefits received by the Company and such Securities Holders on the one hand and such underwriters on the other hand shall be deemed to be in the same proportion as the aggregate total net proceeds from the offering (before deducting expenses) received by the Company and such Securities Holders bear to the total underwriting discounts and commissions received by such underwriters for such offering. Notwithstanding the provisions set forth above, no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the shares of Common Stock underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution under the provision set forth above from any Person who was not guilty of such fraudulent misrepresentation.

(e) The obligations of the Company and the Securities Holders under the provisions of this subsection 6.7 and provisions in any Purchase Agreement substantially similar to subsections 6.7(a), 6.7(b) 6.7(c) or 6.7(d) shall survive the termination of any or all of the other provisions of this Agreement or such Purchase Agreement.

6.8 Transfer of Rights Under this Agreement; Transfers of Registrable Common. (a) During the period from the date hereof to the Termination Date, the rights and obligations of a Securities Holder under this Agreement may be transferred by a Securities Holder to a transferee of Registrable Common or Registrable Litigation Shares (subject to the provisos to the definitions of Registrable Common and Registrable Litigation Shares), provided that, within a reasonable period of time (but in no event less than five (5) days) prior to such transfer, (i) the transferring Securities Holder shall have furnished the Company and the other Securities Holders written notice of the name and address of such transferee and the number of shares of Registrable Common or Registrable Litigation Shares with respect to which such rights are being transferred and (ii) such transferee shall furnish the Company and the Securities Holders (other than the transferring Securities Holder) a copy of a duly executed Supplemental Addendum by which such transferee (A) assumes all of the obligations and liabilities of its transferor hereunder, (B) enjoys all of the rights of its transferor hereunder and (C) agrees itself to be bound hereby.

(b) If the stock certificates of a transferring Securities Holder bear a restrictive legend pursuant to subsection 6.10, the stock

certificates of its transferee to whom the rights hereunder are being transferred shall, subject to such subsection 6.10, also bear such a restrictive legend.

(c) Except with respect to transfers pursuant to paragraph (a) above, and subject to the provisions of paragraph (b) above, a transferee of Registrable Common or Registrable Litigation Shares shall neither assume any liabilities or obligations nor enjoy any rights hereunder and shall not be bound by any of the terms hereof.

(d) Each Securities Holder hereby agrees that any transfer of shares of Registrable Common or Registrable Litigation Shares by such Securities Holder shall be made (i) in compliance with, or in a transaction exempt from, the registration requirements set forth in the Securities Act and (ii) in compliance with all other applicable laws. The Company may request, as a condition to the transfer of any Registrable Common or Registrable Litigation Shares, that the transferring Securities Holder provide the Company with (A) evidence that the proposed transferee is an "accredited investor" as defined in Rule 501 under the Securities Act and appropriate "private placement" representations pursuant to Section 4(2) of the Securities Act, and (B) an opinion of securities counsel reasonably satisfactory to it with regard to compliance with this subsection (d).

6.9 Restrictive Legend. Each certificate evidencing shares of Registrable Common or Registrable Litigation Shares shall, unless and until such shares are sold or otherwise transferred pursuant to an effective Registration Statement under the Securities Act or unless, in the absence of such a Registration Statement, the Company receives an opinion of counsel reasonably satisfactory to it that the restrictive legend set forth below may be removed without violation of applicable law (including, without limitation, the Securities Act), be stamped or otherwise imprinted with a conspicuous legend in substantially the following form:

> "The transfer of the securities evidenced by this certificate is subject to a Registration Rights Agreement dated as of July 21, 1996, with the issuer as from time to time amended, and no transfer of the securities evidenced by this certificate shall be valid or effective unless made in accordance with said Agreement. A copy of said agreement is on file and may be inspected at the principal executive office of the issuer. The securities evidenced by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold unless there is in effect with respect thereto a registration statement under said Act or unless an opinion of counsel reasonably satisfactory to the issuer has been furnished to the issuer that registration is not required under said Act."

SECTION 7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

In connection with the Shelf Registration Statement and the Litigation

Shelf, the Company shall, on the respective date of effectiveness of each such Registration Statement with the Commission (the "effective date"), certify to each Securities Holder in a certificate of a Responsible Officer of the Company to the effect that the representations and warranties set forth below are true and correct at and as of such effective date. In connection with any other Sale Event in which Securities Holders participate, except as otherwise may be agreed upon by such participating Securities Holders and the Company, the Company shall represent and warrant in the Purchase Agreement relating to such Sale Event to the Securities Holders and any underwriters participating in such Sale Event as follows (except as otherwise indicated, each reference in this Section to the "Registration Statement" shall refer to the Shelf Registration Statement, the Litigation Shelf or a Registration Statement in respect of any other such Sale Event in which Securities Holders participate, as the case may be, including all information deemed to be a part thereof, as amended, and each reference to "the Prospectus" shall refer to the related Prospectus):

(a) At the time of filing, the Registration Statement (i) complied in all material respects with the applicable requirements of the Securities Act and (ii) did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein in light of the circumstances under which they were made not misleading; provided, however, that the Company makes no representations or warranties as to the information contained in or omitted from the Registration Statement in reliance upon and in conformity with the information furnished in writing to the Company by or on behalf of any Securities Holder specifically for use in connection with the preparation thereof or any information furnished in writing to the Company by or on behalf of any underwriter specifically for use in connection with the preparation thereof, other than that the Company has no knowledge of any such untrue statement or omission in respect of such information.

(b) (i) When the Registration Statement became (in the case of a Registration Statement filed pursuant to Rule 415) or shall become effective, the Registration Statement did or will comply in all material respects with the applicable requirements of the Securities Act; (ii) when the Prospectus is filed in accordance with Rule 424(b), the Prospectus (and any supplements thereto) will comply in all material respects with the applicable requirements of the Securities Act; (iii) the Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and (iv) the Prospectus, if not filed pursuant to Rule 424(b), did not or will not, and on the date of any filing pursuant to Rule 424(b), the Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to the information contained in or omitted from the Registration Statement, or the Prospectus (or any supplement thereto) in reliance upon and in conformity with

information furnished in writing to the Company by or on behalf of any Securities Holder specifically for use in connection with the preparation of the Registration Statement or the Prospectus (or any supplement thereto) or any information furnished in writing to the Company by or on behalf of any underwriter specifically for use in connection with the preparation of the Registration Statement or the Prospectus (or any supplement thereto), other than that the Company has no knowledge of any such untrue statement or omission in respect of such information.

(c) The public accountants who certified the Company's financial statements in the Registration Statement are independent certified public accountants within the meaning of the Securities Act; the historical consolidated financial statements, together with the related schedules and notes, forming part of the Registration Statement and the Prospectus comply in all material respects with the requirements of the Securities Act and have been prepared, and present fairly the consolidated financial condition, results of operations and changes in financial condition of the Company and its consolidated subsidiaries at the respective dates and for the respective periods indicated, in accordance with generally accepted accounting principles applied consistently throughout such periods (except as specified therein); and the historical consolidated financial data set forth in the Prospectus is derived from the accounting records of the Company and its consolidated subsidiaries, and is a fair presentation of the data purported to be shown; and the pro forma consolidated financial statements (if any), together with the related notes, forming part of the Registration Statement and the Prospectus, comply in all material respects with the requirements of Regulation S-X under the Securities Act.

SECTION 8. REPRESENTATIONS AND WARRANTIES OF THE SECURITIES HOLDERS.

Each participating Securities Holder shall, in connection with a Public Sale Event, if required by the terms of a Purchase Agreement, if any, relating to such Public Sale Event, for itself severally and not jointly represent and warrant to the underwriter or underwriters and each other Securities Holder participating in such Public Sale Event as follows:

(a) Such Securities Holder has all requisite power and authority (or with respect to the FDIC statutory authority) to enter into and carry out the terms of this Agreement and such Purchase Agreement and the other agreements and instruments related to such agreements to which it is a party.

(b) Each of this Agreement and such Purchase Agreement has been duly authorized, executed and delivered by or on behalf of such Securities Holder and constitutes the legal, valid and binding obligation of such Securities Holder, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(c) Such Securities Holder, immediately prior to any sale of shares

of Registrable Common pursuant to such Purchase Agreement, will have good title to such shares of Registrable Common, free and clear of all liens, encumbrances, equities or claims (other than those created by this Agreement); and, upon payment therefor, good and valid title to such shares of Registrable Common will pass to the purchaser thereof, free and clear of any lien, charge or encumbrance created or caused by such Securities Holder.

(d) Such Securities Holder has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in, under the Exchange Act or other applicable law, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of shares of Registrable Common.

(e) Written information furnished by or on behalf of such Securities Holder to the Company expressly for use in the Registration Statement or related Prospectus or amendment thereof or supplement thereto will not contain as of the effective date of such Registration Statement or as of the date of any Prospectus or as of the date of any amendment thereof or supplement thereto any untrue statement of a material fact or omit to state any material fact required be stated or necessary to make the statements in such information not misleading.

SECTION 9. DELIVERY OF COMFORT LETTERS AND LEGAL OPINIONS.

(a) On (i) the respective dates that the Shelf Registration Statement and the Litigation Shelf are declared effective by the Commission, (ii) the date a post-effective amendment to the Shelf Registration Statement or the Litigation Shelf, if any, covering the most recent annual or quarterly financial statements of the Company is declared effective by the Commission and (iii) the date that a Registration Statement relating to a Sale Event in which Securities Holders participate is declared effective by the Commission, the Company shall comply with the following:

(x) The Company shall have received, and delivered to each Securities Holder participating in such Sale Event, a copy of a "comfort" letter or letters, or updates thereof according to customary practice, of the independent certified public accountants who have certified the Company's financial statements included in the Registration Statement covering substantially the same matters with respect to the Registration Statement (including the Prospectus) and with respect to events subsequent to the date of the Company's financial statements as are reasonably customarily covered in accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company will use its best efforts to cause such "comfort" letters to be addressed to such Securities Holders.

(y) Each Securities Holder participating in such offering shall have received an opinion and any updates thereof of outside counsel to the Company reasonably satisfactory to such Securities Holders and any

underwriters or purchasers covering substantially the same matters as are customarily covered in opinions of issuer's counsel delivered to underwriters in underwritten public offerings of securities, addressed to each of such Securities Holders and any underwriters or purchasers participating in such offering and dated the closing date thereof.

(b) On the Closing Date, the Company shall deliver to each Initial Securities Holder an opinion of Gibson, Dunn & Crutcher, special outside counsel to the Company, substantially to the effect that:

(i) The Company has the corporate power and authority to enter into and carry out the terms of this Agreement; and

(ii) This Agreement has been duly authorized, executed and delivered by or on behalf of the Company and, assuming the due authorization, execution and delivery thereof by the other parties hereto, constitutes the valid and binding obligation of the Company, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(c) On the Closing Date, the FDIC shall deliver to the Company an opinion of the General Counsel of the FDIC, substantially to the effect that:

(i) The FDIC has statutory authority to enter into and carry out the terms of this Agreement; and except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(ii) This Agreement has been duly authorized, executed and delivered by or on behalf of the FDIC and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitutes the valid and binding obligation of the FDIC, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(d) On the Closing Date the Partnership shall deliver to the Company an opinion of Kelly, Hart & Hallman, special counsel to the Partnership, substantially to the effect that:

(i) The Partnership has all requisite power and authority to enter into and carry out the terms of this Agreement; and

(ii) This Agreement has been duly authorized, executed and delivered by or on behalf of the Partnership and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitutes the valid and binding obligation of the Partnership, except as enforceability may be limited by applicable bankruptcy, insolvency,

reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

SECTION 10. MISCELLANEOUS.

10.1 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile transmission), and shall be mailed by United States registered mail, postage prepaid, return receipt requested, sent by facsimile or delivered by hand or by courier or overnight delivery service. Unless otherwise expressly provided herein, all such notices, requests and demands shall be deemed to have been duly given or made, as the case may be, (a) five (5) days after deposit in the United States mail, (b) when actually delivered by hand or by courier or overnight delivery service to the designated address, or, (c) in the case of facsimile transmission, when received and telephonically confirmed. All notices shall be addressed as follows or to such other address as may be hereafter designated in writing by the respective parties hereto:

The Company: Marc R. Kittner
Senior Vice President
Washington Mutual, Inc.
1201 Third Avenue, Suite 1500
Seattle, WA 98101

with copies to: Todd H. Baker,
Gibson, Dunn & Crutcher
One Montgomery Street, Telesis Tower
San Francisco, CA 94104-4505

Fay L. Chapman, Esq.
Foster Pepper & Shefelman
1111 Third Avenue, Suite 3400
Seattle, WA 98101

The Securities Holders:
Keystone Holdings Partners, L.P.
201 Main Street, 23rd Floor
Fort Worth, TX 76102
Attn: Ray L Pinson

Federal Deposit Insurance Corporation
801 17th Street, N.W.
Washington, D.C. 20434-0111
Attn: Director, Division of Resolutions

with copies to: Legal Division
Federal Deposit Insurance Corporation
1717 H Street, N.W., Room H-10025
Washington, D.C. 20434-00001
Attn: David M. Gearin, Senior Counsel

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attn: Michael L. Ryan

Kelly, Hart & Hallman
201 Main Street, Suite 2500
Fort Worth, TX 76102
Attn: Billy J. Ellis

Dewey Ballantine
1775 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
Attn: John K. Hughes
Telecopy (202) 862-1093

10.2 Amendments and Waivers. The Securities Holders of not less than 75% of the Registrable Common and Registrable Litigation Shares held or beneficially owned by Securities Holders at any point in time and the Company may from time to time enter into written amendments, supplements or modifications to this Agreement for the purpose of adding any provisions hereto or changing in any manner the rights of the Securities Holders or the Company hereunder, and the Securities Holders of no less than 75% of the Registrable Common and Registrable Litigation Shares held or beneficially owned by Securities Holders at any time may execute a written instrument waiving, on such terms and conditions as may be specified therein, any of the requirements of this Agreement which are solely for the benefit of the Securities Holders and where such waiver does not adversely affect the interests of the Company; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) adversely affect the rights of a Securities Holder under Section 2, 3, 4 or 5 hereof or (ii) amend, modify or waive any provision of Section 6 or this subsection 10.2, in each case without the written consent of each Securities Holder. Any such waiver and any such amendment, modification or supplement shall apply equally to each of the Securities Holders and the Company.

10.3 Termination. This Agreement and the respective obligations and agreements of the parties hereto, except as otherwise expressly provided herein, shall terminate on the Termination Date.

10.4 Survival of Representations and Warranties. Except as they may by their terms relate to an earlier date, all representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the termination of any or all of the provisions of this Agreement.

10.5 Headings. The descriptive headings of the several sections and subsections of this Agreement are inserted for convenience only and shall

not control or affect the meaning or construction of any of the provisions hereof.

10.6 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of such counterparts shall together one and the same agreement.

10.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW PROVISIONS.

10.8 Adjustment of Shares. Each reference to a number of shares of Common Stock in this Agreement shall be adjusted proportionately to reflect any stock dividend, subdivision, split or reverse split or the like affected with respect to all outstanding shares of Common Stock.

10.9 No Inconsistent Agreements. The Company will not on or after the date of this Agreement enter into, and is not presently a party to, any agreement with respect to its securities which is inconsistent with the rights granted to the Securities Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Securities Holders pursuant to this Agreement shall be superior to, and take precedence over, any similar rights granted to any other Person by the Company subsequent to the date hereof.

10.10 Severability. Any provisions of this Agreement prohibited or rendered unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof, any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.11 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns to each of the parties hereunder as otherwise provided herein.

10.12 Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties hereto in respect of the matters referred to herein and supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

10.13 Result if No Merger. Notwithstanding any provision of this Agreement, or any rights that the Initial Securities Holders may have hereunder, if the Closing does not occur for any reason, this Agreement shall be terminated, shall be deemed null and void ab initio, and the Company shall have no obligations or liabilities whatsoever to any Person under any of the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

WASHINGTON MUTUAL, INC.

By: /s/ Craig E. Tall
Name: Craig E. Tall
Title: Executive Vice President

KEYSTONE HOLDINGS PARTNERS, L.P.

By: KH Group Management, Inc., Its General Partner

By: /s/ Ray L. Pinson
Name: Ray L. Pinson
Title: Vice President

FEDERAL DEPOSIT INSURANCE CORPORATION, AS MANAGER OF THE FSLIC RESOLUTION FUND

By: /s/ James A. Meyer
Name: James A. Meyer
Title: Assistant Director

Exhibit 99.1

Pursuant to Rule 13d-1(f)(1)(iii) of Regulation 13D-G of the General Rules and Regulations of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the undersigned agrees that the statement to which this Exhibit is attached is filed on behalf of each of them in the capacities set forth below.

ACADIA PARTNERS, L.P.

By: Acadia FW Partners, L.P.,
general partner

By: Acadia MGP, Inc.,
general partner

By: /s/ W. R. Cotham
W. R. Cotham,
Vice President

ACADIA FW PARTNERS, L.P.

By: Acadia MGP, Inc.,
general partner

By: /s/ W. R. Cotham
W. R. Cotham,
Vice President

CAPITAL PARTNERSHIP

By: Margaret Lee Bass 1980 Trust,
managing partner

By: Panther City Investment
Company, trustee

By: /s/ W. R. Cotham
W. R. Cotham,
President

MARGARET LEE BASS 1980 TRUST

By: Panther City Investment Company,
trustee

By: /s/ W. R. Cotham
W. R. Cotham,

President

/s/ W. R. Cotham
W. R. COTHAM
Individually and as Vice President of
ACADIA MGP, Inc. and as President of
PANTHER CITY INVESTMENT COMPANY

Attorney-in-Fact for:

ROBERT M. BASS (1)
J. TAYLOR CRANDALL (2)
KH CARL PARTNERS, L.P. (3)
BERNARD J. CARL (4)
ROSECLIFF-NEW AMERICAN 1988 PARTNERS, L.P. (5)
DANIEL L. DOCTOROFF (6)

(1) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of Robert M. Bass previously has been filed with the Securities and Exchange Commission.

(2) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of J. Taylor Crandall is filed herewith as Exhibit 99.2.

(3) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of KH Carl Partners, L.P. is filed herewith as Exhibit 99.3.

(4) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of Bernard J. Carl is filed herewith as Exhibit 99.4.

(5) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of Rosecliff-New American 1988 Partners, L.P. is filed herewith as Exhibit 99.5.

(6) A Power of Attorney authorizing W. R. Cotham, et al., to act on behalf of Daniel L. Doctoroff is filed herewith as Exhibit 99.6.

Exhibit 99.2

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, J. Taylor Crandall (the "Grantor"), has made, constituted and appointed, and by these presents does make, constitute and appoint W. R. Cotham and Kevin G. Levy, and each of them, with full power of substitution, his true and lawful attorneys, for him and in his name, place and stead to execute, acknowledge, deliver and file any and all filings required by Sections 13 and 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, respecting securities of Washington Mutual, Inc., a Washington corporation, beneficially owned by the Grantor, including, but not limited to, Schedules 13D, Schedules 13G, Forms 3, Forms 4 and Forms 5.

The validity of this Power of Attorney shall not be affected in any manner by reason of the execution, at any time, of other powers of attorney by the Grantor in favor of persons other than those named herein.

The Grantor agrees and represents to those dealing with his attorneys-in-fact herein, W. R. Cotham and Kevin G. Levy, that this Power of Attorney may be revoked voluntarily only by written notice to such attorneys-in-fact, delivered by registered mail or certified mail, return receipt requested.

WITNESS THE EXECUTION HEREOF DECEMBER 16, 1996.

/s/ J. Taylor Crandall
J. TAYLOR CRANDALL

STATE OF CALIFORNIA

COUNTY OF Santa Clara

This instrument was acknowledged before me on this 16th day of December, 1996, by J. Taylor Crandall.

/s/ Jill Ann Smith
Notary Public of the
State of California

My commission expires: 10/17/97

Exhibit 99.3

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, KH Carl Partners, L.P. (the "Grantor"), has made, constituted and appointed, and by these presents does make, constitute and appoint W. R. Cotham and Kevin G. Levy, and each of them, with full power of substitution, his true and lawful attorneys, for him and in his name, place and stead to execute, acknowledge, deliver and file any and all filings required by Sections 13 and 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, respecting securities of Washington Mutual, Inc., a Washington corporation, beneficially owned by the Grantor, including, but not limited to, Schedules 13D, Schedules 13G, Forms 3, Forms 4 and Forms 5.

The validity of this Power of Attorney shall not be affected in any manner by reason of the execution, at any time, of other powers of attorney by the Grantor in favor of persons other than those named herein.

The Grantor agrees and represents to those dealing with his attorneys-in-fact herein, W. R. Cotham and Kevin G. Levy, that this Power of Attorney may be revoked voluntarily only by written notice to such attorneys-in-fact, delivered by registered mail or certified mail, return receipt requested.

WITNESS THE EXECUTION HEREOF DECEMBER 20, 1996.

KH CARL PARTNERS, L.P.

By: /s/ Bernard J. Carl
Bernard J. Carl,
General Partner

DISTRICT OF COLUMBIA

This instrument was acknowledged before me on this 20th day of December, 1996, by Bernard J. Carl.

/s/ Gerald A. Marshall
Notary Public of the
District of Columbia

My commission expires: 10/31/97

Exhibit 99.4

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, Bernard J. Carl (the "Grantor"), has made, constituted and appointed, and by these presents does make, constitute and appoint W. R. Cotham and Kevin G. Levy, and each of them, with full power of substitution, his true and lawful attorneys, for him and in his name, place and stead to execute, acknowledge, deliver and file any and all filings required by Sections 13 and 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, respecting securities of Washington Mutual, Inc., a Washington corporation, beneficially owned by the Grantor, including, but not limited to, Schedules 13D, Schedules 13G, Forms 3, Forms 4 and Forms 5.

The validity of this Power of Attorney shall not be affected in any manner by reason of the execution, at any time, of other powers of attorney by the Grantor in favor of persons other than those named herein.

The Grantor agrees and represents to those dealing with his attorneys-in-fact herein, W. R. Cotham and Kevin G. Levy, that this Power of Attorney may be revoked voluntarily only by written notice to such attorneys-in-fact, delivered by registered mail or certified mail, return receipt requested.

WITNESS THE EXECUTION HEREOF DECEMBER 20, 1996.

/s/ Bernard J. Carl
BERNARD J. CARL

DISTRICT OF COLUMBIA

This instrument was acknowledged before me on this 20th day of December, 1996, by Bernard J. Carl.

/s/ Gerald A. Marshall
Notary Public of the
District of Columbia

My commission expires: 10/31/97

Exhibit 99.5

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, Rosecliff-New American 1988 Partners, L.P. (the "Grantor"), has made, constituted and appointed, and by these presents does make, constitute and appoint W. R. Cotham and Kevin G. Levy, and each of them, with full power of substitution, his true and lawful attorneys, for him and in his name, place and stead to execute, acknowledge, deliver and file any and all filings required by Sections 13 and 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, respecting securities of Washington Mutual, Inc., a Washington corporation, beneficially owned by the Grantor, including, but not limited to, Schedules 13D, Schedules 13G, Forms 3, Forms 4 and Forms 5.

The validity of this Power of Attorney shall not be affected in any manner by reason of the execution, at any time, of other powers of attorney by the Grantor in favor of persons other than those named herein.

The Grantor agrees and represents to those dealing with his attorneys-in-fact herein, W. R. Cotham and Kevin G. Levy, that this Power of Attorney may be revoked voluntarily only by written notice to such attorneys-in-fact, delivered by registered mail or certified mail, return receipt requested.

WITNESS THE EXECUTION HEREOF DECEMBER 16, 1996.

ROSECLIFF-NEW AMERICAN 1988 PARTNERS, L.P.

By: /s/ Daniel L. Doctoroff
Daniel L. Doctoroff,
General Partner

STATE OF NEW YORK

COUNTY OF NEW YORK

This instrument was acknowledged before me on this 16th day of December, 1996, by Daniel L. Doctoroff.

/s/ John R. Monsky
Notary Public of the
State of New York

My commission expires: 4/1/98

Exhibit 99.6

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, Daniel L. Doctoroff (the "Grantor"), has made, constituted and appointed, and by these presents does make, constitute and appoint W. R. Cotham and Kevin G. Levy, and each of them, with full power of substitution, his true and lawful attorneys, for him and in his name, place and stead to execute, acknowledge, deliver and file any and all filings required by Sections 13 and 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, respecting securities of Washington Mutual, Inc., a Washington corporation, beneficially owned by the Grantor, including, but not limited to, Schedules 13D, Schedules 13G, Forms 3, Forms 4 and Forms 5.

The validity of this Power of Attorney shall not be affected in any manner by reason of the execution, at any time, of other powers of attorney by the Grantor in favor of persons other than those named herein.

The Grantor agrees and represents to those dealing with his attorneys-in-fact herein, W. R. Cotham and Kevin G. Levy, that this Power of Attorney may be revoked voluntarily only by written notice to such attorneys-in-fact, delivered by registered mail or certified mail, return receipt requested.

WITNESS THE EXECUTION HEREOF DECEMBER 16, 1996.

/s/ Daniel L. Doctoroff
DANIEL L. DOCTOROFF

STATE OF NEW YORK

COUNTY OF NEW YORK

This instrument was acknowledged before me on this 16th day of December, 1996, by Daniel L. Doctoroff.

/s/ John R. Monsky
Notary Public of the
State of New York

My commission expires: 4/1/98