Every day.

2004
Summary Annual Report

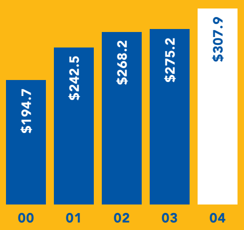
Washington Mutual

Five-Year Highlights

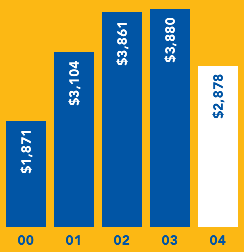
Dollars in millions, except per share amounts	2004	2003	2002	2001	2000
For the Year					
Net interest income	$ 7,116	$ 7,629	$ 8,129	$ 6,492	$ 3,952
Net income[1]	2,878	3,880	3,861	3,104	1,871
Diluted earnings per common share[1,2]	3.26	4.21	4.02	3.58	2.32
Dividends declared per common share[2]	1.74	1.40	1.06	0.90	0.76
Return on average assets[1]	1.01%	1.37%	1.42%	1.38%	1.00%
Return on average common stockholders' equity[1]	14.02	18.85	19.34	23.51	20.87
Net interest margin	2.82	3.11	3.41	3.19	2.23
At Year End					
Assets	$ 307,918	$ 275,178	$ 268,225	$ 242,468	$ 194,688
Loans held for sale	42,743	20,837	39,623	27,574	3,404
Loans held in portfolio	207,071	175,150	143,028	126,396	115,898
Deposits	173,658	153,181	155,516	106,946	79,384
Stockholders' equity	21,226	19,742	20,061	14,025	10,138
Book value per common share[3]	24.45	22.56	21.66	16.40	12.80
Stockholders' equity to total assets	6.89%	7.17%	7.48%	5.78%	5.21%
Nonperforming assets as a percentage of total assets[4]	0.58	0.70	0.93	0.88	0.46

1 *Includes income from continuing and discontinued operations*
2 *Restated for all stock splits*
3 *Excludes 6 million shares at December 31, 2004 and 2003, and 18 million shares for all other periods, held in escrow*
4 *Excludes nonaccrual loans held for sale*

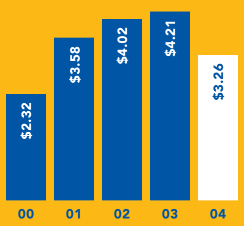
Assets
Dollars in billions



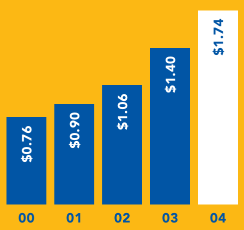
Net Income
Dollars in millions



Diluted Earnings Per Common Share



Dividends Declared Per Common Share



2004 was a year of healthy transition for Washington Mutual. We expanded our national retail franchise, addressed tough challenges in our mortgage banking business and became more efficient across our operations. In addition, the Board approved a new five-year strategic plan that set ambitious targets for the company. We have our sights set on achieving top-tier performance within our industry. We ended the year well on our way to realizing our vision: to be the nation's leading retailer of financial services for consumers and small businesses. Our goal is to provide great value and friendly service for everyone, every day.

Five-Year Financial Targets	2000–2004	
	Targets	Results
Return on average common stockholders' equity (average)	> 20.00%	**19.32%**
Earnings per share growth (CAGR)	> 13.00%	**9.09%**
Earnings per share growth (average of annual growth rates)	> 13.00%	**11.74%**
Efficiency ratio (average)	< 45.00%	**52.36%**
Nonperforming assets / total assets*	< 1.00%	**0.58%**
Tangible common equity / total tangible assets*	> 5.00%	**5.05%**
Estimated total risk-based capital / risk weighted assets*	> 11.00%	**11.34%**

*At 12/31/04

To Our Shareholders

In my letter to you last year, I announced record earnings of $3.9 billion, or $4.21 per diluted share, which reflected very low interest rates and a record national home-lending market. While 2003 was a very strong year for the company, our operating environment began to change in the second half of that year with a significant slowdown in the mortgage market. The resulting reduction in volume placed pressure on our mortgage banking operations. Looking ahead, I told you that 2004 would be a transition year for us.

During 2004, we earned $2.9 billion, or $3.26 per diluted share. I am not pleased with this level of performance because I know the company is capable of so much more. In 2004, with mortgage rates staying above the historical low levels reached during 2003, mortgage volumes declined at a time when our cost containment efforts had not yet fully been implemented. In trying to satisfy the tremendous customer demand brought on by the back-to-back refinance booms of recent years, we did not fully integrate the operations and technologies of the mortgage banking businesses we acquired. But, I am pleased to tell you that much work has been accomplished.

Another factor that had an impact on our financial results in 2004 was the performance of our mortgage servicing rights (MSR) and associated hedges that produced an unacceptable level of earnings volatility. We have adjusted our MSR hedge profile so that we are now better positioned to manage volatility going forward.

While we had our challenges in 2004, I am pleased that we have continued to expand our key businesses nationally and enhance the value of our leading franchise. We achieved double-digit growth in our mortgage, home equity and multi-family portfolios while maintaining strong credit quality. We also grew both the number of transaction accounts and depositor and other retail banking fees by 10 percent. These are among the primary drivers of our business that have positioned us well for 2005. In addition, our Board of Directors raised the cash dividend on the common stock in each successive quarter during the year.

Throughout the year, we made steady and measurable progress across all key business segments:

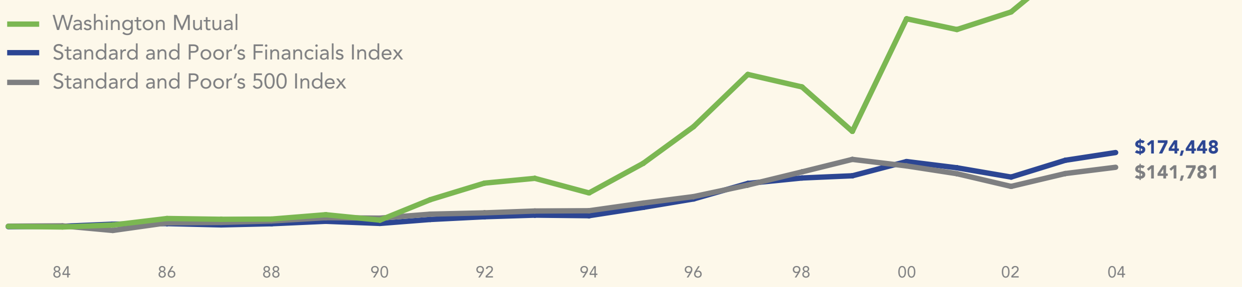
We built on the success of our Retail Banking business. In 2004, we opened 250 new stores, the majority of which were in our newer markets of Chicago, the New York metropolitan area and Tampa. As we continued to attract new households and acquire new customers, we improved our cross-sell ratio with existing customers. We also increased our focus on small businesses with a family of new products and services that includes Free Business Checking.

We adjusted our expansion strategy to focus on the untapped potential in our current markets. Having created a viable branch presence in many of the largest metropolitan markets over the past decade, we are now focused on reaching more of the middle-market consumers in those markets where we already have a presence. As compared to our branching strategy over the last decade, this focus on our existing markets carries lower execution risk because it enables us to leverage both existing infrastructure and brand awareness and is concentrated in markets with above-average household growth and below-average branch density.

We made steady progress in turning around our mortgage banking business. We took positive steps during 2004 to improve the performance of our mortgage banking operations. We closed 100 home loan centers in markets where we had no retail banking presence. While these centers represented 24 percent of offices in the retail mortgage network, by number, they accounted for only 5 percent of our retail home loan volume. We consolidated 58 mortgage banking loan fulfillment centers into 34 remaining centers and reduced staffing levels at those remaining locations. We also transitioned to a single servicing platform for home loans. Although more work remains to be done, we ended 2004 with a more efficient and scalable business that should perform well over future cycles and help us remain an industry leader through lower costs, higher efficiencies and the right geographic footprint.

Cumulative Value of a $10,000 Investment

Assumes an initial investment of $10,000 on 3/31/83 and reinvestment of dividends through 12/31/04.



Source: Standard & Poor's

We sharpened the focus of our Commercial Group by exiting non-core businesses. During the year we closed our commercial banking business that provided services to mid- to large-size companies because that business was no longer aligned with the company's strategic objectives. Our efforts are now focused on products and services which best serve our customers as we execute on our strategy of increasing market share in select metropolitan markets.

We continued to effectively manage credit risk. We are dedicated to maintaining sound credit quality. Our decision to exit the large corporate and mid-size commercial lending business further reduced the company's exposure to default from a single large borrower — or a small group of borrowers within a particular industry. We also continue to improve the credit modeling and scoring tools used in our home equity, mortgage, small business and multi-family lending business to produce more consistent credit quality.

We attacked costs throughout the company. Aided by our Operational Excellence initiatives, we achieved our target of holding 2004 noninterest expense essentially flat with 2003 while opening 250 new retail banking stores. We believe that in order to achieve our long-term financial targets, we must be ever diligent with our expense management and focus on productivity improvement. All of our business segments worked successfully in 2004 to reduce expenses. The most notable contribution was from our Mortgage Banking segment, where noninterest expense declined 15 percent from the previous year. A significant portion of that improvement came from reduced staffing levels and marked productivity improvements. And, while we are pleased with our efforts to date, a significant opportunity remains to further improve efficiencies within our mortgage banking operations.

We have come a long way since we first set out to create a unique national franchise. I am a strong believer in setting goals and targets. As we just completed our latest five-year plan, let's take a look at what we accomplished.

When we entered the 2000 to 2004 period, I told you that we had the potential to create a unique financial services franchise. We had just completed a series of major retail banking acquisitions in the California market, one right after another, which increased our size eightfold. We successfully integrated all of these acquisitions and created significant value for our shareholders.

Using that as a building block, we saw the potential to turn our regional franchise into a national franchise. So we set out on the most ambitious new store and new market expansion program in the history of banking. During this period, we developed and launched our award-winning and innovative retail banking stores that serve customers in an open, free-flowing retail environment. We also began to leverage the opportunity we saw to create a national player in multi-family lending. And we made a series of mortgage banking acquisitions that allowed us to build a national mortgage business. This strategy, while requiring us to take on significant challenges, resulted in what I believe to be our most important accomplishment of the past five years — a strong, national franchise that cannot easily be replicated.

So how did we do against our five-year plan? Our average return on common equity for this period was very close to our 20 percent target. Our credit quality, measured in terms of nonperforming assets as a percentage of total assets, was clearly better than our target of less than 1 percent. Our tangible common equity and total risk-based capital ratios both ended the period above target. But other targets turned out to be more challenging.

Our greatest challenge over the last five years has been our efficiency ratio, which we targeted to be less than 45 percent. When we first set that goal back in 1999, it was a reasonable target. But then we made a series of mortgage banking acquisitions. Because mortgage banking tends to operate at an efficiency ratio that exceeds that of retail banking and we did not fully integrate the mortgage banking operations, we didn't meet our target. Completing the mortgage integrations, reducing expenses and improving productivity are top priorities for the company because we know that an industry leader must be a leader in efficiency.

For most of the past five years, our compound annual growth in earnings per share was ahead of the 13 percent target. Last year's underperformance brought that measurement down to around 9 percent. However, the average earnings per share growth over this period was just under 12 percent.

What is ahead in the next five years? Our new strategic plan sets ambitious but achievable targets: a return on common equity in the high teens; double-digit growth in earnings per share over the cycle; an efficiency ratio averaging less than 50 percent over the next five years, trending toward 45 percent by the end of the cycle; and a tangible common equity to total tangible assets ratio of greater than 5 percent. All the while, we expect to keep our nonperforming assets to total assets ratio below our one percent target.

How will we get there? We will continue to grow the retail banking franchise. We will increase our cross-sell ratio each year and aggressively expand our customer base with new products and bold marketing. We will generate strong growth in new retail banking households, retail checking and savings accounts, and small business accounts.

In the Commercial Group, we will leverage our national leadership in multi-family lending and extend our commercial real estate lending activities in strategic markets where we think there is significant growth opportunity. The Commercial Group complements our retail strategy by offering real estate based assets with higher margins, enabling cross-selling of our banking products and leveraging the brand and synergies across all business lines.

We will complete the turnaround in our mortgage banking business, expecting it to produce substantially better returns, with less variability, over the cycle. We are aligning our mortgage business more closely with the core strategies and competitive advantages that people have traditionally associated with Washington Mutual. We start with strengths that shouldn't be overlooked. We have product expertise, balance sheet strength and a solid market position in each of our distribution channels.

We will achieve top-tier productivity in all of our business lines while continuing to effectively manage risk and maintain good credit quality. We will draw on our strengths in customer research to stay in touch with what matters to our customers, and we'll continually improve our ability to deliver. Through Operational Excellence, an initiative that has become both a core competency and a mindset, we are finding ways to link gains in efficiency, which support the low prices our customers value, with the gains in service and convenience they deserve.

In addition to having the right five-year plan, we have the right people to execute it. We have a talented and committed leadership team. And more importantly, we have more than 52,000 dedicated employees who bring our unique style of banking to customers every day. We strengthened our team in January 2005, when Steve Rotella joined us in the newly created position of President and Chief Operating Officer. Steve comes to us from JPMorgan Chase, where he was a member of its executive committee and CEO of Chase Home Finance. It is our good fortune to have found a talented executive with strong operational skills who shares our strategic vision and values and is perfectly suited to accelerating our progress across all lines of business.

As always, our underlying focus is on creating long-term value for shareholders. And we are proud of our record. Washington Mutual continues to deliver a superior total return on a three-, five-, ten- and twenty-year basis, consistently outperforming the Standard & Poor's (S&P) 500 and S&P Financials Indexes. An initial $10,000 investment in our common stock at the time Washington Mutual went public in 1983 would have grown to $644,109, including reinvested dividends, at the end of 2004. The same investment in the S&P 500 and the S&P Financials Indexes would have been worth $141,781 and $174,448.

We are committed to making a difference in our communities. Washington Mutual has always dedicated time and resources to being a good corporate citizen, and we always will. As we grow, we want the communities in which we live and work to flourish, too.

We support the causes that are close to our employees' hearts by offering each employee up to four hours of paid time off each month to participate in the volunteer activities of their choice. In 2004, our employees volunteered more than 187,000 hours to schools, affordable housing organizations and other community partners. Washington Mutual contributes a percentage of its profits to our communities in the form of grants, sponsorships, in-kind services and other support. We also continued to make significant progress toward fulfilling our ten-year, $375 billion community commitment announced in 2001. At the end of the year, we had exceeded our yearly targets for lending in low- to moderate-income neighborhoods and underserved market areas.

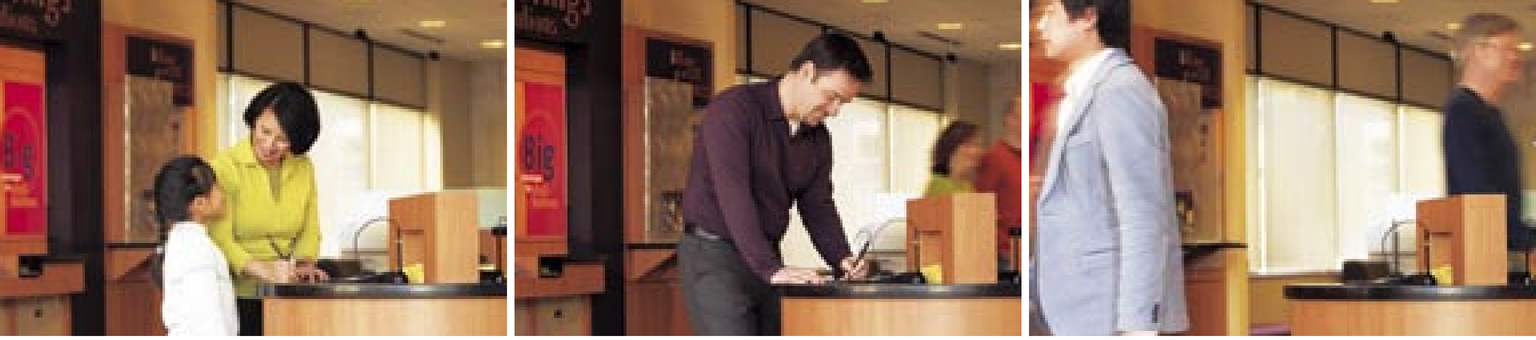
I can't think of a time in the history of the company when it has been clearer that we are strongest when we move forward together toward a common purpose. With a five-year strategic plan that aligns the full power of all our business groups and a culture that champions each individual in the company as integral to our success, I have never been more excited or optimistic about Washington Mutual's future. My thanks to our customers, employees and shareholders who share my belief that our best days are ahead of us.

Sincerely,

Kerry Killinger

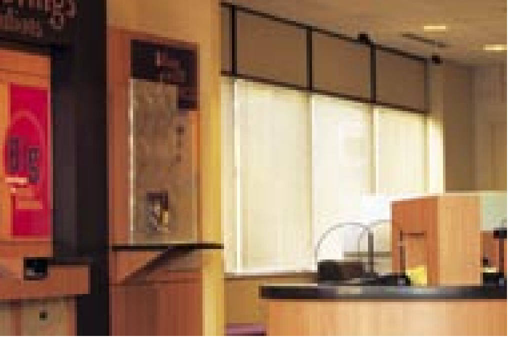
Kerry Killinger
Chairman and Chief Executive Officer
March 2005

Every day across America, Washington Mutual is helping millions of customers achieve their dreams; we designed it that way. And along the way, we're transforming the banking experience—one store, one moment, one customer at a time.



Building on success. In 2004, Washington Mutual brought our brand of great value and friendly service to more customers across the country than ever before by expanding our retail banking network in fast-growing markets. We opened 250 new retail banking stores in the metropolitan areas of Chicago and New York, as well as in Florida and Texas. Using our award-winning retail store model, our plan for 2005 is to open 250 new retail banking stores in these markets and in other high household growth areas where we have a leading retail presence and a reputation for bringing innovation to banking. Our strategy of expanding where we're strong gives us plenty of room to grow our national franchise at this pace for years to come.

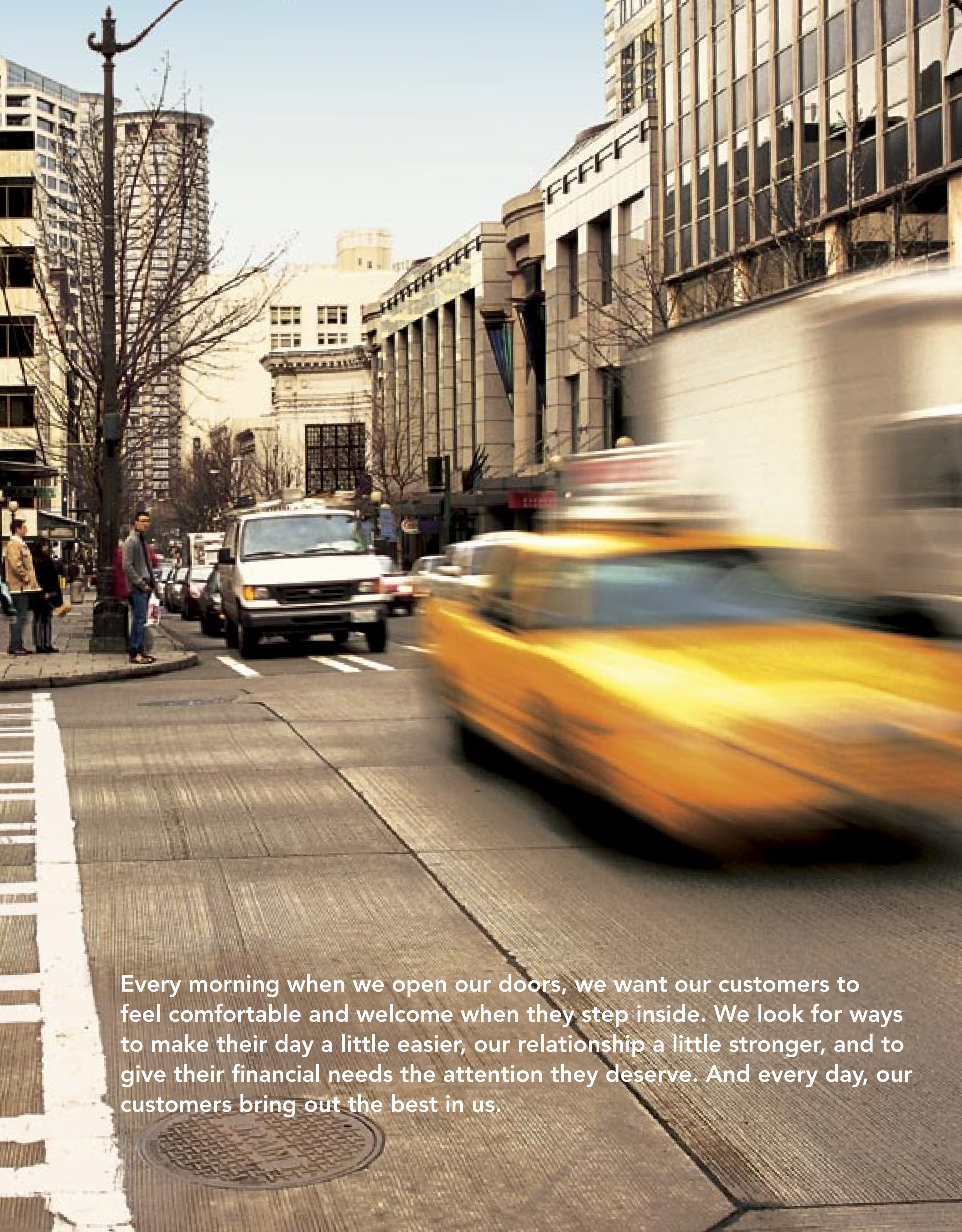
Doing more for our customers. Even as we open new stores and attract new customers with our key relationship-building products of checking accounts and home loans, we are deepening relationships with existing customers. In 2004, we focused our energies on markets where the power of our retail stores is already hard at work for our customers, and for us. With our retail banking stores nearby, it's easy for our home loan



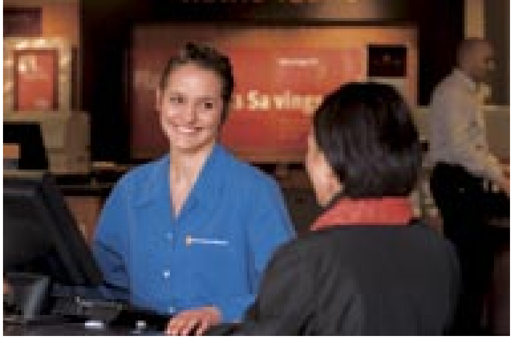
or small business customer to open a free checking account or an interest-bearing Platinum checking account, apply for a home equity loan or save for a child's education — all from the bank they know and trust with their home or business.

In 2004, we built more new retail banking stores than any other bank in the United States, continuing the most ambitious retail branch expansion in the history of banking. And by focusing on the enormous untapped potential in many of the markets we serve, we have lowered our execution risk going forward by leveraging both the existing infrastructure and brand awareness we have already built. At the same time, we have the people, products and services that make Washington Mutual the outstanding choice to meet the financial needs of consumers and small businesses. We're creating a leading national franchise that's tough to replicate because it's built on something we understand better than anyone: the needs of everyday people.

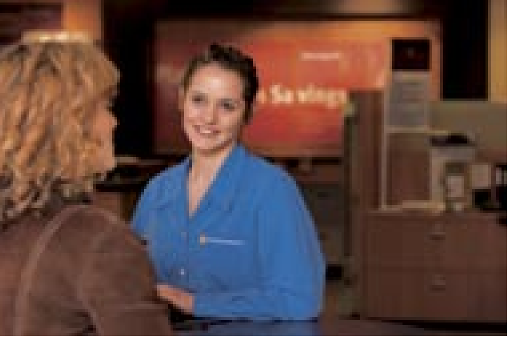

Washington Mutu



Every morning when we open our doors, we want our customers to feel comfortable and welcome when they step inside. We look for ways to make their day a little easier, our relationship a little stronger, and to give their financial needs the attention they deserve. And every day, our customers bring out the best in us.

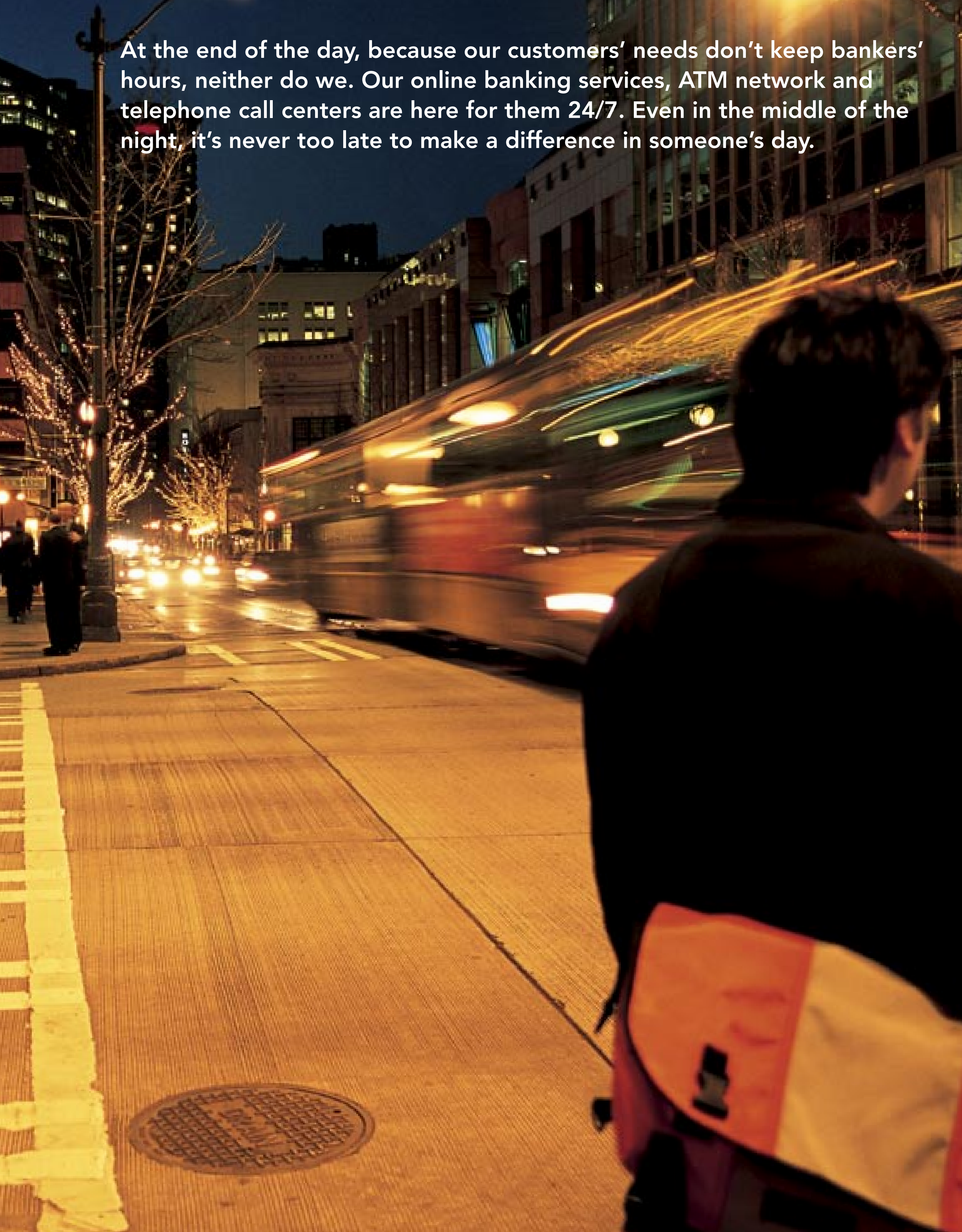

Transforming the banking experience. In 2000, we created a retail banking store that creates a welcoming and inviting environment for our customers in sharp contrast to traditional bank branches. The design is so original that in 2004 it became the only retail banking approach to receive a U.S. patent and be named one of the top 40 retail concepts in the world. Today, more than half of our nearly 2,000 stores are in this open, welcoming format, which reflects our brand everywhere our customers look and interact. We listened to what our customers wanted and developed our retail banking stores accordingly. As such, our stores are constantly evolving in response to the customers they serve. At some of our stores, customers can hang out with a newspaper and a latte, drop off their kids in the play area while they meet with their loan officer or learn about a neighborhood program we sponsor. We have found that customers want not only well-designed and attractively priced products and services, but also a bank that reflects who they are and what they care about. What we offer is often more attractive to everyday people than the big commercial bank alternative. Ultimately, we believe Washington Mutual is revolutionizing how financial services are delivered to individual customers and small businesses.



Growing from within. The value of our store design extends even beyond our interaction with our customers. It enables us to expand quickly and profitably without making acquisitions. Today, from site selection to grand opening, we have perfected the process of opening a new store, honing the entire process down to under 12 months and at an average cost of less than $1 million. Their design and scale give us the flexibility to open in virtually any location we choose. And because we hire to our brand, we are true to our brand from the day a store opens. That's not just a good feeling; it's good business.


Washington

At the end of the day, because our customers' needs don't keep bankers' hours, neither do we. Our online banking services, ATM network and telephone call centers are here for them 24/7. Even in the middle of the night, it's never too late to make a difference in someone's day.



Focusing on what matters. In banking, as in the rest of life, relationships are everything. And in relationships, it's not what you say that counts. It's what you do. That is why we continue to strive for superior customer service. In 2004, we took new steps to identify and invest in doing the things that really matter to our customers and eliminating the things that don't. This focus is helping us achieve two goals often considered at odds in the financial services world: more satisfied customers and more cost-efficient operations. It turns out the two can go hand in hand.

Leading by listening. In 2004, we tightened the link between customer research and innovation. In partnership with J.D. Power and Associates, we perform monthly customer surveys that tell us how we're doing in the eyes of our customers and track our performance on such measures as overall satisfaction, timeliness and accuracy. These evaluations enable us to identify opportunities to improve customer satisfaction and loyalty. Our new Innovation and Customer Insight Center invites suggestions from customers and employees that can have a dramatic impact on our customers' experience and acts as a catalyst to bring the best and sometimes radical ideas to life. Using research methods new to our industry, we even follow willing customers through their daily lives to observe how they handle their finances.

The better we know our customers, the better we are able to respond by shaping our products, services and business strategies. In 2004, we made our online banking service even easier to use for millions of our customers. We've reduced home loan closing times by more than 40 percent since September 2003. We made these customer-driven improvements, and many more, while keeping expenses flat. By giving our customers the attention they deserve, we really do learn something new every day.

Across the nation, everyday heroes are as close as the nearest school, neighborhood center—and Washington Mutual retail banking store. We support our employees' gifts of time, talent and energy to the communities where they live and work. And as a corporate citizen, we focus our support on K-12 education, financial education, affordable housing and community development—helping to build strong, vibrant communities wherever we do business.



Making a difference every day. At Washington Mutual, we believe in the power of small, everyday gestures to make great things happen—for our customers and the communities we serve. That's the inspiration behind our WaMoola for Schools® program, which brings to life our passion for supporting nationwide K-12 education. Expanded in 2004, the program is a simple, direct way to support our customers' choice of schools, based on the points earned every time they use their Washington Mutual check card for purchases. In 2004, over 1.4 million customers enrolled nearly 50,000 schools and generated over 95 million points, which translated into more than $5.4 million for schools nationwide. It's clear that education is also top of mind among our customers.

The power of the nickel. Every school has a wish list—from teacher training and school supplies to musical instruments and playground equipment. The WaMoola for Schools program gives our customers an easy way to help make these wishes come true for their public or private school of choice. At a time when educational budgets are tighter than ever and every nickel counts, the WaMoola for Schools program provides

unrestricted funds that let schools decide for themselves how to use the money. There's no limit to the amount of points, and money, a school can earn—and no other reward program that champions education the way we do.

Supporting our communities with millions of dollars—and thousands of hours. The WaMoola for Schools program is a growing portion of our overall cash and in-kind giving to support our communities. We return a percentage of our profits to our local communities each year through grants and other assistance, with an emphasis on supporting programs that benefit K-12 education and affordable housing. Washington Mutual employees volunteered more than 187,000 hours in their local schools and neighborhoods throughout the year, sharing their talents and energy in ways that you can't put a price on. It's amazing what can happen when you make the most of every day.

Q&A

Where will we be five years from now? How will we get there? What's the future of our mortgage business? What opportunities lie ahead in retail banking? For answers to these questions, and more, we asked our executive team. Here's what they had to say.

Kerry Killinger
Chairman and Chief Executive Officer

As Washington Mutual embarks on a new five-year strategic plan, what do you see ahead?

We have an ambitious five-year plan, but I believe that it is achievable. During our quest to be the nation's leading retailer of financial services for consumers and small businesses, we will deliver products and services that offer great value. And we will do that with friendly service.

We will continue our aggressive retail expansion with a focus on existing markets, leverage our leading multi-family lending position and extend our efforts in small commercial real estate lending. We are committed to completing the turnaround of our mortgage banking business and to resuming its growth. We will achieve top-tier productivity by continuing our focus on driving efficiencies and operational excellence throughout the organization.

And we will embrace innovation and seize new growth opportunities companywide.

We will accomplish our goals while adhering to our core values. We will continue to be a good neighbor and help make our communities better places to live, work and play.

What does the new President and Chief Operating Officer role bring to the company?

We are a far larger and more complex company than we were just five years ago, and the addition of a President and Chief Operating Officer to our team is the next step in our growth and evolution as a top-tier, national financial services company. I have always said that we will add talent where appropriate and the addition of Steve Rotella is a great example of that. We are very fortunate to have found an executive like Steve, who has a demonstrated track record and strong operational skills to bring an unprecedented focus to the execution of our strategic plan.

What are you focusing on this year?

I will now totally focus on developing the company's strategies, looking for growth opportunities, talking to employees throughout the organization, championing our values and culture, and working with our external constituencies such as our regulators and the investment community. I have never been more excited about the future of our company. And I can't wait to share that excitement as we embark on our next five-year journey.

Steve Rotella
President and Chief Operating Officer

What attracted you to this new leadership position with the company?

For years, I admired Washington Mutual from the outside. WaMu has one of the best retail franchises in the business with a very customer-centric culture that believes in people and communities. I am proud to join this team. I am excited about and committed to the company's five-year strategy and feel there is a great fit between my background, values and WaMu. I am focused on executing on that strategy, particularly growing our retail banking franchise, focusing on continued asset growth, increasing efficiency and productivity, and continuing to improve our risk management activities. And also, given my background, I plan to add value to the mortgage business, particularly leveraging the opportunities between that business and our retail banking stores and our home equity business.

What opportunities does the company see for its retail banking business in the next five years?

We have already established a strong position in some of the most desirable markets in the country. We will continue to grow the retail bank because our consumer model is unique, profitable, has a proven track record and has a lot of room to grow. Our expansion will occur mainly in those markets where we already have a presence. Those markets are expected to have strong household growth. And the fact that many of them also have low branch density creates a great opportunity for us to continue expanding our retail banking franchise. At the same time, we are deepening our relationships with our customers and small businesses and increasing our cross-sell ratios each year as we continue to attract new customers with our innovative products and services.

Is the company still committed to the mortgage business?

Absolutely. We continue to work hard and are building momentum in this business. We are aligning our mortgage business more closely with the core strategies and competitive advantages that people have traditionally associated with us. We intend to operate a mortgage banking franchise that is a growth business for Washington Mutual and a source of significant cross-sell opportunities.

How does the Commercial Group fit within the company's overall strategy?

The Commercial Group is a key part of the company's long-term growth strategy. It offers cross-sell opportunities with all business lines and complements the company's consumer business through our nonprime mortgage lending and market leading multi-family business. In recent years, the Commercial Group has demonstrated a consistent ability to grow assets. Today, this group is our most efficient operation. During 2004, the Commercial Group generated 22 percent of the company's net income, contributed 14 percent to revenues, yet accounted for only 8 percent of total noninterest expense.

Tom Casey
Executive Vice President and Chief Financial Officer

Why is asset generation so important to the company?

Asset growth is a key earnings driver. Our ability to grow assets, or more specifically loans, is a hallmark of our business model. We grow assets by having the appropriate products to meet consumer demand regardless of the interest rate environment. When we originate a new loan, we can choose to hold the loan on our balance sheet and generate interest income or we can sell the loan in the secondary market. When interest rates are low, we are able to offer competitive fixed-rate loans. And when interest rates rise and consumers tend to prefer adjustable-rate loans, our Option ARM product becomes quite popular. This was the case in 2004 when we grew total assets by 12 percent.

What caused net interest income to decline in 2004?

Along with the level of assets, net interest income is dependent upon the net interest margin. Our net interest margin came down from 3.11 percent in 2003 to 2.82 percent in 2004. This decline was largely the result of lower asset yields in the first half of 2004 and a decline in noninterest-bearing custodial and escrow balances that resulted from much lower levels of mortgage refinancing activity. We took steps to partially offset the effects of these negative influences on the net interest margin by terminating certain higher cost funding sources and maintaining a disciplined deposit pricing policy.

What steps is the company taking to control expenses?

We were pleased with our expense management activities during 2004 as our expenses came in on target at $7.5 billion; this included $274 million in technology-related and restructuring charges and the cost of adding 250 new retail banking stores. Our approach to improving productivity and cutting costs—Operational Excellence—has already produced excellent results and we are committed to being a leader in efficiency. But, it is not just about cutting costs. It is about growing revenue while you control expenses. We have another ambitious goal for 2005, which is to hold expenses essentially flat with the level in 2004, despite opening another 250 retail banking stores.

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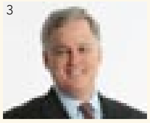
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Executive Committee

1. Kerry K. Killinger
Chairman and Chief Executive Officer

2. Michael L. Amato
Executive Vice President and President, Retail Banking Distribution

3. Thomas W. Casey
Executive Vice President and Chief Financial Officer

4. Craig J. Chapman
President, Commercial Group

5. Fay L. Chapman
Senior Executive Vice President and General Counsel

6. Daryl D. David
Executive Vice President, Human Resources

7. Debora D. Horvath
Executive Vice President and Chief Information Officer

8. Kenneth E. Kido
Executive Vice President and President, Banking Products and Operations

9. William A. Longbrake
Vice Chair

10. J. Benson Porter
Executive Vice President and Chief Administrative Officer

11. Stephen J. Rotella
President and Chief Operating Officer

12. James G. Vanasek
Executive Vice President and Chief Enterprise Risk Officer

Board of Directors

Kerry K. Killinger, 55
Director since 1988
Chairman and Chief Executive Officer, Washington Mutual, Inc.
Chair, Corporate Development Committee

Douglas P. Beighle, 72*
Director since 1989
Retired Senior Vice President, The Boeing Company
Vice Chair, Audit Committee; Corporate Development Committee; Human Resources Committee

Anne V. Farrell, 69
Director since 1994
President Emeritus, The Seattle Foundation
Chair, Corporate Relations Committee; Finance Committee

Stephen E. Frank, 63
Director since 1997
Retired Chairman, President and Chief Executive Officer, Southern California Edison Company
Chair, Audit Committee; Corporate Development Committee; Finance Committee; Human Resources Committee

Phillip D. Matthews, 66
Director since 1998
Chairman, Worldwide Restaurant Concepts, Inc.
Audit Committee; Governance Committee; Human Resources Committee

Michael K. Murphy, 68
Director since 1985
Former Chairman and Chief Executive Officer, CPM Development Corporation
Audit Committee; Corporate Relations Committee; Finance Committee

Margaret Osmer McQuade, 66
Director since 2002
President, Qualitas International
Corporate Relations Committee; Finance Committee; Governance Committee

Mary E. Pugh, 45
Director since 1999
President and Chief Executive Officer, Pugh Capital Management, Inc.
Chair, Finance Committee; Corporate Relations Committee

William G. Reed, Jr., 66
Director since 1970
Retired Chairman, Simpson Timber Company and Simpson Investment Company
Chair, Governance Committee; Audit Committee; Finance Committee

Elizabeth A. Sanders, 59*
Director since 1998
Principal, The Sanders Partnership
Corporate Relations Committee; Governance Committee; Human Resources Committee

William D. Schulte, 72*
Director since 1998
Retired Vice Chairman, KPMG LLP
Audit Committee; Finance Committee

James H. Stever, 61
Director since 1991
Retired Executive Vice President—Public Policy, U S WEST, Inc.
Chair, Human Resources Committee; Corporate Development Committee; Corporate Relations Committee; Governance Committee

Willis B. Wood, Jr., 70
Director since 1997
Retired Chairman and Chief Executive Officer, Pacific Enterprises
Audit Committee; Corporate Development Committee; Governance Committee; Human Resources Committee

* *Pursuant to the Company's director retirement policy contained in its Corporate Governance Guidelines, Messrs. Beighle and Schulte will resign from the Board effective August 31, 2005. Ms. Sanders has notified the Company of her resignation from the Board, effective April 20, 2005.*

Management's Report on Internal Control Over Financial Reporting

The management of Washington Mutual, Inc. and subsidiaries (the "Company") is responsible for the preparation, integrity and fair presentation of the Consolidated Financial Statements and all other information presented in this annual report. The Consolidated Financial Statements and the accompanying notes have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed judgments and estimates made by Management.

Management is responsible for establishing and maintaining effective internal control over financial reporting, including safeguarding of assets and reliability of financial records. The Company's internal control structure contains monitoring mechanisms, and actions are taken to correct deficiencies identified.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal control can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting, including safeguarding of assets and reliability of financial records as of December 31, 2004. This assessment was based on criteria for effective internal control over financial reporting, including safeguarding of assets, described in "Internal Control—Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2004, the Company maintained effective internal control over financial reporting, including safeguarding of assets and reliability of financial records.

The Audit Committee of the Board of Directors is comprised entirely of outside directors who are independent of the Company's management; it includes members with banking or related management experience, has access to its own outside counsel, and does not include any large customers of the Company. The Audit Committee is responsible for the selection of the independent registered public accounting firm. It meets periodically with management, the independent registered public accounting firm, and the internal auditors to ensure that they are carrying out their responsibilities. In addition to reviewing the Company's financial reports, the Audit Committee is also responsible for performing an oversight role by reviewing and monitoring the financial, accounting and auditing procedures of the Company. The independent registered public accounting firm and the internal auditors have full and free access to the Audit Committee, with or without the presence of Management, to discuss the adequacy of internal control over financial reporting and any other matters which they believe should be brought to the attention of the Audit Committee.

Management's assessment of the effectiveness of the Company's internal control over financial reporting has been audited by Deloitte & Touche LLP, independent registered public accounting firm, in accordance with the standards of the Public Company Accounting Oversight Board (United States). Their report appears on page 26.

Kerry Killinger

Kerry K. Killinger
Chairman and Chief Executive
Officer of Washington Mutual, Inc.

Thomas W. Casey

Thomas W. Casey
Executive Vice President and
Chief Financial Officer of
Washington Mutual, Inc.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Washington Mutual, Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Washington Mutual, Inc. and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). ("PCAOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the PCAOB, the consolidated statements of financial condition of the Company as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity and comprehensive income, and of cash flows for each of the three years in the period ended December 31, 2004, and our report dated March 7, 2005, expressed an unqualified opinion on those consolidated financial statements.

Deloitte & Touche LLP

Seattle, Washington
March 7, 2005

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Washington Mutual, Inc.

We have audited the consolidated statements of financial condition of Washington Mutual, Inc. and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity and comprehensive income, and of cash flows for each of the three years in the period ended December 31, 2004. We also have audited management's assessment of the effectiveness of the Company's internal control over financial reporting and the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. Such consolidated financial statements and our report thereon dated March 7, 2005, expressing an unqualified opinion (which are not included herein) are included in Part II of the Annual Report on Form 10-K of Washington Mutual, Inc. for the year ended December 31, 2004. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated statements of financial condition as of December 31, 2004 and 2003, and the related condensed consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2004, is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

Seattle, Washington
March 7, 2005

Condensed Consolidated Statements of Income

In millions, except per share amounts

Year ended December 31,	2004	2003	2002
Interest Income			
Loans held for sale	$ 1,472	$ 2,501	$ 1,921
Loans held in portfolio	8,825	7,668	8,671
Available-for-sale securities	764	1,738	2,951
Trading securities	151	84	39
Other interest and dividend income	138	172	273
Total interest income	11,350	12,163	13,855
Interest Expense			
Deposits	2,043	2,165	2,661
Borrowings	2,191	2,369	3,065
Total interest expense	4,234	4,534	5,726
Net interest income	7,116	7,629	8,129
Provision for loan and lease losses	209	42	404
Net interest income after provision for loan and lease losses	6,907	7,587	7,725
Noninterest Income			
Home loan mortgage banking income (expense):			
Loan servicing fees	1,950	2,273	2,237
Amortization of mortgage servicing rights	(2,521)	(3,269)	(2,616)
Net mortgage servicing rights valuation adjustments	(235)	712	(3,219)
Revaluation gain from derivatives	1,011	338	2,517
Net settlement income from certain interest-rate swaps	538	543	382
Gain from mortgage loans	649	1,250	1,375
Other home loan mortgage banking income (expense), net	(5)	127	31
Total home loan mortgage banking income	1,387	1,974	707
Depositor and other retail banking fees	1,999	1,818	1,634
Securities fees and commissions	426	395	362
Insurance income	226	188	155
Portfolio loan related income	401	439	349
Trading securities income	89	116	156
Gain from other available-for-sale securities	50	676	768
Gain (loss) on extinguishment of borrowings	(237)	(129)	282
Other income	271	373	56
Total noninterest income	4,612	5,850	4,469
Noninterest Expense			
Compensation and benefits	3,428	3,304	2,813
Occupancy and equipment	1,659	1,592	1,136
Telecommunications and outsourced information services	479	554	507
Depositor and other retail banking losses	195	154	179
Advertising and promotion	276	278	234
Professional fees	158	267	201
Other expense	1,340	1,259	1,118
Total noninterest expense	7,535	7,408	6,188
Income from continuing operations before income taxes	3,984	6,029	6,006
Income taxes	1,505	2,236	2,217
Income from continuing operations, net of taxes	2,479	3,793	3,789
Discontinued Operations			
Income (loss) from discontinued operations before income taxes	(32)	137	113
Gain on disposition of discontinued operations	676	–	–
Income taxes	245	50	41
Income from discontinued operations, net of taxes	399	87	72
Net Income	$ 2,878	$ 3,880	$ 3,861
Net Income Attributable to Common Stock	$ 2,878	$ 3,880	$ 3,856
Basic earnings per common share:			
Income from continuing operations	$ 2.88	$ 4.20	$ 4.01
Income from discontinued operations, net	0.46	0.09	0.08
Net Income	3.34	4.29	4.09
Diluted earnings per common share:			
Income from continuing operations	$ 2.81	$ 4.12	$ 3.94
Income from discontinued operations, net	0.45	0.09	0.08
Net Income	3.26	4.21	4.02
Dividends declared per common share	1.74	1.40	1.06
Basic weighted average number of common shares outstanding (in thousands)	862,215	903,666	943,905
Diluted weighted average number of common shares outstanding (in thousands)	884,050	921,757	960,152

Condensed Consolidated Statements of Financial Condition

Dollars in millions

December 31,	**2004**	2003
Assets		
Cash and cash equivalents	**$ 4,455**	$ 7,018
Federal funds sold and securities purchased under agreements to resell	**82**	19
Trading securities	**5,588**	1,381
Available-for-sale securities, total amortized cost of $19,047 and $36,858:		
Mortgage-backed securities (including assets pledged of $5,716 and $3,642)	**14,923**	10,695
Investment securities (including assets pledged of $3,344 and $19,353)	**4,296**	26,012
Total available-for-sale securities	**19,219**	36,707
Loans held for sale	**42,743**	20,837
Loans held in portfolio	**207,071**	175,150
Allowance for loan and lease losses	**(1,301)**	(1,250)
Total loans held in portfolio, net of allowance for loan and lease losses	**205,770**	173,900
Investment in Federal Home Loan Banks	**4,059**	3,462
Mortgage servicing rights	**5,906**	6,354
Goodwill	**6,196**	6,196
Assets of discontinued operations	**–**	4,184
Other assets	**13,900**	15,120
Total assets	**$ 307,918**	$ 275,178
Liabilities		
Deposits:		
Noninterest-bearing deposits	**$ 32,780**	$ 29,968
Interest-bearing deposits	**140,878**	123,213
Total deposits	**173,658**	153,181
Federal funds purchased and commercial paper	**4,045**	2,011
Securities sold under agreements to repurchase	**15,944**	28,333
Advances from Federal Home Loan Banks	**70,074**	48,330
Other borrowings	**18,498**	15,483
Liabilities of discontinued operations	**–**	3,578
Other liabilities	**4,473**	4,520
Total liabilities	**286,692**	255,436
Stockholders' Equity		
Common stock, no par value: 1,600,000,000 shares authorized, 874,261,898 and 880,985,764 shares issued and outstanding	**–**	–
Capital surplus—common stock	**3,350**	3,682
Accumulated other comprehensive loss	**(76)**	(524)
Retained earnings	**17,952**	16,584
Total stockholders' equity	**21,226**	19,742
Total liabilities and stockholders' equity	**$ 307,918**	$ 275,178

The Company sold its subsidiary, Washington Mutual Finance Corporation, on January 9, 2004. Accordingly, Washington Mutual Finance is presented in this report as a discontinued operation with the results of operations and cash flows segregated from the Company's results of continuing operations for all periods presented on the Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Cash Flows, unless otherwise noted. Likewise, the assets and liabilities of Washington Mutual Finance are presented as separate captions on the Condensed Consolidated Statements of Financial Condition.

For the complete Consolidated Financial Statements and Notes thereto, please refer to the Washington Mutual, Inc. Annual Report on Form 10-K for the year ended December 31, 2004.

Condensed Consolidated Statements of Cash Flows

In millions

Year ended December 31,	2004	2003	2002
Cash Flows from Operating Activities			
Net income	$ 2,878	$ 3,880	$ 3,861
Income from discontinued operations, net of taxes	(399)	(87)	(72)
Income from continuing operations	2,479	3,793	3,789
Adjustments to reconcile income from continuing operations to net cash (used) provided by operating activities:			
Provision for loan and lease losses	209	42	404
Gain from mortgage loans	(649)	(1,250)	(1,375)
Gain from available-for-sale securities	(52)	(996)	(802)
Revaluation gain from derivatives	(1,011)	(338)	(2,517)
Loss (gain) on extinguishment of borrowings	237	129	(282)
Depreciation and amortization	3,169	3,864	3,197
Provision for mortgage servicing rights impairment (reversal)	466	(712)	3,219
Stock dividends from Federal Home Loan Banks	(40)	(113)	(191)
Origination and purchases of loans held for sale, net of principal payments	(148,332)	(315,106)	(228,199)
Proceeds from sales of loans held for sale	127,429	323,570	220,856
Net increase in trading securities	(4,176)	(1,045)	(184)
Decrease (increase) in other assets	1,635	275	(511)
(Decrease) increase in other liabilities	(1,060)	(1,038)	2,457
Net cash (used) provided by operating activities	(19,696)	11,075	(139)
Cash Flows from Investing Activities			
Purchases of securities	(5,586)	(41,052)	(54,197)
Proceeds from sales and maturities of mortgage-backed securities	2,149	12,740	8,929
Proceeds from sales and maturities of other available-for-sale securities	22,151	28,425	65,811
Principal payments on securities	3,306	9,422	9,056
Purchases of Federal Home Loan Bank stock	(1,742)	(336)	(4)
Redemption of Federal Home Loan Bank stock	1,185	719	798
Proceeds from sale of mortgage servicing rights	–	638	997
Origination and purchases of loans held in portfolio	(120,012)	(114,828)	(76,777)
Principal payments on loans held in portfolio	80,685	83,815	66,098
Proceeds from sales of loans held in portfolio	844	1,429	–
Proceeds from sales of foreclosed assets	453	479	333
Net (increase) decrease in federal funds sold and securities purchased under agreements to resell	(63)	1,996	466
Net cash used for acquisitions	–	–	(3,185)
Purchases of premises and equipment, net	(585)	(1,053)	(1,030)
Proceeds from sale of real estate held for investment	–	149	–
Purchases of bank-owned life insurance	–	–	(600)
Proceeds from sale of discontinued operations, net of cash sold	1,223	–	–
Net cash (used) provided by investing activities	(15,992)	(17,457)	16,695
Cash Flows from Financing Activities			
Increase (decrease) in deposits	20,477	(2,335)	33,400
(Decrease) increase in short-term borrowings	(4,530)	17,440	(17,058)
Proceeds from long-term borrowings	5,664	10,761	34,672
Repayments of long-term borrowings	(8,234)	(13,087)	(44,184)
Proceeds from advances from Federal Home Loan Banks	89,837	91,973	35,827
Repayments of advances from Federal Home Loan Banks	(68,177)	(94,885)	(53,458)
Cash dividends paid on preferred and common stock	(1,510)	(1,274)	(1,026)
Cash dividends returned	–	68	–
Repurchase of common stock	(712)	(2,699)	(1,303)
Other	310	354	200
Net cash provided (used) by financing activities	33,125	6,316	(12,930)
(Decrease) increase in cash and cash equivalents	(2,563)	(66)	3,626
Cash and cash equivalents, beginning of year	7,018	7,084	3,458
Cash and cash equivalents, end of year	$ 4,455	$ 7,018	$ 7,084
Noncash Activities			
Loans exchanged for mortgage-backed securities	$ 4,712	$ 2,854	$ 12,274
Real estate acquired through foreclosure	408	479	447
Cash Paid During the Year For			
Interest on deposits	1,991	2,193	2,660
Interest on borrowings	2,186	2,427	2,960
Income taxes	2,593	2,829	3,201

Corporate Information

Stock Listing
Washington Mutual common stock is listed on the New York Stock Exchange and trades under the ticker symbol WM.

Annual Meeting of Shareholders
The Annual Meeting of Shareholders will be held at 1:00 p.m. Pacific Time on April 19, 2005, in the S. Mark Taper Foundation Auditorium at Benaroya Hall, 200 University Street, Seattle, Washington.

Independent Registered Public Accounting Firm
Deloitte & Touche LLP

Annual Report on Form 10-K
The company's Securities and Exchange Commission filings, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2004, may be obtained without charge by accessing the Investor Relations section of the company's website at www.wamu.com/ir, at www.sec.gov or by making a request to Investor Relations via the address, phone or website listed below.

The Chief Executive Officer and Chief Financial Officer certifications required by Section 302 of the Sarbanes-Oxley Act were filed as exhibits to the company's Annual Report on Form 10-K. The company's annual Chief Executive Officer Certification was timely submitted to the New York Stock Exchange in 2004.

Investor Relations
Quarterly information, as well as other current and historical information about the company, is available immediately upon its release, free of charge, by accessing the Investor Relations section of the company's website at www.wamu.com/ir, at www.sec.gov or by making a request to Investor Relations via the address, phone number or website listed below.

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Ridgefield Park, NJ 07660-2108
(800) 234-5835
www.melloninvestor.com

Shareholder Services
Mellon Investor Services, our stock transfer agent, maintains the records for our registered shareholders and can help you with a variety of shareholder-related services at no charge including:

Change of name or address
Consolidation of accounts
Duplicate mailings
Dividend reinvestment enrollment
Lost stock certificates
Transfer of stock to another person
Additional administrative services

Direct Stock Purchase Plan
The Investor Services Program for Washington Mutual, Inc. provides shareholders and new investors with a convenient way to purchase common shares through cash contributions and reinvestment of dividends. The Investor Services Program is sponsored and administered by Mellon Bank, N.A.

For complete information and enrollment form, contact Mellon Investor Services at (800) 234-5835 or visit them online at www.melloninvestor.com.

Forward-Looking Statements

In this summary annual report we make forward-looking statements about our expectations or predictions of future conditions, events or results. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." They are not guarantees of future performance. These statements are subject to risks and uncertainties. These statements speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. There are a number of factors, many of which are beyond our control, which could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Some of these factors are described in detail in our Form 10-K for 2004 and include: volatile interest rates impact our mortgage banking business and could adversely affect our earnings; rising unemployment or a decrease in housing prices could adversely affect our credit performance; a continuing emphasis on subprime lending could negatively impact our business; the potential for negative amortization in the Option ARM product could have an adverse effect on the company's credit; we face competition from banking and nonbanking companies which could adversely affect our earnings; changes in the regulation of financial services companies and housing government-sponsored enterprises could adversely affect our business; general business and economic conditions, including movements in interest rates, may significantly affect our earnings; and negative public opinion could damage our reputation and adversely affect our earnings. There are other factors not described in the report that could cause results to differ.

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