

WaMu Reports Significant Build-Up of Reserves Contributing to Second Quarter Net Loss of \$3.3 Billion

Company Release - 07/22/2008 16:11

SEATTLE--(BUSINESS WIRE)--

WaMu (NYSE:WM) today announced a second quarter 2008 net loss of \$3.33 billion as it significantly increased its loan loss reserves by \$3.74 billion to \$8.46 billion. The quarter's loss compares with the first quarter net loss of \$1.14 billion and net income of \$830 million during the second quarter of 2007. The quarter's financial results reflect an elevated level of provisioning due in large part to changes in the company's provisioning assumptions in response to continued declines in housing prices nationwide. These changes had the effect of accelerating provisions into the quarter. The quarter's provision was \$5.9 billion compared with \$2.2 billion of net charge-offs. The company now expects the remaining cumulative losses in its residential mortgage portfolios to be toward the upper end of the range it disclosed in April, and continues to expect 2008 to be the peak year for provisioning.

The company's tangible equity to total tangible assets capital ratio increased during the second quarter to 7.79 percent from 6.40 percent in the first quarter, resulting in approximately \$7 billion of capital in excess of its targeted 5.50 percent level. The increase reflects the effects of the \$7.2 billion capital raise, the reduction of the company's balance sheet by \$10 billion and the loss for the quarter. The company also maintained strong levels of liquidity during the quarter, with over \$40 billion of readily available liquidity at quarter end.

"In the face of unprecedented housing and mortgage market conditions, we are continuing to execute on a comprehensive plan designed to ensure that we have strong capital and liquidity, an appropriately-sized expense base and a strong, profitable retail franchise," said WaMu Chief Executive Officer Kerry Killinger. "Our recent \$7.2 billion capital raise, combined with the other proactive steps we have taken this quarter to strengthen our banking franchise and further expense reductions, continue to move us toward achieving these goals."

Killinger also said that the company now expects to realize annualized cost savings of approximately \$1 billion which will contribute to improved pretax, pre-provision earnings. "We remain confident that we have sufficient capital to successfully manage our way through this challenging period," Killinger added.

The company reported a second quarter diluted loss per share of \$6.58, which included a previously disclosed one-time earnings per share reduction in the amount of \$3.24 related to the company's capital issuance in April. Excluding this one-time reduction, the company's second quarter loss per common share was \$3.34. This non-cash reduction in earnings per share, which resulted in a reclassification within stockholders' equity, had no effect on the company's capital ratios or the net loss recorded in the second quarter.

SECOND QUARTER FINANCIAL SUMMARY AND HIGHLIGHTS

Selected Financial Summary

Three Months Ended

(\$ in millions,
except per share
data)

	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007
Income Statement					
Net interest income	\$ 2,296	\$ 2,175	\$ 2,047	\$ 2,014	\$ 2,034
Provision for loan losses	5,913	3,511	1,534	967	372
Noninterest income	561	1,569	1,365	1,379	1,758
Foreclosed asset expense	217	155	133	82	56
Goodwill impairment charge	-	-	1,775	-	-
All other noninterest expense	2,186	1,997	2,258	2,109	2,082
Minority interest					

expense	75	75	65	53	42
Income (loss) before income taxes	(5,534)	(1,994)	(2,353)	182	1,240
Income taxes	(2,206)	(856)	(486)	(4)	410
Net income (loss)	\$ (3,328)	\$ (1,138)	\$ (1,867)	\$ 186	\$ 830
Diluted earnings per common share	\$ (6.58)	\$ (1.40)	\$ (2.19)	\$ 0.20	\$ 0.92
Less : effect of conversion feature	(3.24)	-	-	-	-
Diluted earnings per common share excluding effect of conversion feature	\$ (3.34)	\$ (1.40)	\$ (2.19)	\$ 0.20	\$ 0.92
Balance Sheet					
Total assets, end of period	\$309,731	\$319,668	\$327,913	\$330,110	\$312,219
Average total assets	314,882	319,928	325,276	320,475	316,004
Average interest-earning assets	285,503	285,265	287,988	283,263	279,836
Average total deposits	184,610	184,304	185,636	198,649	206,765
Profitability Ratios					
Return on average common equity	(69.25)%	(23.27)%	(32.64)%	3.03%	13.74%
Net interest margin	3.22	3.05	2.86	2.86	2.91
Efficiency ratio	84.11	57.49	122.13	64.55	56.38
Nonperforming assets/total assets	3.62	2.87	2.17	1.65	1.29
Allowance for loan losses/nonperforming loans	87.26	60.25	41.99	41.27	47.63
Tangible equity/total tangible assets	7.79	6.40	6.67	5.60	6.07

-- Capital ratios improve. The tangible equity to total tangible assets ratio at June 30 was 7.79 percent compared with 6.40 percent as of Mar. 31, reflecting the April capital raise of \$7.2 billion and despite significant provisioning to cover credit costs. Also contributing to the improved capital ratios this quarter was a decrease in total assets of approximately \$10 billion, which freed up approximately \$550 million in capital. Additional asset reductions are expected as the

company continues to prudently manage the size of its balance sheet.

- Net interest margin up 17 basis points to 3.22 percent. The quarter's increase in net interest income to \$2.30 billion was driven by the 17 basis point expansion in the net interest margin. The margin improved as decreases in rates paid on interest bearing liabilities outpaced the decline in asset yields, while generally lower cost retail deposits grew as a percentage of funding. This expansion occurred despite an increase in nonperforming loans from the first quarter.
- Company builds reserves to \$8.46 billion. During the second quarter, the company increased the provision for loan losses to \$5.91 billion from \$3.51 billion in the first quarter. The company expects remaining cumulative losses in its residential mortgage portfolios to be at the upper end of the range of losses it disclosed at the time of its capital raise in April, and for 2008 to be the peak year for provisioning. The increase in provision for loan losses reflected the further decline in house prices which increased expected loss severities, increased delinquencies, reduced availability of credit, and the weakening economy. Total net charge-offs in the loan portfolio rose to \$2.17 billion from \$1.37 billion in the prior quarter. Nonperforming assets grew to 3.62 percent of total assets at June 30 from 2.87 percent at the end of the first quarter. At the same time, early stage delinquencies for the subprime and home equity portfolios showed early signs of stabilization in the quarter. Approximately one third of the second quarter provision for loan losses related to significant changes in key assumptions the company used to estimate incurred losses in its loan portfolio in response to the increasingly adverse credit trends. Specifically, the company shortened the historical time period used to evaluate default frequencies for its prime mortgage portfolio from a three-year period to a one-year period to reflect the evolving risk profile of the loan portfolio and adjusted its severity assumptions for all single family mortgages to reflect the continuing decline in home prices. Year to date, the company has provided \$9.42 billion for loan losses in comparison with net charge-offs of \$3.54 billion, increasing the reserve to \$8.46 billion at June 30. As a percentage of loans held in portfolio, the reserve stands at 3.53 percent, up from 1.05 percent at the end of 2007. In addition, the company's coverage ratio of the reserve to nonperforming loans was 87.26 percent, more than double the 41.99 percent at the end of last year.
- Decline in noninterest income reflects further market stress and restructuring of home loans business. Despite the 9 percent quarter over quarter increase in depositor and other retail banking fees, noninterest income of \$561 million in the second quarter was down from \$1.6 billion in the prior quarter. During the second quarter, the company recognized other than temporary impairment losses of \$407 million in the company's available-for-sale securities portfolio, compared with \$67 million in the prior quarter. Net trading losses of \$305 million were up from net losses of \$216 million in the

first quarter primarily due to a reduction in the value of retained interests from credit card securitizations reflecting market conditions. The decrease in revenue from the sales and servicing of home mortgage loans reflects lower volumes in the mortgage origination pipeline due to the company's exit from wholesale lending and closing of its home loan centers. Also impacting the quarter was a \$171 million provision for repurchase reserves, up from a provision of \$56 million in the first quarter. Mortgage servicing revenue was down \$247 million primarily due to declines in the value of MSR risk management instruments that more than offset the increase in the MSR fair value.

- Company expands expense initiatives targeting \$1 billion in savings. Noninterest expense of \$2.40 billion in the quarter included \$207 million in restructuring and resizing costs related to Home Loans activities as well as other corporate initiatives and foreclosed asset expense of \$217 million, up from \$155 million in the first quarter. During the quarter, the company implemented a series of additional initiatives designed to significantly reduce expense levels going forward. These initiatives included the previously announced wholesale and home loans center closures and other savings across functions that primarily supported home loans activities that have been discontinued. These actions will result in total annualized cost savings of approximately \$1 billion, while incurring restructuring and resizing costs of approximately \$450 million, of which \$207 million were recorded in the second quarter.
- Net loss per share includes one-time adjustment. The company reported a second quarter diluted net loss per share of \$6.58, which included a one-time earnings per share non-cash reduction in the amount of \$3.24 per common share. The reduction was recorded as a result of the June conversion of the preferred stock issued in connection with the company's capital transaction in April. This non-cash adjustment, which had no effect on the company's capital ratios or the net loss recorded in the second quarter, reduced retained earnings by \$3.29 billion, with a corresponding increase to capital surplus-common stock. Excluding this one-time reduction, the company's second quarter diluted net loss per common share was \$3.34.

SECOND QUARTER SEGMENT RESULTS

Retail Banking Group

Selected Segment Information

Three Months Ended

(\$ in millions,
except accounts and
households)

	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007
Net interest income	\$ 1,210	\$ 1,203	\$ 1,262	\$ 1,306	\$ 1,291
Provision for loan losses	3,823	2,300	663	318	91

Noninterest income	842	775	850	833	820
Inter-segment revenue	7	9	5	9	16
Noninterest expense	1,232	1,221	1,212	1,149	1,131

Income (loss) before income taxes	(2,996)	(1,534)	242	681	905
Income taxes	(959)	(491)	(39)	225	340

Net income (loss)	\$ (2,037)	\$ (1,043)	\$ 281	\$ 456	\$ 565

Average loans	\$138,671	\$142,720	\$145,486	\$147,357	\$149,716
Average retail deposits	149,509	146,734	142,733	144,921	145,252
Net change in number of retail checking accounts	254,957	256,069	74,493	310,360	406,243
Net change in retail households	94,000	154,000	37,000	161,000	228,000

- Revenue growth driven by increase in depositor fee income, expenses held steady. Net interest income was up slightly from the first quarter as the drop in the overall cost of deposits outpaced the decline in variable rate loan yields. Noninterest income, comprised primarily of depositor and other retail banking fees, was up 9 percent quarter over quarter. Depositor fees totaled \$767 million in the second quarter, up 9 percent from the seasonally slow first quarter. The company continues to have strong checking account growth adding 254,957 net new accounts in the quarter.
- Quarterly results adversely impacted by higher loan loss provisioning. The quarter's net loss reflected the increase in the provision for loan losses due in large part to changes in the company's provisioning assumptions in response to continued declines in housing prices nationwide.
- Average retail deposits up 2 percent. Average retail deposits of \$149.51 billion were up \$2.78 billion during the quarter reflecting the growth in money market accounts. Retail deposit balances at the end of the quarter were down \$3.40 billion to \$148.25 billion reflecting the reduction in higher cost promotional certificates of deposit during the quarter. The average cost of retail deposits during the quarter was 2.23 percent, down from 2.65 percent in the prior quarter.

Card Services Group (managed basis)

Selected Segment Information

(\$ in millions)	Three Months Ended				
	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007
Net interest income	\$ 769	\$ 765	\$ 694	\$ 674	\$ 649
Provision for loan losses	911	626	591	611	523
Noninterest income	187	418	315	400	393

Inter-segment expense	5	5	-	-	-
Noninterest expense	297	260	338	364	306

Income (loss) before income taxes	(257)	292	80	99	213
Income taxes	(82)	93	(12)	33	80

Net income (loss)	\$ (175)	\$ 199	\$ 92	\$ 66	\$ 133

Average managed receivables	\$26,314	\$26,889	\$26,665	\$25,718	\$24,234
Period end managed receivables	26,430	26,378	27,239	26,227	24,987
30+ day managed delinquency rate	7.05%	6.89%	6.47%	5.73%	5.11%
Managed net credit losses	10.84	9.32	6.90	6.37	6.49

- Revenue down primarily due to higher credit costs and valuation adjustments. Net interest income was flat with the prior quarter as lower funding costs were offset by a lower balance of average receivables and declines in interest rates charged on card receivables. Noninterest income was down from the prior quarter reflecting reduced value of retained interests due to market conditions. In addition, noninterest income during the first quarter included an \$85 million benefit received from the company's share of VISA's IPO. Noninterest expense was flat with the prior quarter, excluding the \$38 million partial recovery of VISA litigation expense recorded in that quarter.
- Provision up but delinquencies stabilizing. The increase in the provision to \$911 million from \$626 million reflected higher managed net credit losses and an increase in reported receivables as maturing securitizations resulted in on-balance sheet funding of new originations. Managed net credit losses of 10.84 percent reflected the increase in contractual and bankruptcy losses in the face of a weaker economy. Reflecting the previous actions taken to reduce the company's loss exposure, the 30+ day managed delinquency rate of 7.05 percent was up slightly from the prior quarter.
- Total managed receivables flat with prior quarter. Total managed receivables at quarter end remained level at \$26.43 billion. During the quarter, Card Services opened 755,301 new credit card accounts, up from 666,407 in the prior quarter. Approximately 35 percent of the new accounts came through the retail channel as the company continued to leverage its retail network.

Commercial Group

Selected Segment Information

(\$ in millions)	Three Months Ended				
	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007

Net interest income	\$ 203	\$ 196	\$ 200	\$ 200	\$ 208
Provision for loan losses	17	29	19	12	2
Noninterest income	5	(8)	(10)	(34)	63
Noninterest expense	63	68	66	67	74
Income before income taxes	128	91	105	87	195
Income taxes	41	29	11	28	73
Net income	\$ 87	\$ 62	\$ 94	\$ 59	\$ 122
Loan volume	\$ 3,768	\$ 2,835	\$ 4,800	\$ 4,054	\$ 4,348
Average loans	41,891	40,934	40,129	38,333	38,789

-- Net income up \$25 million to \$87 million. Net interest income of \$203 million was up modestly from the prior quarter due to loan growth and improved net interest margin. Noninterest income was up slightly from the first quarter as a result of lower trading asset write-downs and higher gain on sale driven by an increase in volume. The low level of noninterest expense continued to reflect ongoing expense efficiencies.

-- Provision down, strong credit trends continue. The provision for loan losses was down for the quarter with a corresponding decline in net charge-offs. Charge-offs during the quarter remained low at an annualized rate of only 2 basis points reflecting the portfolio's conservative underwriting, low loan-to-value ratios, and small balance lending.

-- Loan volume and balances up. Loan volume of \$3.77 billion was up 33 percent from the prior quarter and average loans of \$41.89 billion were up 2 percent as the company continued to invest in this business.

Home Loans Group

Selected Segment Information

(\$ in millions)	Three Months Ended				
	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007
Net interest income	\$ 240	\$ 250	\$ 229	\$ 191	\$ 211
Provision for loan losses	1,637	907	511	323	101
Noninterest income	(97)	319	329	183	389
Inter-segment expense	2	4	5	9	16
Noninterest expense(a)	484	499	2,319	554	547
Income (loss) before income taxes	(1,980)	(841)	(2,277)	(512)	(64)
Income taxes	(635)	(269)	(312)	(169)	(24)
Net (loss)	\$(1,345)	\$(572)	\$(1,965)	\$(343)	\$(40)

Loan volume	\$ 8,462	\$13,774	\$19,089	\$26,434	\$35,938
Average loans	54,880	55,672	52,278	43,737	43,312

(a) Includes \$1.78 billion goodwill charge in fourth quarter 2007.

- Results reflect reduced mortgage market participation. Net interest income fell slightly from the prior quarter reflecting a higher level of nonaccruals and a decline in loan balances on lower production. Noninterest income was down from the first quarter due to the decline in gain on sale from lower loan commitment volume and the increase in the provision for repurchase reserves reflecting an increase in repurchase demands related to prime home mortgage loans. The repurchase reserve totaled \$283 million at the end of the quarter, up from \$178 million at Mar. 31. The quarterly gain on sale variance was also impacted by \$68 million in additional gains in the first quarter from sales of loans locked prior to the adoption of new accounting pronouncements impacting gain on sale recognition. Noninterest income also reflected mortgage servicing revenue down \$247 million, primarily due to declines in the value of MSR risk management instruments that more than offset the increase in MSR fair value.
- Expense declines reflect consolidation of Home Loans business. Despite the increase in foreclosed asset expense to \$149 million from \$118 million, noninterest expense of \$484 million in the second quarter was down 3 percent from the first quarter with the further consolidation of the home loans business. The number of employees was reduced to 7,338 at the end of the second quarter from 9,135 at the end of the first quarter.
- Credit costs remain elevated. The increase in the provision to \$1.64 billion from \$907 million in the first quarter was driven by an acceleration in delinquencies and charge-offs, while subprime delinquencies showed signs of stabilization during the quarter. Total charge-offs rose to \$807 million, up \$341 million from the prior quarter.
- Production volume reduced as a result of management's actions. Home loans segment volume of \$8.46 billion was down 39 percent from first quarter levels reflecting the company's decision to exit wholesale lending and close all remaining home loan centers.

COMPANY UPDATES

- On July 22, WaMu announced that the Human Resources Committee of the Board of Directors determined that, in light of the company's 2008 financial performance to date, including the impact of mortgage-related loan loss provisions and foreclosed asset expense, the company's Chief Executive Officer, President and Chief Operating Officer and Chief Financial Officer will not receive annual incentive payments under the company's 2008 Leadership Bonus Plan.
- On July 15, WaMu's Board of Directors declared a cash dividend

of \$0.01 per share on the company's common stock. Dividends on the common stock are payable on Aug. 15, 2008 to shareholders of record as of Jul. 31, 2008. In addition to declaring a dividend on the company's common stock, the company will pay a dividend of \$0.2528 per depository share of Series K Preferred Stock to be payable on Sept. 15, 2008 to holders of record on Sept. 1, 2008, a dividend of \$19.8056 per share of Series R Preferred Stock to be payable on Sept. 15, 2008 to holders of record on Sept. 1, 2008.

- On Jun. 27, WaMu announced that a search had been initiated to replace James Corcoran, President of the Retail Bank who left WaMu to pursue other career opportunities.
- On Jun. 24, WaMu shareholders approved an amendment to increase the number of authorized common stock from 1,600,000,000 to 3,000,000,000, the conversion of the Series S and Series T Perpetual Contingent Convertible Non-Voting Preferred Stock into common stock and the ability of the warrants to be exercised to purchase common stock. On Jun. 30, the Series S and Series T preferred stock was converted into common stock.
- On Jun. 4, WaMu announced that Michael S. Solender had been named the company's Executive Vice President and Chief Legal Officer. Solender reports to Kerry Killinger, WaMu's CEO, and is a member of the company's Executive Committee.
- On Jun. 2, WaMu announced that effective Jul. 1, independent director Stephen E. Frank would assume the role of independent Board Chair while Kerry Killinger would continue to lead the company as Chief Executive Officer and serve as a director.
- On Jun. 2, WaMu announced that under its new majority voting standard, in uncontested director elections, nominees must receive a majority of votes cast to be re-elected.
- On Apr. 29, WaMu announced that it named John P. McMurray as the company's Chief Enterprise Risk Officer.

ABOUT WAMU

WaMu, through its subsidiaries, is one of the nation's leading consumer and small business banks. At Jun. 30, 2008, WaMu and its subsidiaries had assets of \$309.73 billion. The company has a history dating back to 1889 and its subsidiary banks currently operate approximately 2,300 consumer and small business banking stores throughout the nation. WaMu's financial reports and news releases are available at www.wamu.com/ir.

WEBCAST INFORMATION

A conference call to discuss the company's financial results will be held on Tuesday, Jul. 22, 2008, at 5:00 p.m. ET and will be hosted by Kerry Killinger, Chief Executive Officer, Tom Casey, Executive Vice President and Chief Financial Officer and John McMurray, Executive Vice president and Chief Enterprise Risk Officer. The conference call is available by telephone or on the Internet. The dial-in number for the live conference call is 888-324-6919. Participants calling from outside the United States may dial 312-470-7289. The passcode "WaMu" is required to access the call. Via the Internet, the conference call is available on the Investor Relations portion of the company's web site at www.wamu.com/ir. A recording of the conference call will be available from approximately 7:00 p.m. ET on Tuesday, Jul. 22, 2008 through 11:59 p.m. on Friday, Aug. 1, 2008. The recorded message will be available at 888-568-0151. Callers from outside the United States may dial 203-369-3462.

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements, which are not historical facts and pertain to future operating results. These forward-

looking statements are within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this document that are not historical facts. When used in this presentation, the words "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" are generally intended to identify forward-looking statements. These forward-looking statements are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the results discussed in these forward-looking statements for the reasons, among others, discussed under the heading "Factors That May Affect Future Results" in Washington Mutual's 2007 Annual Report on Form 10-K, as amended, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 which include:

- Economic conditions that negatively affect housing prices and the job market that have resulted, and may continue to result, in deterioration in credit quality of the company's loan portfolio.
- Access to market-based liquidity sources that may be negatively impacted if market conditions persist or if further ratings downgrades occur and could lead to increased funding costs and reduced gain on sale.
- The need to raise additional capital due to significant additional losses which could have a dilutive effect on existing shareholders and could affect the ability to pay dividends.
- Changes in interest rates.
- Features of certain of the company's loan products that may result in increased credit risk.
- Estimates used by the company to determine the fair value of certain of our assets that may prove to be imprecise and result in significant changes in valuation.
- Risks related to the company's credit card operations that could adversely affect the credit card portfolio and our ability to continue growing the credit card business.
- Operational risk which may result in incurring financial and reputational losses.
- Failure to comply with laws and regulations.
- Changes in the regulation of financial services companies, housing government-sponsored enterprises, mortgage originators and servicers, and credit card lenders.
- General business, economic and market conditions and continued deterioration in these conditions.
- Damage to the company's professional reputation and business as a result of allegations and negative public opinion as well as pending and threatened litigation.
- Significant competition from banking and nonbanking companies.

There are other factors not described in our 2007 Form 10-K, as amended, and Form 10-Q for the quarter ended March 31, 2008 which are beyond the company's ability to anticipate or control that could cause results to differ.

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions, except per share data)
(unaudited)

	Quarter Ended				
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
PROFITABILITY					
Net income (loss)	\$ (3,328)	\$ (1,138)	\$ (1,867)	\$ 186	\$ 830
Net interest income	2,296	2,175	2,047	2,014	2,034
Noninterest income	561	1,569	1,365	1,379	1,758
Noninterest expense	2,403	2,152	4,166	2,191	2,138
Diluted earnings per common share:					
Diluted earnings per common share	\$ (6.58)	\$ (1.40)	\$ (2.19)	\$ 0.20	\$ 0.92
Less: Effect of conversion feature(1)	(3.24)	-	-	-	-
Diluted earnings per common share excluding effect of conversion feature	(3.34)	(1.40)	(2.19)	0.20	0.92
Diluted weighted average number of common shares outstanding (in thousands)	1,016,081	856,923	855,532	876,002	893,090
Net interest margin on a taxable-equivalent basis(2)	3.22 %	3.05 %	2.86 %	2.86 %	2.91 %
Dividends declared per common share	\$ 0.01	\$ 0.15	\$ 0.56	\$ 0.56	\$ 0.55
Book value per common share (period end)(3)	13.35	21.74	24.55	27.18	27.27
Tangible common equity per common share					

(period end)(4)	9.01	13.26	15.89	16.43	16.59
Return on average assets	(4.23)%	(1.42)%	(2.30)%	0.23 %	1.05 %
Return on average common equity	(69.25)	(23.27)	(32.64)	3.03	13.74
Efficiency ratio(5)	84.11	57.49	122.13	64.55	56.38

ASSET QUALITY

Nonperforming assets(6) to total assets	3.62 %	2.87 %	2.17 %	1.65 %	1.29 %
Allowance as a percentage of loans held in portfolio	3.53	1.94	1.05	0.80	0.73

CREDIT

PERFORMANCE

Provision for loan losses	\$ 5,913	\$ 3,511	\$ 1,534	\$ 967	\$ 372
Net charge-offs	2,171	1,368	747	421	271

CAPITAL ADEQUACY

Capital Ratios for WMI: Tangible equity to total tangible assets(7)	7.79 %	6.40 %	6.67 %	5.60 %	6.07 %
Tier 1 capital to average total assets (leverage)(8)	7.80	6.56	6.84	5.86	6.09
Total risk- based capital to total risk- weighted assets(8)	13.98	12.25	12.34	10.67	11.04
Capital Ratios for WMB (well- capitalized minimum)(9): Tier 1 capital to adjusted total assets (leverage) (5.00%)	7.10	6.94	7.05	6.41	7.52
Adjusted Tier 1 capital to total risk- weighted assets (6.00%)	8.44	8.13	8.33	7.62	8.77
Total risk- based capital to total risk- weighted					

assets (10.00%)	12.49	12.21	12.22	11.26	12.80
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SUPPLEMENTAL DATA

Average balance sheet:

Total loans held in portfolio	\$ 241,737	\$244,186	\$241,690	\$227,348	\$216,004
Total interest-earning assets	285,503	285,265	287,988	283,263	279,836
Total assets	314,882	319,928	325,276	320,475	316,004
Total deposits	184,610	184,304	185,636	198,649	206,765
Total stockholders' equity	27,558	24,066	23,947	23,994	24,436

Period-end balance sheet:

Total loans held in portfolio, net	231,171	238,100	241,815	235,243	213,434
Total assets	309,731	319,668	327,913	330,110	312,219
Total deposits	181,923	188,049	181,926	194,280	201,380
Total stockholders' equity	26,086	22,449	24,584	23,941	24,210

Common shares outstanding at the end of period (in thousands)(10)	1,705,344	882,610	869,036	868,802	875,722
Employees at end of period	43,198	45,883	49,403	49,748	49,989

Six Months Ended

June 30, 2008	June 30, 2007
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PROFITABILITY

Net income (loss)	\$ (4,466)	\$ 1,614
Net interest income	4,471	4,115
Noninterest income	2,129	3,299
Noninterest expense	4,555	4,244
Diluted earnings per common share:		
Diluted earnings per common share	\$ (8.43)	\$ 1.78
Less: Effect of conversion feature(1)	(3.51)	-

Diluted

earnings per common share excluding effect of conversion feature	(4.92)	1.78
Diluted weighted average number of common shares outstanding (in thousands)	936,502	896,304
Net interest margin on a taxable- equivalent basis(2)	3.14 %	2.85 %
Dividends declared per common share	\$ 0.16	\$ 1.09
Book value per common share (period end)(3)	13.35	27.27
Tangible common equity per common share (period end)(4)	9.01	16.59
Return on average assets	(2.81)%	1.00 %
Return on average common equity	(45.67)	13.36
Efficiency ratio(5)	69.01	57.24
ASSET QUALITY		
Nonperforming assets(6) to total assets	3.62 %	1.29 %
Allowance as a percentage of loans held in portfolio	3.53	0.73
CREDIT PERFORMANCE		
Provision for loan losses	\$ 9,423	\$ 606
Net charge-offs	3,538	454
CAPITAL ADEQUACY		
Capital Ratios for WMI:		
Tangible equity to total tangible assets(7)	7.79 %	6.07 %
Tier 1 capital to average total assets (leverage)(8)	7.80	6.09

Total risk-based capital to total risk-weighted assets(8)	13.98	11.04
Capital Ratios for WMB (well-capitalized minimum)(9):		
Tier 1 capital to adjusted total assets (leverage) (5.00%)	7.10	7.52
Adjusted Tier 1 capital to total risk-weighted assets (6.00%)	8.44	8.77
Total risk-based capital to total risk-weighted assets (10.00%)	12.49	12.80

SUPPLEMENTAL DATA

Average balance sheet:		
Total loans held in portfolio	\$ 242,961	\$219,292
Total interest-earning assets	285,384	287,724
Total assets	317,405	323,911
Total deposits	184,457	208,753
Total stockholders' equity	25,812	24,422
Period-end balance sheet:		
Total loans held in portfolio, net	231,171	213,434
Total assets	309,731	312,219
Total deposits	181,923	201,380
Total stockholders' equity	26,086	24,210
Common shares outstanding at the end of period (in thousands)(10)	1,705,344	875,722
Employees at end of period	43,198	49,989

(1) This one-time earnings per share reduction represents a beneficial conversion feature that was recorded upon the June

2008 conversion of the preferred shares issued in connection with the April 2008 capital transaction. This non-cash adjustment, which had no effect on the Company's capital ratios or the net loss recorded in the second quarter, was provided to facilitate the comparison of earnings per share to the prior reporting periods presented on this schedule.

- (2) Includes taxable-equivalent adjustments primarily related to tax-exempt income on U.S. states and political subdivisions securities and loans related to the Company's community lending and investment activities. The federal statutory tax rate was 35% for the periods presented.
- (3) Excludes six million shares held in escrow.
- (4) Excludes goodwill and intangible assets (except MSR).
- (5) The efficiency ratio is defined as noninterest expense divided by total revenue (net interest income and noninterest income).
- (6) Excludes nonaccrual loans held for sale.
- (7) Excludes unrealized net gain/loss on available-for-sale securities and cash flow hedging instruments, goodwill and intangible assets (except MSR) and the impact from the adoption and application of FASB Statement No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. Minority interests of \$3.91 billion, \$3.91 billion, \$3.92 billion, \$2.94 billion and \$2.94 billion at June 30, 2008, March 31, 2008, December 31, 2007, September 30, 2007 and June 30, 2007 are included in the numerator.
- (8) The capital ratios are estimated as if Washington Mutual, Inc. were a bank holding company subject to Federal Reserve Board capital requirements.
- (9) Capital ratios for Washington Mutual Bank ("WMB") at June 30, 2008 are preliminary.
- (10) Includes six million shares held in escrow.

WM-2

Washington Mutual, Inc.
Consolidated Statements of Income
(dollars in millions, except per share data)
(unaudited)

	Quarter Ended				
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Interest Income					
Loans held for sale	\$ 52	\$ 87	\$ 160	\$ 248	\$ 421
Loans held in portfolio	3,604	3,954	4,156	3,992	3,786
Available-for-					

sale securities	335	357	380	392	351
Trading assets	117	116	101	108	108
Other interest and dividend income	94	77	79	116	82

Total interest income	4,202	4,591	4,876	4,856	4,748
Interest Expense					
Deposits	1,115	1,329	1,464	1,650	1,723
Borrowings	791	1,087	1,365	1,192	991

Total interest expense	1,906	2,416	2,829	2,842	2,714

Net interest income	2,296	2,175	2,047	2,014	2,034
Provision for loan losses	5,913	3,511	1,534	967	372

Net interest income (expense) after provision for loan losses	(3,617)	(1,336)	513	1,047	1,662
Noninterest Income					
Revenue (expense) from sales and servicing of home mortgage loans	(109)	411	358	161	300
Revenue from sales and servicing of consumer loans	159	248	375	418	403
Depositor and other retail banking fees	767	704	769	740	720
Credit card fees	177	181	214	209	183
Securities fees and commissions	64	58	63	67	70
Insurance income	32	30	29	29	29
Loss on trading assets	(305)	(216)	(267)	(153)	(145)
Gain (loss) on other available- for-sale securities	(402)	18	(261)	(99)	7
Gain (loss) on extinguishment of borrowings	100	13	-	1	(14)
Other income	78	122	85	6	205

Total noninterest income	561	1,569	1,365	1,379	1,758

Noninterest Expense					
Compensation and benefits	939	914	877	910	977
Occupancy and equipment	460	358	488	371	354
Telecommunications and outsourced information services	123	130	134	135	132
Depositor and other retail banking losses	61	63	72	71	58
Advertising and promotion	103	105	108	125	113
Professional fees	57	39	89	52	55
Foreclosed asset expense	217	155	133	82	56
Goodwill impairment charge	-	-	1,775	-	-
Other expense	443	388	490	445	393

Total noninterest expense	2,403	2,152	4,166	2,191	2,138
Minority interest expense	75	75	65	53	42

Income (loss) before income taxes	(5,534)	(1,994)	(2,353)	182	1,240
Income taxes	(2,206)	(856)	(486)	(4)	410

Net Income (Loss)	\$ (3,328)	\$ (1,138)	\$ (1,867)	\$ 186	\$ 830
=====					
Preferred dividends declared	(71)	(65)	(8)	(8)	(8)
Beneficial conversion feature	(3,290)	-	-	-	-

Net Income (Loss) Applicable to Common Stockholders	\$ (6,689)	\$ (1,203)	\$ (1,875)	\$ 178	\$ 822
=====					
Earnings Per Common Share:					
Basic	\$ (6.58)	\$ (1.40)	\$ (2.19)	\$ 0.21	\$ 0.95
Diluted	(6.58)	(1.40)	(2.19)	0.20	0.92
Dividends declared per common share	0.01	0.15	0.56	0.56	0.55
Basic weighted average number of					

common shares outstanding (in thousands)	1,016,081	856,923	855,518	857,005	868,968
Diluted weighted average number of common shares outstanding (in thousands)	1,016,081	856,923	855,532	876,002	893,090

WM-3

Washington Mutual, Inc.
Consolidated Statements of Income
(dollars in millions, except per share data)
(unaudited)

	Six Months Ended	
	June 30, 2008	June 30, 2007
<hr/>		
Interest Income		
Loans held for sale	\$ 138	\$ 984
Loans held in portfolio	7,559	7,686
Available-for-sale securities	691	682
Trading assets	233	221
Other interest and dividend income	171	183
<hr/>		
Total interest income	8,792	9,756
Interest Expense		
Deposits	2,443	3,495
Borrowings	1,878	2,146
<hr/>		
Total interest expense	4,321	5,641
<hr/>		
Net interest income	4,471	4,115
Provision for loan losses	9,423	606
<hr/>		
Net interest income (expense) after provision for loan losses	(4,952)	3,509
Noninterest Income		
Revenue from sales and servicing of home mortgage loans	302	425
Revenue from sales and servicing of consumer loans	407	846
Depositor and other retail banking fees	1,470	1,385
Credit card fees	358	355
Securities fees and commissions	122	131
Insurance income	63	58
Loss on trading assets	(521)	(253)
Gain (loss) on other available-for-sale securities	(384)	41
Gain (loss) on extinguishment of borrowings	113	(7)
Other income	199	318
<hr/>		
Total noninterest income	2,129	3,299
Noninterest Expense		
Compensation and benefits	1,853	1,979
Occupancy and equipment	818	731

Telecommunications and outsourced information services	253	261
Depositor and other retail banking losses	124	119
Advertising and promotion	208	211
Professional fees	96	93
Foreclosed asset expense	372	95
Other expense	831	755

Total noninterest expense	4,555	4,244
Minority interest expense	151	85

Income (loss) before income taxes	(7,529)	2,479
Income taxes	(3,063)	865

Net Income (Loss)	\$ (4,466)	\$ 1,614
=====		
Preferred dividends declared	(136)	(15)
Beneficial conversion feature	(3,290)	-

Net Income (Loss) Applicable to Common Stockholders	\$ (7,892)	\$ 1,599
=====		
Earnings Per Common Share:		
Basic	\$ (8.43)	\$ 1.83
Diluted	(8.43)	1.78
Dividends declared per common share	0.16	1.09
Basic weighted average number of common shares outstanding (in thousands)	936,502	871,876
Diluted weighted average number of common shares outstanding (in thousands)	936,502	896,304

WM-4

Washington Mutual, Inc.
Consolidated Statements of Financial Condition
(dollars in millions)
(unaudited)

June 30, Mar. 31, Dec. 31, Sept. 30, June 30,
2008 2008 2007 2007 2007

Assets

Cash and cash equivalents	\$ 7,235	\$ 10,089	\$ 9,560	\$ 11,370	\$ 4,167
Federal funds sold and securities purchased under agreements to resell	2,750	2,527	1,877	4,042	3,267
Trading assets	2,308	2,483	2,768	3,797	5,534
Available-for-sale securities, total amortized cost of \$25,756, \$24,907, \$27,789, \$28,725 and \$28,934:					
Mortgage-backed					

securities	18,241	18,140	19,249	20,562	20,393
Investment securities	6,134	5,466	8,291	7,844	7,947

Total available-for-sale securities	24,375	23,606	27,540	28,406	28,340
Loans held for sale	1,877	4,941	5,403	7,586	19,327
Loans held in portfolio	239,627	242,814	244,386	237,132	214,994
Allowance for loan losses	(8,456)	(4,714)	(2,571)	(1,889)	(1,560)

Loans held in portfolio, net	231,171	238,100	241,815	235,243	213,434
Investment in Federal Home Loan Banks	3,498	3,514	3,351	2,808	1,596
Mortgage servicing rights	6,175	5,726	6,278	6,794	7,231
Goodwill	7,284	7,283	7,287	9,062	9,056
Other assets	23,058	21,399	22,034	21,002	20,267

Total assets	\$309,731	\$319,668	\$327,913	\$330,110	\$312,219
=====					
Liabilities					
Deposits:					
Noninterest-bearing deposits	\$ 31,112	\$ 31,911	\$ 30,389	\$ 31,341	\$ 33,557
Interest-bearing deposits	150,811	156,138	151,537	162,939	167,823

Total deposits	181,923	188,049	181,926	194,280	201,380
Federal funds purchased and commercial paper	75	250	2,003	2,482	3,390
Securities sold under agreements to repurchase	214	215	4,148	4,732	9,357
Advances from Federal Home Loan Banks	58,363	64,009	63,852	52,530	21,412
Other borrowings	30,590	32,710	38,958	40,887	40,313
Other liabilities	8,566	8,072	8,523	8,313	9,212
Minority interests	3,914	3,914	3,919	2,945	2,945

Total liabilities	283,645	297,219	303,329	306,169	288,009
Stockholders' Equity					
Preferred stock	3,392	3,392	3,392	492	492
Capital surplus - common stock	12,916	2,646	2,630	2,575	2,715
Accumulated other comprehensive loss	(1,079)	(1,141)	(359)	(390)	(568)
Retained earnings	10,857	17,552	18,921	21,264	21,571

Total					

stockholders' equity	26,086	22,449	24,584	23,941	24,210

Total liabilities and stockholders' equity	\$309,731	\$319,668	\$327,913	\$330,110	\$312,219
=====					

WM-5

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

	Quarter Ended				
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007

Stockholders' Equity					
Rollforward					
Balance, beginning of period	\$22,449	\$24,584	\$23,941	\$24,210	\$24,578
Net income (loss)	(3,328)	(1,138)	(1,867)	186	830
Cumulative effect from the adoption of new accounting pronouncements	-	(36)(1)	-	-	-
Other comprehensive income (loss), net of income taxes	62	(782)	31	177	(300)
Cash dividends declared on common stock	(10)	(130)	(482)	(485)	(484)
Preferred stock activity:					
Preferred share conversion(2)	(3,290)	-	-	-	-
Cash dividends declared	(71)	(65)	(8)	(8)	(8)
	-----	-----	-----	-----	-----
Total preferred stock activity	(3,361)	(65)	(8)	(8)	(8)
Cash dividends returned(3)	4	-	15	-	-
Common stock activity:					
Capital surplus-common stock attributable to preferred share conversion(2)	3,290	-	-	-	-
Common stock issued(4)	6,980	16	54	60	94
Common stock repurchased and retired(5)	-	-	-	(199)	(500)

Total common stock activity	10,270	16	54	(139)	(406)
Preferred stock issued	-	-	2,900	-	-
Balance, end of period	\$26,086	\$22,449	\$24,584	\$23,941	\$24,210

- (1) As of January 1, 2008, the Company adopted FASB Statement No. 157, Fair Value Measurements ("Statement No. 157"), EITF Issue No. 06-4, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements ("Issue No. 06-4") and EITF Issue No. 06-10, Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements ("Issue No. 06-10"). The cumulative effect, net of income taxes, from the adoption of Statement No. 157, Issue No. 06-4 and Issue No. 06-10 was \$1 million, \$(35) million and \$(2) million.
- (2) The preferred share conversion adjustment represents a beneficial conversion feature that was recorded upon the June 2008 conversion of the preferred shares issued in connection with the April 2008 capital transaction. This non-cash conversion adjustment, which did not affect the net loss recorded in the second quarter of 2008, reduced retained earnings and correspondingly increased capital surplus-common stock.
- (3) Represents accumulated dividends on shares returned from escrow.
- (4) Includes 647 million shares of common stock converted on June 30, 2008 at \$8.75 per share from 56,570 preferred shares issued in April 2008.
- (5) The Company repurchased zero shares of its common stock during the three months ended June 30, 2008, March 31, 2008 and December 31, 2007, and 7.2 million and 13.5 million shares of its common stock during the three months ended September 30, 2007 and June 30, 2007. At June 30, 2008, the total remaining common stock repurchase authority was 47.5 million shares.

WM-6

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

	Quarter Ended				
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007

RETAIL BANKING

GROUP

Condensed income statement:

Net interest

income	\$ 1,210	\$ 1,203	\$ 1,262	\$ 1,306	\$ 1,291
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Provision for loan losses	3,823	2,300	663	318	91
Noninterest income	842	775	850	833	820
Inter-segment revenue	7	9	5	9	16
Noninterest expense	1,232	1,221	1,212	1,149	1,131

Income (loss) before income taxes	(2,996)	(1,534)	242	681	905
Income taxes	(959)	(491)	(39)	225	340

Net income (loss)	\$ (2,037)	\$ (1,043)	\$ 281	\$ 456	\$ 565
=====					
Performance and other data:					
Efficiency ratio	59.82%	61.48%	57.25%	53.48%	53.19%
Average loans	\$138,671	\$142,720	\$145,486	\$147,357	\$149,716
Average assets	145,800	151,609	155,100	157,194	159,515
Average deposits:					
Checking deposits:					
Noninterest bearing	24,753	23,425	22,748	22,860	23,107
Interest bearing	22,557	24,306	26,328	28,406	30,282

Total checking deposits	47,310	47,731	49,076	51,266	53,389
Savings and money market deposits	54,928	47,904	44,623	43,524	43,814
Time deposits	47,271	51,099	49,034	50,131	48,049

Average deposits	149,509	146,734	142,733	144,921	145,252
Loan volume	655	1,238	3,417	5,172	5,760
Employees at end of period	27,857	28,736	29,147	28,636	28,523
CARD SERVICES GROUP					
Managed basis(1)					
Condensed income statement:					
Net interest income	\$ 769	\$ 765	\$ 694	\$ 674	\$ 649
Provision for loan losses	911	626	591	611	523
Noninterest income	187	418	315	400	393
Inter-segment expense	5	5	-	-	-
Noninterest expense	297	260	338	364	306

Income (loss) before income taxes	(257)	292	80	99	213
Income taxes	(82)	93	(12)	33	80
Net income (loss)	\$ (175)	\$ 199	\$ 92	\$ 66	\$ 133
Performance and other data:					
Efficiency ratio	31.25%	22.04%	33.51%	33.91%	29.33%
Average loans	\$ 26,314	\$ 26,889	\$ 26,665	\$ 25,718	\$ 24,234
Average assets	28,844	29,244	28,961	28,206	26,762
Employees at end of period	2,940	2,881	2,860	2,878	2,827
Securitization adjustments					
Condensed income statement:					
Net interest income	\$ (506)	\$ (503)	\$ (454)	\$ (456)	\$ (459)
Provision for loan losses	(530)	(470)	(335)	(288)	(294)
Noninterest income	(24)	33	119	168	165
Performance and other data:					
Average loans	(16,872)	(17,391)	(16,007)	(14,488)	(13,888)
Average assets	(14,739)	(15,075)	(14,180)	(12,841)	(12,287)
Adjusted basis Condensed income statement:					
Net interest income	\$ 263	\$ 262	\$ 240	\$ 218	\$ 190
Provision for loan losses	381	156	256	323	229
Noninterest income	163	451	434	568	558
Inter-segment expense	5	5	-	-	-
Noninterest expense	297	260	338	364	306
Income (loss) before income taxes	(257)	292	80	99	213
Income taxes	(82)	93	(12)	33	80
Net income (loss)	\$ (175)	\$ 199	\$ 92	\$ 66	\$ 133
Performance and other data:					

Average loans	\$ 9,442	\$ 9,498	\$ 10,658	\$ 11,230	\$ 10,346
Average assets	14,105	14,169	14,781	15,365	14,475

Six Months Ended

June 30, June 30,
2008 2007

RETAIL BANKING
GROUP

Condensed income
statement:

Net interest income	\$ 2,413	\$ 2,575
Provision for loan losses	6,122	153
Noninterest income	1,617	1,571
Inter-segment revenue	15	34
Noninterest expense	2,453	2,201

Income (loss) before income taxes	(4,530)	1,826
Income taxes	(1,450)	685

Net income (loss)	\$ (3,080)	\$ 1,141
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Performance and
other data:

Efficiency ratio	60.63%	52.65%
---------------------	--------	--------

Average loans	\$140,695	\$152,445
Average assets	148,704	162,264

Average deposits:		
Checking deposits:		
Noninterest bearing	24,089	22,722
Interest bearing	23,431	31,006

Total checking deposits	47,520	53,728
Savings and money market deposits	51,417	43,460
Time deposits	49,185	47,456

Average deposits	148,122	144,644
Loan volume	1,893	10,338

Employees at end of period	27,857	28,523
CARD SERVICES GROUP		
Managed basis(1)		
Condensed income statement:		
Net interest income	\$ 1,534	\$ 1,290
Provision for loan losses	1,537	912
Noninterest income	604	867
Inter-segment expense	9	-
Noninterest expense	557	635

Income (loss) before income taxes	35	610
Income taxes	11	229

Net income (loss)	\$ 24	\$ 381
=====		
Performance and other data:		
Efficiency ratio	26.16%	29.42%
Average loans	\$ 26,601	\$ 23,921
Average assets	29,044	26,403
Employees at end of period	2,940	2,827
Securitization adjustments		
Condensed income statement:		
Net interest income	\$ (1,010)	\$ (874)
Provision for loan losses	(1,000)	(577)
Noninterest income	10	297
Performance and other data:		
Average loans	(17,131)	(13,201)
Average assets	(14,907)	(11,627)
Adjusted basis		
Condensed income statement:		
Net interest income	\$ 524	\$ 416
Provision for loan losses	537	335
Noninterest		

income	614	1,164
Inter-segment expense	9	-
Noninterest expense	557	635

Income (loss) before income taxes	35	610
Income taxes	11	229

Net income (loss)	\$ 24	\$ 381
=====		
Performance and other data:		
Average loans	\$ 9,470	\$ 10,720
Average assets	14,137	14,776

(This table is continued on "WM-7.")

(1) The managed basis presentation treats securitized and sold credit card receivables as if they were still on the balance sheet. The Company uses this basis in assessing the overall performance of this operating segment. The managed basis presentation of the Card Services Group is derived by adjusting the GAAP financial information to add back securitized loan balances and the related interest, fee income and provision for credit losses. Such adjustments are eliminated as securitization adjustments when reporting GAAP results.

WM-7

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

Quarter Ended

(This table is
continued from "WM-
6.")

	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
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COMMERCIAL GROUP

Condensed income
statement:

Net interest income	\$ 203	\$ 196	\$ 200	\$ 200	\$ 208
Provision for loan losses	17	29	19	12	2
Noninterest income	5	(8)	(10)	(34)	63
Noninterest expense	63	68	66	67	74

Income before income taxes	128	91	105	87	195
Income taxes	41	29	11	28	73

Net income	\$ 87	\$ 62	\$ 94	\$ 59	\$ 122
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Performance and
other data:

Efficiency ratio	30.34%	36.09%	34.39%	40.26%	27.42%
Average loans	\$ 41,891	\$40,934	\$ 40,129	\$ 38,333	\$38,789
Average assets	43,875	43,004	42,336	40,663	41,184
Average deposits	6,632	7,474	9,762	13,816	15,294
Loan volume	3,768	2,835	4,800	4,054	4,348
Employees at end of period	1,342	1,358	1,502	1,524	1,508

HOME LOANS GROUP

Condensed income
statement:

Net interest income	\$ 240	\$ 250	\$ 229	\$ 191	\$ 211
Provision for loan losses	1,637	907	511	323	101
Noninterest income	(97)	319	329	183	389
Inter-segment expense	2	4	5	9	16
Noninterest expense	484	499	2,319	554	547

Loss before income taxes	(1,980)	(841)	(2,277)	(512)	(64)
Income taxes	(635)	(269)	(312)	(169)	(24)

Net loss	\$ (1,345)	\$ (572)	\$ (1,965)	\$ (343)	\$ (40)
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Performance and
other data:

Efficiency ratio	344.70%	88.26%	419.52%	151.63%	93.71%
Average loans	\$ 54,880	\$55,672	\$ 52,278	\$ 43,737	\$43,312
Average assets	65,074	66,841	66,172	61,106	60,342
Average deposits	5,202	5,469	6,714	7,780	8,372
Loan volume	8,462	13,774	19,089	26,434	35,938
Employees at end of period	7,338	9,135	11,812	12,668	13,150

CORPORATE

SUPPORT/TREASURY AND
OTHER

Condensed income
statement:

Net interest income (expense)	\$ 254	\$ 132	\$ (18)	\$ (39)	\$ (4)
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Provision for loan losses	55	119	85	(9)	(51)
Noninterest income	(327)	86	(201)	(91)	60
Noninterest expense	327	104	231	57	80
Minority interest expense	75	75	65	53	42

Loss before income taxes	(530)	(80)	(600)	(231)	(15)
Income taxes	(247)	(68)	(157)	(46)	(37)

Net income (loss)	\$ (283)	\$ (12)	\$ (443)	\$ (185)	\$ 22
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Performance and other data:

Average loans	\$ 1,648	\$ 1,556	\$ 1,482	\$ 1,420	\$ 1,367
Average assets	47,151	45,525	48,173	47,532	41,789
Average deposits	23,267	24,627	26,427	32,132	37,847
Loan volume	84	143	171	113	72
Employees at end of period	3,721	3,773	4,082	4,042	3,981

Six Months Ended

(This table is continued from "WM-6.")

June 30, 2008 June 30, 2007

COMMERCIAL GROUP

Condensed income statement:

Net interest income	\$ 400	\$ 420
Provision for loan losses	47	(7)
Noninterest income	(3)	78
Noninterest expense	131	148

Income before income taxes	219	357
Income taxes	70	134

Net income	\$ 149	\$ 223
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Performance and other data:

Efficiency ratio	33.07%	29.89%
Average loans	\$ 41,413	\$ 38,715
Average assets	43,439	41,094
Average deposits	7,053	13,671
Loan volume	6,603	8,018
Employees at end of period	1,342	1,508

HOME LOANS GROUP

Condensed income statement:

Net interest income	\$ 490	\$ 455
Provision for loan losses	2,544	150
Noninterest income	221	550

Inter-segment expense	6	34
Noninterest expense	983	1,069

Loss before income taxes	(2,822)	(248)
Income taxes	(904)	(93)

Net loss	\$ (1,918)	\$ (155)
=====		
Performance and other data:		
Efficiency ratio	139.26%	110.07%
Average loans	\$ 55,275	\$ 48,255
Average assets	65,958	65,831
Average deposits	5,335	8,436
Loan volume	22,236	69,718
Employees at end of period	7,338	13,150
CORPORATE SUPPORT/TREASURY AND OTHER		
Condensed income statement:		
Net interest income (expense)	\$ 386	\$ (26)
Provision for loan losses	173	(25)
Noninterest income	(241)	154
Noninterest expense	431	191
Minority interest expense	151	85

Loss before income taxes	(610)	(123)
Income taxes	(316)	(106)

Net income (loss)	\$ (294)	\$ (17)
=====		
Performance and other data:		
Average loans	\$ 1,602	\$ 1,356
Average assets	46,338	41,335
Average deposits	23,947	42,002
Loan volume	226	179
Employees at end of period	3,721	3,981

(This table is continued on "WM-8.")

WM-8

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

Quarter Ended

(This table is
continued from "WM-
7.")

	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
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RECONCILING

ADJUSTMENTS

Condensed income
statement:

Net interest

income(1)	\$ 126	\$ 132	\$ 134	\$ 138	\$ 138
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Noninterest income (expense) (2)	(25)	(54)	(37)	(80)	(132)

Income before income taxes	101	78	97	58	6
Income taxes (3)	(324)	(150)	23	(75)	(22)

Net income	\$ 425	\$ 228	\$ 74	\$ 133	\$ 28
=====					
Performance and other data:					
Average loans (4)	\$ (1,123)	\$ (1,220)	\$ (1,286)	\$ (1,385)	\$ (1,301)
Average assets (4)	(1,123)	(1,220)	(1,286)	(1,385)	(1,301)
TOTAL CONSOLIDATED					
Condensed income statement:					
Net interest income	\$ 2,296	\$ 2,175	\$ 2,047	\$ 2,014	\$ 2,034
Provision for loan losses	5,913	3,511	1,534	967	372
Noninterest income	561	1,569	1,365	1,379	1,758
Noninterest expense	2,403	2,152	4,166	2,191	2,138
Minority interest expense	75	75	65	53	42

Income (loss) before income taxes	(5,534)	(1,994)	(2,353)	182	1,240
Income taxes	(2,206)	(856)	(486)	(4)	410

Net income (loss)	\$ (3,328)	\$ (1,138)	\$ (1,867)	\$ 186	\$ 830
=====					
Performance and other data:					
Efficiency ratio	84.11%	57.49%	122.13%	64.55%	56.38%
Average loans	\$245,409	\$249,160	\$248,747	\$240,692	\$242,229
Average assets	314,882	319,928	325,276	320,475	316,004
Average deposits	184,610	184,304	185,636	198,649	206,765
Loan volume	12,969	17,990	27,477	35,773	46,118
Employees at end of period	43,198	45,883	49,403	49,748	49,989

Six Months Ended

(This table is continued from "WM-7.")	June 30, 2008	June 30, 2007
RECONCILING ADJUSTMENTS		
Condensed income statement:		
Net interest income(1)	\$ 258	\$ 275
Noninterest income (expense)(2)	(79)	(218)

Income before income taxes	179	57
Income taxes(3)	(474)	16

Net income	\$ 653	\$ 41
=====		
Performance and other data:		
Average loans(4)	\$ (1,171)	\$ (1,389)
Average assets(4)	(1,171)	(1,389)

TOTAL CONSOLIDATED		
Condensed income statement:		
Net interest income	\$ 4,471	\$ 4,115
Provision for loan losses	9,423	606
Noninterest income	2,129	3,299
Noninterest expense	4,555	4,244
Minority interest expense	151	85

Income (loss) before income taxes	(7,529)	2,479
Income taxes	(3,063)	865

Net income (loss)	\$ (4,466)	\$ 1,614
=====		
Performance and other data:		
Efficiency ratio	69.01%	57.24%
Average loans	\$247,284	\$250,102
Average assets	317,405	323,911
Average deposits	184,457	208,753
Loan volume	30,958	88,253
Employees at end of period	43,198	49,989

(1) Represents the difference between mortgage loan premium amortization recorded by the Retail Banking Group and the amount recognized in the Company's Consolidated Statements of Income. For management reporting purposes, certain mortgage loans that are held in portfolio by the Retail Banking Group are treated as if they are purchased from the Home Loans Group. Since the cost basis of these loans includes an assumed profit factor paid to the Home Loans Group, the amortization of loan premiums recorded by the Retail Banking Group reflects this assumed profit factor and must therefore be eliminated as a reconciling adjustment.

(2) Represents the difference between gain from mortgage loans recorded by the Home Loans Group and gain from mortgage loans recognized in the Company's Consolidated Statements of Income.

(3) Represents the tax effect of reconciling adjustments.

(4) Represents the inter-segment offset for inter-segment loan

premiums that the Retail Banking Group recognized upon transfer of portfolio loans from the Home Loans Group.

WM-9

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

	Quarter Ended		
	June 30, 2008		
	Balance	Rate	Interest Income/ Expense
Average Balances and Weighted Average Interest Rates			
Assets (Taxable-Equivalent Basis(1))			
Interest-earning assets(2):			
Federal funds sold and securities purchased under agreements to resell	\$ 2,161	2.15%	\$ 11
Trading assets	2,404	19.50	117
Available-for-sale securities(3):			
Mortgage-backed securities	19,190	5.67	271
Investment securities	5,287	5.06	67
Loans held for sale	3,672	5.62	52
Loans held in portfolio:			
Loans secured by real estate:			
Home loans(4)(5)	107,299	5.83	1,563
Home equity loans and lines of credit(5)	60,964	5.12	777
Subprime mortgage channel(6)	16,933	6.05	256
Home construction(7)	1,973	7.41	37
Multi-family	32,786	6.13	502
Other real estate	10,205	6.26	159
Total loans secured by real estate	230,160	5.73	3,294
Consumer:			
Credit card	9,443	11.56	271
Other	180	16.85	8
Commercial	1,954	6.76	33
Total loans held in portfolio	241,737	5.98	3,606
Other	11,052	3.01	83
Total interest-earning assets	285,503	5.90	4,207
Noninterest-earning assets:			
Mortgage servicing rights	6,115		
Goodwill	7,283		
Other assets	15,981		
Total assets	\$314,882		
Liabilities			

Interest-bearing liabilities:

Deposits:

Interest-bearing checking deposits	\$ 22,619	1.39	78
Savings and money market deposits	62,078	2.17	335
Time deposits	69,161	4.08	702

Total interest-bearing deposits	153,858	2.91	1,115
Federal funds purchased and commercial paper	79	3.05	1
Securities sold under agreements to repurchase	406	2.20	2
Advances from Federal Home Loan Banks	60,402	3.36	505
Other	30,839	3.69	283

Total interest-bearing liabilities	245,584	3.12	1,906
------------------------------------	---------	------	-------

Noninterest-bearing sources:

Noninterest-bearing deposits	30,752
Other liabilities	7,075
Minority interests	3,913
Stockholders' equity	27,558

Total liabilities and stockholders' equity	\$314,882
--	-----------

Net interest spread and net interest income on a taxable-equivalent basis	2.78	\$2,301
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Impact of noninterest-bearing sources	0.44
Net interest margin on a taxable-equivalent basis	3.22

Quarter Ended

Mar. 31, 2008

Balance	Rate	Interest Income/Expense
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Average Balances and Weighted Average Interest Rates

Assets (Taxable-Equivalent Basis(1))

Interest-earning assets(2):

Federal funds sold and securities purchased under agreements to resell	\$ 2,118	3.48%	\$ 18
Trading assets	2,726	17.10	116
Available-for-sale securities(3):			
Mortgage-backed securities	18,945	5.80	275
Investment securities	6,316	5.39	85
Loans held for sale	4,974	6.98	87

Loans held in portfolio:

Loans secured by real estate:

Home loans(4)(5)	109,773	6.27	1,720
Home equity loans and lines of credit(5)	61,196	6.28	956

Subprime mortgage channel(6)	18,106	6.33	287
Home construction(7)	2,142	7.65	41
Multi-family	31,962	6.35	507
Other real estate	9,797	6.49	158

Total loans secured by real estate	232,976	6.31	3,669
Consumer:			
Credit card	9,024	10.75	241
Other	195	17.47	8
Commercial	1,991	7.36	37

Total loans held in portfolio	244,186	6.49	3,955
Other	6,000	3.94	59

Total interest-earning assets	285,265	6.45	4,595
Noninterest-earning assets:			
Mortgage servicing rights	5,882		
Goodwill	7,286		
Other assets	21,495		

Total assets	\$319,928		
=====			
Liabilities			
Interest-bearing liabilities:			
Deposits:			
Interest-bearing checking deposits	\$ 24,384	1.75	107
Savings and money market deposits	55,951	2.73	379
Time deposits	74,225	4.57	843

Total interest-bearing deposits	154,560	3.46	1,329
Federal funds purchased and commercial paper	1,009	3.62	9
Securities sold under agreements to repurchase	885	3.78	8
Advances from Federal Home Loan Banks	62,799	4.29	670
Other	34,048	4.71	400

Total interest-bearing liabilities	253,301	3.83	2,416

Noninterest-bearing sources:			
Noninterest-bearing deposits	29,744		
Other liabilities	8,902		
Minority interests	3,915		
Stockholders' equity	24,066		

Total liabilities and stockholders' equity	\$319,928		
=====			
Net interest spread and net interest income on a taxable-equivalent basis		2.62	\$2,179
=====			
Impact of noninterest-bearing sources		0.43	
Net interest margin on a taxable-equivalent basis		3.05	

Quarter Ended

June 30, 2007

	Balance	Rate	Interest Income/ Expense

Average Balances and Weighted Average Interest Rates			
Assets (Taxable-Equivalent Basis(1))			
Interest-earning assets(2):			
Federal funds sold and securities purchased under agreements to resell	\$ 3,964	5.39%	\$ 53
Trading assets	4,995	8.67	108
Available-for-sale securities(3):			
Mortgage-backed securities	19,177	5.39	259
Investment securities	7,382	5.15	95
Loans held for sale	26,225	6.43	421
Loans held in portfolio:			
Loans secured by real estate:			
Home loans(4)(5)	90,818	6.44	1,462
Home equity loans and lines of credit(5)	54,431	7.59	1,031
Subprime mortgage channel(6)	20,152	6.80	343
Home construction(7)	2,043	6.72	34
Multi-family	29,419	6.65	488
Other real estate	6,843	7.03	120

Total loans secured by real estate	203,706	6.84	3,478
Consumer:			
Credit card	10,101	10.44	263
Other	254	12.44	8
Commercial	1,943	7.73	38

Total loans held in portfolio	216,004	7.02	3,787
Other	2,089	5.47	29

Total interest-earning assets	279,836	6.80	4,752
Noninterest-earning assets:			
Mortgage servicing rights	6,782		
Goodwill	9,054		
Other assets	20,332		

Total assets	\$316,004		
=====			
Liabilities			
Interest-bearing liabilities:			
Deposits:			
Interest-bearing checking deposits	\$ 30,373	2.51	190
Savings and money market deposits	58,969	3.33	490
Time deposits	84,330	4.96	1,043

Total interest-bearing deposits	173,672	3.98	1,723
Federal funds purchased and commercial paper	2,169	5.36	29
Securities sold under agreements to			

repurchase	8,416	5.35	112
Advances from Federal Home Loan Banks	22,063	5.36	295
Other	39,886	5.57	555

Total interest-bearing liabilities	246,206	4.42	2,714

Noninterest-bearing sources:			
Noninterest-bearing deposits	33,093		
Other liabilities	9,610		
Minority interests	2,659		
Stockholders' equity	24,436		

Total liabilities and stockholders' equity	\$316,004		
=====			
Net interest spread and net interest income on a taxable-equivalent basis		2.38	\$2,038
			=====
Impact of noninterest-bearing sources		0.53	
Net interest margin on a taxable-equivalent basis		2.91	

- (1) Includes taxable-equivalent adjustments primarily related to tax-exempt income on U.S. states and political subdivisions securities and loans related to the Company's community lending and investment activities. The federal statutory tax rate was 35% for the periods presented.
- (2) Nonaccrual assets and related income, if any, are included in their respective categories.
- (3) The average balance and yield are based on average amortized cost balances.
- (4) Capitalized interest recognized in earnings that resulted from negative amortization within the Option ARM portfolio totaled \$255 million, \$336 million and \$344 million for the three months ended June 30, 2008, March 31, 2008 and June 30, 2007.
- (5) Excludes home loans and home equity loans and lines of credit in the subprime mortgage channel.
- (6) Represents mortgage loans purchased from recognized subprime lenders and mortgage loans originated under the Long Beach Mortgage name and held in the investment portfolio.
- (7) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

WM-10

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

Six Months Ended

June 30, 2008

	Balance	Rate	Interest Income/ Expense
Average Balances and Weighted Average Interest Rates			
Assets (Taxable-Equivalent Basis(1))			
Interest-earning assets(2):			
Federal funds sold and securities purchased under agreements to resell	\$ 2,139	2.81%	\$ 30
Trading assets	2,565	18.22	233
Available-for-sale securities(3):			
Mortgage-backed securities	19,068	5.74	546
Investment securities	5,802	5.24	152
Loans held for sale	4,323	6.40	138
Loans held in portfolio:			
Loans secured by real estate:			
Home loans(4)(5)	108,536	6.05	3,283
Home equity loans and lines of credit(5)	61,080	5.70	1,733
Subprime mortgage channel(6)	17,519	6.19	543
Home construction(7)	2,058	7.54	78
Multi-family	32,374	6.23	1,009
Other real estate	10,001	6.37	317

Total loans secured by real estate	231,568	6.02	6,963
Consumer:			
Credit card	9,233	11.16	513
Other	188	17.17	16
Commercial	1,972	7.06	69

Total loans held in portfolio	242,961	6.23	7,561
Other	8,526	3.34	141

Total interest-earning assets	285,384	6.18	8,801
Noninterest-earning assets:			
Mortgage servicing rights	5,998		
Goodwill	7,285		
Other assets	18,738		

Total assets	\$317,405		
=====			
Liabilities			
Interest-bearing liabilities:			
Deposits:			
Interest-bearing checking deposits	\$ 23,502	1.58	184
Savings and money market deposits	59,014	2.43	714
Time deposits	71,693	4.33	1,545

Total interest-bearing deposits	154,209	3.19	2,443
Federal funds purchased and commercial			

paper	544	3.58	10
Securities sold under agreements to repurchase	646	3.28	10
Advances from Federal Home Loan Banks	61,600	3.83	1,175
Other	32,443	4.23	683

Total interest-bearing liabilities	249,442	3.48	4,321

Noninterest-bearing sources:			
Noninterest-bearing deposits	30,248		
Other liabilities	7,989		
Minority interests	3,914		
Stockholders' equity	25,812		

Total liabilities and stockholders' equity	\$317,405		
=====			
Net interest spread and net interest income on a taxable-equivalent basis		2.70	\$4,480
			=====
Impact of noninterest-bearing sources		0.44	
Net interest margin on a taxable-equivalent basis		3.14	

Six Months Ended

June 30, 2007

	Balance	Rate	Interest Income/Expense

Average Balances and Weighted Average Interest Rates			
Assets (Taxable-Equivalent Basis(1))			
Interest-earning assets(2):			
Federal funds sold and securities purchased under agreements to resell	\$ 3,947	5.39%	\$ 105
Trading assets	5,293	8.37	221
Available-for-sale securities(3):			
Mortgage-backed securities	18,821	5.44	511
Investment securities	6,785	5.18	176
Loans held for sale	30,810	6.40	984
Loans held in portfolio:			
Loans secured by real estate:			
Home loans(4)(5)	94,074	6.45	3,033
Home equity loans and lines of credit(5)	53,726	7.57	2,020
Subprime mortgage channel(6)	20,381	6.74	686
Home construction(7)	2,052	6.63	68
Multi-family	29,621	6.61	979
Other real estate	6,803	7.03	238

Total loans secured by real estate	206,657	6.81	7,024

Consumer:			

Credit card	10,500	11.03	574
Other	261	12.70	17
Commercial	1,874	7.84	73

Total loans held in portfolio	219,292	7.03	7,688
Other	2,776	5.65	78

Total interest-earning assets	287,724	6.80	9,763
Noninterest-earning assets:			
Mortgage servicing rights	6,545		
Goodwill	9,054		
Other assets	20,588		

Total assets	\$323,911		
=====			
Liabilities			
Interest-bearing liabilities:			
Deposits:			
Interest-bearing checking deposits	\$ 31,093	2.57	397
Savings and money market deposits	56,927	3.31	933
Time deposits	87,960	4.96	2,165

Total interest-bearing deposits	175,980	4.00	3,495
Federal funds purchased and commercial paper	3,003	5.44	81
Securities sold under agreements to repurchase	10,247	5.43	276
Advances from Federal Home Loan Banks	29,019	5.37	773
Other	36,366	5.62	1,016

Total interest-bearing liabilities	254,615	4.46	5,641

Noninterest-bearing sources:			
Noninterest-bearing deposits	32,773		
Other liabilities	9,547		
Minority interests	2,554		
Stockholders' equity	24,422		

Total liabilities and stockholders' equity	\$323,911		
=====			
Net interest spread and net interest income on a taxable-equivalent basis		2.34	\$4,122
			=====
Impact of noninterest-bearing sources		0.51	
Net interest margin on a taxable-equivalent basis		2.85	

(1) Includes taxable-equivalent adjustments primarily related to tax-exempt income on U.S. states and political subdivisions securities and loans related to the Company's community lending and investment activities. The federal statutory tax rate was 35% for the periods presented.

(2) Nonaccrual assets and related income, if any, are included in their respective categories.

- (3) The average balance and yield are based on average amortized cost balances.
- (4) Capitalized interest recognized in earnings that resulted from negative amortization within the Option ARM portfolio totaled \$591 million and \$706 million for the six months ended June 30, 2008 and June 30, 2007.
- (5) Excludes home loans and home equity loans and lines of credit in the subprime mortgage channel.
- (6) Represents mortgage loans purchased from recognized subprime lenders and mortgage loans originated under the Long Beach Mortgage name and held in the investment portfolio.
- (7) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

WM-11

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

	Change from	June 30,	Mar. 31,
	Mar. 31, 2008	2008	2008
	to June 30, 2008		

Deposits			
Retail deposits:			
Checking deposits:			
Noninterest bearing	\$ 304	\$ 25,435	\$ 25,131
Interest bearing	(1,916)	21,715	23,631

Total checking deposits	(1,612)	47,150	48,762
Savings and money market deposits	6,699	58,016	51,317
Time deposits(1)	(8,488)	43,086	51,574

Total retail deposits	(3,401)	148,252	151,653
Commercial business and other deposits	(1,513)	8,892	10,405
Brokered deposits:			
Consumer	1,509	19,248	17,739
Institutional	(1,611)	100	1,711
Custodial and escrow deposits(2)	(1,110)	5,431	6,541

Total deposits	\$(6,126)	\$181,923	\$188,049
=====			

	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007

Deposits			
Retail deposits:			
Checking deposits:			
Noninterest bearing	\$ 23,476	\$ 23,721	\$ 24,142
Interest bearing	25,713	27,277	29,592

Total checking deposits	49,189	50,998	53,734
Savings and money market deposits	44,987	43,360	43,617
Time deposits(1)	49,410	50,740	48,140

Total retail deposits	143,586	145,098	145,491
Commercial business and other deposits	11,267	16,536	19,186
Brokered deposits:			
Consumer	18,089	17,484	17,153
Institutional	2,515	8,107	11,025
Custodial and escrow deposits(2)	6,469	7,055	8,525

Total deposits	\$181,926	\$194,280	\$201,380
=====			

(1) Weighted average remaining maturity of time deposits was 6 months at June 30, 2008 and March 31, 2008, 7 months at December 31, 2007 and September 30, 2007 and 8 months at June 30, 2007.

(2) Substantially all custodial and escrow deposits reside in noninterest-bearing checking accounts.

	June 30, 2008	Mar. 31, 2008

Retail Deposit Accounts (number of accounts)		
Noninterest-bearing checking	11,577,907	11,271,406
Interest-bearing checking	1,167,062	1,218,606
Savings and money market	7,474,547	7,293,256

Total transaction accounts, end of period(1)	20,219,516	19,783,268
=====		
Net change in noninterest-bearing checking accounts	306,501	311,136
Net change in checking accounts	254,957	256,069

	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007

Retail Deposit Accounts (number of accounts)			
Noninterest-bearing checking	10,960,270	10,824,548	10,449,887

Interest-bearing checking	1,273,673	1,334,902	1,399,203
Savings and money market	7,118,349	7,087,311	6,936,870

Total transaction accounts, end of period(1)	19,352,292	19,246,761	18,785,960
=====			
Net change in noninterest- bearing checking accounts	135,722	374,661	466,574
Net change in checking accounts	74,493	310,360	406,243

(1) Transaction accounts include retail checking, small business checking, retail savings and small business savings.

	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007

Retail Banking Stores					
Stores, beginning of period	2,261	2,257	2,212	2,235	2,228
Stores opened during the quarter	14	9	50	10	11
Stores closed during the quarter	(36)	(5)	(5)	(33)	(4)

Stores, end of period	2,239	2,261	2,257	2,212	2,235
=====					

WM-12

Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

	Quarter Ended				
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007

Loan Volume					
Home loans:					
Short-term adjustable-rate loans(1):					
Option ARMs	\$ 11	\$ 231	\$ 3,945	\$ 6,174	\$ 7,888
Other ARMs	14	19	10	111	22

Total short- term adjustable-					

rate loans	25	250	3,955	6,285	7,910
Medium-term adjustable-rate loans(2)	2,338	3,810	5,972	9,868	14,953
Fixed-rate loans	6,131	9,427	7,382	6,176	8,172

Total home loan volume	8,494	13,487	17,309	22,329	31,035
Home equity loans and lines of credit	541	1,297	4,619	8,544	9,988
Home construction(3)	8	128	378	483	426
Multi-family	2,686	2,250	3,412	2,856	3,067
Other real estate	1,106	728	1,487	1,285	1,246

Total loans secured by real estate	12,835	17,890	27,205	35,497	45,762
Commercial	134	100	272	276	356

Total loan volume	\$ 12,969	\$ 17,990	\$ 27,477	\$ 35,773	\$ 46,118
=====					
Loan Volume by Channel					
Retail	\$ 9,081	\$ 10,585	\$ 17,341	\$ 21,223	\$ 24,707
Wholesale	3,732	7,091	9,536	13,387	17,020
Purchased	156	314	600	1,163	4,391

Total loan volume by channel	\$ 12,969	\$ 17,990	\$ 27,477	\$ 35,773	\$ 46,118
=====					
Refinancing Activity(4)					
Home loan refinancing	\$ 6,665	\$ 10,779	\$ 12,297	\$ 14,722	\$ 22,637
Home equity loans and lines of credit	8	22	46	143	157
Home construction loans	-	1	30	30	20
Multi-family and other real estate	1,301	1,033	1,436	1,225	1,378

Total refinancing	\$ 7,974	\$ 11,835	\$ 13,809	\$ 16,120	\$ 24,192
=====					

(1) Short-term adjustable-rate loans reprice within one year.

(2) Medium-term adjustable-rate loans reprice after one year.

(3) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

(4) Includes loan refinancing entered into by both new and pre-existing loan customers.

Selected Financial Information
(dollars in millions)
(unaudited)

	Six Months Ended	
	June 30, 2008	June 30, 2007

Loan Volume		
Home loans:		
Short-term adjustable-rate loans(1):		
Option ARMs	\$ 241	\$15,666
Other ARMs	34	58

Total short-term adjustable-rate loans	275	15,724
Medium-term adjustable-rate loans(2)	6,148	28,519
Fixed-rate loans	15,557	16,996

Total home loan volume	21,980	61,239
Home equity loans and lines of credit	1,839	17,590
Home construction(3)	136	724
Multi-family	4,936	5,729
Other real estate	1,833	2,326

Total loans secured by real estate	30,724	87,608
Commercial	234	645

Total loan volume	\$30,958	\$88,253
=====		
Loan Volume by Channel		
Retail	\$19,665	\$45,878
Wholesale	10,824	31,767
Purchased	469	10,608

Total loan volume by channel	\$30,958	\$88,253
=====		
Refinancing Activity(4)		
Home loan refinancing	\$17,444	\$45,190
Home equity loans and lines of credit	30	707
Home construction loans	1	31
Multi-family and other real estate	2,334	2,509

Total refinancing	\$19,809	\$48,437
=====		

(1) Short-term adjustable-rate loans reprice within one year.

(2) Medium-term adjustable-rate loans reprice after one year.

(3) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

(4) Includes loan refinancing entered into by both new and pre-existing loan customers.

Washington Mutual, Inc.
 Selected Financial Information
 (dollars in millions)
 (unaudited)

Change from
 Mar. 31, 2008 June 30, Mar. 31,
 to June 30, 2008 2008 2008

 Loans Held in
 Portfolio

Loans secured by
 real estate:

Home:

Short-term
 adjustable-rate
 loans(1):

Option ARMs(2)	\$	(2,960)	\$	52,886	\$	55,846
Other ARMs		(404)		15,128		15,532

 Total short-
 term
 adjustable-
 rate loans

	(3,364)	68,014	71,378
--	---------	--------	--------

Medium-term
 adjustable-rate
 loans(3)

	(1,014)	39,203	40,217
--	---------	--------	--------

Fixed-rate
 loans

	(96)	11,761	11,857
--	------	--------	--------

 Total home
 loans

	(4,474)	118,978	123,452
--	---------	---------	---------

Home equity loans
 and lines of
 credit

	(1,059)	62,487	63,546
--	---------	--------	--------

Home

construction(4)

	(186)	1,902	2,088
--	-------	-------	-------

Multi-family

	616	33,144	32,528
--	-----	--------	--------

Other real
 estate

	456	10,478	10,022
--	-----	--------	--------

 Total loans
 secured by
 real
 estate(5)

	(4,647)	226,989	231,636
--	---------	---------	---------

Consumer:

Credit card

	1,600	10,589	8,989
--	-------	--------	-------

Other

	(9)	177	186
--	-----	-----	-----

Commercial

	(131)	1,872	2,003
--	-------	-------	-------

 Total loans
 held in
 portfolio(6)

	(3,187)	239,627	242,814
--	---------	---------	---------

Less: allowance
 for loan losses

	(3,742)	(8,456)	(4,714)
--	---------	---------	---------

Total loans
held in
portfolio,
net \$ (6,929) \$231,171 \$238,100
=====

 Dec. 31, Sept. 30, June 30,
 2007 2007 2007

Loans Held in
Portfolio

Loans secured by
real estate:

Home:

Short-term
adjustable-rate
loans(1):

Option ARMs(2)	\$ 58,870	\$ 58,137	\$ 53,455
Other ARMs	16,231	15,478	13,538

Total short-
term

adjustable- rate loans	75,101	73,615	66,993
---------------------------	--------	--------	--------

Medium-term
adjustable-rate
loans(3)

	39,373	37,717	29,647
--	--------	--------	--------

Fixed-rate
loans

	12,005	11,813	9,505
--	--------	--------	-------

Total home
loans

	126,479	123,145	106,145
--	---------	---------	---------

Home equity loans
and lines of
credit

	63,488	61,831	58,631
--	--------	--------	--------

Home

construction(4)

	2,226	2,110	2,058
--	-------	-------	-------

Multi-family

	31,754	30,831	29,290
--	--------	--------	--------

Other real
estate

	9,524	8,335	6,879
--	-------	-------	-------

Total loans
secured by
real
estate(5)

	233,471	226,252	203,003
--	---------	---------	---------

Consumer:

Credit card

	8,831	8,791	9,913
--	-------	-------	-------

Other

	205	224	243
--	-----	-----	-----

Commercial

	1,879	1,865	1,835
--	-------	-------	-------

Total loans
held in
portfolio(6)

	244,386	237,132	214,994
--	---------	---------	---------

Less: allowance
for loan losses

	(2,571)	(1,889)	(1,560)
--	---------	---------	---------

Total loans
held in
portfolio,
net \$241,815 \$235,243 \$213,434
=====

- (1) Short-term adjustable-rate loans reprice within one year.
- (2) The total amount by which the unpaid principal balance of Option ARM loans exceeded their original principal amount was \$2.05 billion, \$1.93 billion, \$1.73 billion, \$1.50 billion and \$1.30 billion at June 30, 2008, March 31, 2008, December 31, 2007, September 30, 2007 and June 30, 2007.
- (3) Medium-term adjustable-rate loans reprice after one year.
- (4) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.
- (5) Includes subprime mortgage channel loans, comprising mortgage loans purchased from recognized subprime lenders and mortgage loans originated under the Long Beach Mortgage name and held in the investment portfolio as follows:

Subprime Mortgage Channel	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Home loans	\$13,951	\$15,032	\$16,092	\$17,285	\$17,602
Home equity loans and lines of credit	2,101	2,312	2,525	2,711	2,855
Total	\$16,052	\$17,344	\$18,617	\$19,996	\$20,457

=====

- (6) Includes net unamortized deferred loan costs of \$1.31 billion, \$1.42 billion, \$1.45 billion, \$1.44 billion and \$1.58 billion at June 30, 2008, March 31, 2008, December 31, 2007, September 30, 2007 and June 30, 2007.

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Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

Change from Mar. 31, 2008 to June 30, 2008	June 30, 2008	Weighted Average Coupon Rate	Mar. 31, 2008
--	------------------	---------------------------------------	------------------

Selected Loans
Secured by Real

Estate				
Home loans held in portfolio:				
Short-term adjustable-rate loans(1):				
Option ARMs	\$ (2,960)	\$ 52,886	6.61%	\$ 55,846
Other ARMs	(404)	15,128	6.70	15,532

Total short-term adjustable-rate loans	(3,364)	68,014	6.63	71,378
Medium-term adjustable-rate loans(2)	(1,014)	39,203	6.36	40,217
Fixed-rate loans	(96)	11,761	6.70	11,857

Total home loans held in portfolio	(4,474)	118,978	6.55	123,452
Home equity loans and lines of credit:				
Adjustable-rate	(410)	53,440	5.65	53,850
Fixed-rate	(649)	9,047	7.61	9,696

Total home equity loans and lines of credit	(1,059)	62,487	5.93	63,546
Multi-family loans held in portfolio:				
Short-term adjustable-rate loans(1):				
Option ARMs	(634)	5,524	5.90	6,158
Other ARMs	(353)	7,116	5.72	7,469

Total short-term adjustable-rate loans	(987)	12,640	5.79	13,627
Medium-term adjustable-rate loans(2)	1,576	18,393	6.10	16,817
Fixed-rate loans	27	2,111	6.19	2,084

Total multi-family loans held in portfolio	616	33,144	5.99	32,528

Total				

selected loans held in portfolio secured by real estate(3)	(4,917)	214,609	6.28	219,526
Loans held for sale(4)	(3,064)	1,877	5.72	4,941

Total selected loans secured by real estate	\$ (7,981)	\$216,486	6.28	\$224,467
=====				

	Weighted Average Coupon Rate	June 30, 2007	Weighted Average Coupon Rate

Selected Loans Secured by Real Estate Home loans held in portfolio: Short-term adjustable-rate loans(1):			
Option ARMs	7.30%	\$ 53,455	7.74%
Other ARMs	6.94	13,538	7.28

Total short- term adjustable- rate loans	7.22	66,993	7.65
Medium-term adjustable-rate loans(2)	6.35	29,647	5.99
Fixed-rate loans	6.75	9,505	6.71

Total home loans held in portfolio	6.89	106,145	7.10
Home equity loans and lines of credit:			
Adjustable-rate	6.02	47,699	8.25
Fixed-rate	7.67	10,932	7.70

Total home equity loans and lines of			

credit	6.27	58,631	8.15
Multi-family loans held in portfolio:			
Short-term adjustable-rate loans(1):			
Option ARMs	6.70	7,650	7.28
Other ARMs	6.03	7,910	6.77
-----		-----	
Total short- term adjustable- rate loans	6.33	15,560	7.02
Medium-term adjustable-rate loans(2)	6.12	11,890	5.93
Fixed-rate loans	6.22	1,840	6.35
-----		-----	
Total multi- family loans held in portfolio	6.22	29,290	6.53
-----		-----	
Total selected loans held in portfolio secured by real estate(3)	6.61	194,066	7.33
Loans held for sale(4)	5.73	18,999	6.39
-----		-----	
Total selected loans secured by real estate	6.59	\$213,065	7.25
=====		=====	

(1) Short-term adjustable-rate loans reprice within one year.

(2) Medium-term adjustable-rate loans reprice after one year.

(3) At June 30, 2008, March 31, 2008 and June 30, 2007, adjustable-rate loans with lifetime caps were \$180.93 billion, \$182.93 billion and \$158.24 billion with a lifetime weighted average cap rate of 12.67%, 12.60% and 12.96%.

(4) Excludes credit card and student loans.

Mar. 31, 2008 Dec. 31, 2007
to June 30, 2008 to June 30, 2008

Rollforward of Loans Held for Sale		
Balance, beginning of period	\$ 4,941	\$ 5,403
Mortgage loans originated, purchased and transferred from held in portfolio	7,339	18,969
Mortgage loans transferred to held in portfolio	(27)	(373)
Mortgage loans sold and other(1)	(10,376)	(21,092)
Net change in consumer loans held for sale	-	(1,030)

Balance, end of period	\$ 1,877	\$ 1,877
=====		

Rollforward of Home Loans Held in Portfolio		
Balance, beginning of period	\$123,452	\$126,479
Loans originated, purchased and transferred from held for sale	1,525	3,790
Loan payments, transferred to held for sale and other	(5,999)	(11,291)

Balance, end of period	\$118,978	\$118,978
=====		

(1) The unpaid principal balance ("UPB") of home loans sold was \$9.85 billion and \$19.85 billion for the three and six months ended June 30, 2008.

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Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

Quarter Ended

Detail of Revenue (Expense) from Sales and Servicing of Home Mortgage Loans					
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007

Gain (loss) from home mortgage loans and originated mortgage-backed securities, net of hedging and risk management					

instruments:					
Gain (loss) from home mortgage loans and originated mortgage-backed securities(1)	\$ (162)	\$ 143	\$ 7	\$ (169)	\$ 66
Revaluation gain (loss) from derivatives economically hedging loans held for sale	11	(21)	(12)	(53)	126

Gain (loss) from home mortgage loans and originated mortgage-backed securities, net of hedging and risk management instruments	(151)	122	(5)	(222)	192
Home mortgage loan servicing revenue:					
Home mortgage loan servicing revenue(2)	438	470	490	516	526
Change in MSR fair value due to payments on loans and other	(301)	(230)	(255)	(351)	(401)

Net home mortgage loan servicing revenue	137	240	235	165	125
Change in MSR fair value due to valuation inputs or assumptions	542	(499)	(390)	(201)	530
Revaluation gain (loss) from derivatives economically hedging MSR	(637)	548	518	419	(547)

Home mortgage loan servicing revenue, net of MSR valuation changes and derivative risk management instruments	42	289	363	383	108
Total revenue (expense) from sales and servicing of home mortgage loans	\$ (109)	\$ 411	\$ 358	\$ 161	\$ 300
=====					

Six Months Ended

Detail of Revenue from

Sales and Servicing of
Home Mortgage Loans

June 30, June 30,
2008 2007

	June 30, 2008	June 30, 2007
Gain (loss) from home mortgage loans and originated mortgage-backed securities, net of hedging and risk management instruments:		
Gain (loss) from home mortgage loans and originated mortgage-backed securities(1)	\$ (19)	\$ 214
Revaluation gain (loss) from derivatives economically hedging loans held for sale	(9)	72
Gain (loss) from home mortgage loans and originated mortgage-backed securities, net of hedging and risk management instruments	(28)	286
Home mortgage loan servicing revenue:		
Home mortgage loan servicing revenue(2)	908	1,041
Change in MSR fair value due to payments on loans and other	(531)	(757)
Net home mortgage loan servicing revenue	377	284
Change in MSR fair value due to valuation inputs or assumptions	42	434
Revaluation loss from derivatives economically hedging MSR	(89)	(579)
Home mortgage loan servicing revenue, net of MSR valuation changes and derivative risk management instruments	330	139
Total revenue from sales and servicing		

of home mortgage
loans

\$ 302 \$ 425

- =====
 (1) Originated mortgage-backed securities represent available-for-sale securities retained on the balance sheet subsequent to the securitization of mortgage loans that were originated by the Company.
- (2) Includes contractually specified servicing fees (net of guarantee fees paid to housing government-sponsored enterprises, where applicable), late charges and loan pool expenses (the shortfall of the scheduled interest required to be remitted to investors and that which is collected from borrowers upon payoff).

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Washington Mutual, Inc.
 Selected Financial Information
 (dollars in millions)
 (unaudited)

Quarter Ended

	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
MSR Valuation and Risk Management:					
Change in MSR fair value due to valuation inputs or assumptions	\$ 542	\$(499)	\$(390)	\$(201)	\$ 530
Gain (loss) on MSR risk management instruments:					
Revaluation gain (loss) from derivatives economically hedging MSR	(637)	548	518	419	(547)
Revaluation gain (loss) from certain trading securities	(2)	-	-	4	(4)
Total gain (loss) on MSR risk management instruments	(639)	548	518	423	(551)
Total changes in MSR valuation and risk management	\$ (97)	\$ 49	\$ 128	\$ 222	\$ (21)

=====

	Six Months Ended	
	June 30, 2008	June 30, 2007
MSR Valuation and Risk Management:		
Change in MSR fair value due to valuation inputs or assumptions	\$ 42	\$ 434
Loss on MSR risk management instruments:		
Revaluation loss from derivatives economically hedging MSR	(89)	(579)
Revaluation loss from certain trading securities	(2)	-
Total loss on MSR risk management instruments	(91)	(579)
Total changes in MSR valuation and risk management	\$(49)	\$(145)

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Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

	Quarter Ended				
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Rollforward of Mortgage Servicing Rights(1)					
Fair value, beginning of period	\$ 5,726	\$ 6,278	\$ 6,794	\$ 7,231	\$ 6,507
Home loans:					
Additions	205	181	127	116	592
Change in MSR fair value due to payments on loans and other	(301)	(230)	(255)	(351)	(401)
Change in MSR fair value due to valuation inputs or assumptions	542	(499)	(390)	(201)	530
Sale of MSR	-	(1)	-	-	-
Net change in commercial real estate MSR	3	(3)	2	(1)	3
Fair value, end of period	\$ 6,175	\$ 5,726	\$ 6,278	\$ 6,794	\$ 7,231

Rollforward of					
Mortgage Loans					
Serviced for Others					
Balance, beginning					
of period	\$449,126	\$456,484	\$463,436	\$474,867	\$467,782
Home loans:					
Additions	9,828	9,862	7,814	8,700	29,949
Sale of servicing	-	(109)	-	-	-
Loan payments and					
other	(17,534)	(17,177)	(15,739)	(20,716)	(24,213)
Net change in					
commercial real					
estate loans	181	66	973	585	1,349

Balance, end of					
period	\$441,601	\$449,126	\$456,484	\$463,436	\$474,867
=====					

(1) MSR as a percentage of mortgage loans serviced for others was 1.40%, 1.27%, 1.38%, 1.47% and 1.52% at June 30, 2008, March 31, 2008, December 31, 2007, September 30, 2007, and June 30, 2007.

	June 30,	Mar. 31,	Dec. 31,	Sept. 30,	June 30,
	2008	2008	2007	2007	2007

Total Servicing					
Portfolio					
Mortgage loans					
serviced for others	\$441,601	\$449,126	\$456,484	\$463,436	\$474,867
Consumer loans					
serviced for others	15,842	17,390	17,379	16,078	14,745
Servicing on					
retained MBS					
without MSR	865	904	942	980	1,023
Servicing on owned					
loans	231,188	236,877	238,344	232,392	218,122
Subservicing					
portfolio	274	285	399	418	439

Total servicing					
portfolio	\$689,770	\$704,582	\$713,548	\$713,304	\$709,196
=====					

June 30, 2008

	Unpaid	Weighted
	Principal	Average
	Balance	Servicing
		Fee

		(in basis
Mortgage Loans Serviced for Others by		points,
Loan Type		annualized)
Agency	\$252,358	32
Private	162,924	58

Subprime mortgage channel-home	26,319	51

Total mortgage loans serviced for others(1)	\$441,601	42
=====		

(1) Weighted average coupon rate was 6.13% at June 30, 2008.

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Washington Mutual, Inc.
Selected Financial Information
(dollars in millions)
(unaudited)

	Quarter Ended				
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007

Allowance for Loan Losses					
Balance, beginning of quarter	\$ 4,714	\$ 2,571	\$1,889	\$1,560	\$1,540
Allowance transferred to loans held for sale	-	-	(105)	(217)	(81)
Provision for loan losses	5,913	3,511	1,534	967	372
	10,627	6,082	3,318	2,310	1,831

Loans charged off:					
Loans secured by real estate:					
Home loans(1)	(687)	(331)	(105)	(52)	(21)
Home equity loans and lines of credit(1)	(726)	(486)	(249)	(104)	(55)
Subprime mortgage channel(2)	(572)	(388)	(277)	(146)	(103)
Home construction(3)	(3)	(8)	-	-	(1)
Multi-family	(3)	(4)	(4)	-	-
Other real estate	(1)	(2)	(1)	(1)	(1)

Total loans secured by real estate	(1,992)	(1,219)	(636)	(303)	(181)
Consumer:					
Credit card	(169)	(135)	(126)	(120)	(106)
Other	(2)	(2)	(2)	(2)	(2)
Commercial	(51)	(39)	(32)	(20)	(15)

Total loans charged off	(2,214)	(1,395)	(796)	(445)	(304)
Recoveries of loans previously charged off:					

Loans secured by real estate:					
Home loans(1)	-	1	4	1	1
Home equity loans and lines of credit(1)	17	9	4	3	3
Subprime mortgage channel(2)	3	1	4	1	11
Home construction(3)	-	-	2	-	-
Other real estate	1	1	2	2	-

Total loans secured by real estate	21	12	16	7	15
Credit card	16	12	31	14	15
Commercial	6	3	2	3	3

Total recoveries of loans previously charged off	43	27	49	24	33

Net charge-offs	(2,171)	(1,368)	(747)	(421)	(271)

Balance, end of quarter	\$ 8,456	\$ 4,714	\$2,571	\$1,889	\$1,560
=====					
Net charge-offs (annualized) as a percentage of average loans held in portfolio	3.59 %	2.24 %	1.24 %	0.74 %	0.50 %
Allowance as a percentage of loans held in portfolio	3.53	1.94	1.05	0.80	0.73

(1) Excludes home loans and home equity loans and lines of credit in the subprime mortgage channel.

(2) Represents mortgage loans purchased from recognized subprime lenders and mortgage loans originated under the Long Beach Mortgage name and held in the investment portfolio. Charge-offs in the second quarter of 2007 include \$26 million of amounts primarily related to uncollected borrower expenses incurred in prior periods by and owed to a third party loan servicer.

(3) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

(unaudited)

June 30, Mar. 31, Dec. 31, Sept. 30, June 30,
2008 2008 2007 2007 2007

Nonperforming Assets

Nonaccrual

loans(1)(2)(3):

Loans secured by
real estate:

Home loans(4)(5) \$ 4,757 \$3,504 \$2,302 \$1,452 \$ 991

Home equity loans
and lines of
credit(4) 1,521 1,102 835 533 378

Subprime mortgage
channel(6) 3,008 2,882 2,721 2,356 1,707

Home
construction(7) 79 77 56 44 47

Multi-family 181 142 131 120 69

Other real estate 87 87 53 49 52

Total nonaccrual
loans secured by

real estate 9,633 7,794 6,098 4,554 3,244

Consumer 1 2 1 1 1

Commercial 57 28 24 22 30

Total nonaccrual
loans held in
portfolio 9,691 7,824 6,123 4,577 3,275

Foreclosed assets(8) 1,512 1,357 979 874 750

Total
nonperforming
assets \$11,203 \$9,181 \$7,102 \$5,451 \$4,025

Total nonperforming
assets as a
percentage of total
assets 3.62% 2.87% 2.17% 1.65% 1.29%

(1) Nonaccrual loans held for sale, which are excluded from the nonaccrual balances presented above, were \$2 million, zero, \$4 million, \$7 million and \$171 million at June 30, 2008, March 31, 2008, December 31, 2007, September 30, 2007 and June 30, 2007. Loans held for sale are accounted for at the lower of cost or fair value, with valuation changes included as adjustments to noninterest income.

(2) Credit card loans are exempt under regulatory rules from being classified as nonaccrual because they are charged off when they are determined to be uncollectible, or by the end of the month in which the account becomes 180 days past due.

(3) Includes nonaccrual restructured loans of \$1.43 billion, \$669 million, \$633 million, \$512 million and \$152 million at June 30,

2008, March 31, 2008, December 31, 2007, September 30, 2007 and June 30, 2007. Excludes accruing restructured loans of \$465 million, \$372 million, \$251 million, \$269 million and \$277 million at June 30, 2008, March 31, 2008, December 31, 2007, September 30, 2007 and June 30, 2007.

- (4) Excludes home loans and home equity loans and lines of credit in the subprime mortgage channel.
- (5) Includes nonaccrual Option ARM loans of \$3.23 billion, \$2.51 billion, \$1.63 billion, \$1.00 billion and \$680 million at June 30, 2008, March 31, 2008, December 31, 2007, September 30, 2007 and June 30, 2007.
- (6) Represents mortgage loans purchased from recognized subprime lenders and mortgage loans originated under the Long Beach Mortgage name and held in the investment portfolio.
- (7) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.
- (8) Foreclosed real estate securing Government National Mortgage Association ("GNMA") loans of \$21 million, \$25 million, \$37 million, \$46 million and \$49 million at June 30, 2008, March 31, 2008, December 31, 2007, September 30, 2007 and June 30, 2007 have been excluded. These assets are fully collectible as the corresponding GNMA loans are insured by the Federal Housing Administration ("FHA") or guaranteed by the Department of Veterans Affairs ("VA").

Source: Washington Mutual, Inc.

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