WASHINGTON MUTUAL INC
Form 424B3
August 02, 2005
Table of Contents

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-126353

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

The board of directors of Providian Financial Corporation has approved a merger agreement authorizing the merger of Providian and Washington Mutual, Inc. As a result of the merger, Washington Mutual would acquire Providian. We are sending you this proxy statement/prospectus to ask you to vote on the adoption of the merger agreement.

In the merger, Providian will merge into Washington Mutual. If the merger is completed, each outstanding share of Providian common stock will be converted into the right to receive merger consideration with a value equal to 0.45 shares of Washington Mutual common stock, which will be paid 89% in Washington Mutual common stock and 11% in cash. As a result, Providian stockholders will receive in the merger, in exchange for each share of Providian common stock they hold, (i) 0.4005 shares of Washington Mutual common stock (determined by multiplying the fixed exchange ratio of 0.45 by 0.89) and (ii) an amount in cash equal to the value of 0.0495 shares of Washington Mutual common stock (determined by multiplying the fixed exchange ratio of 0.45 by 0.11) based on the average closing sale price for Washington Mutual common stock over the ten trading days immediately preceding completion of the merger. If, for example, the merger had been completed on August 1, 2005, based on the closing sale price for Washington Mutual common stock on that date, and the average closing sale price of Washington Mutual common stock over the ten trading days immediately preceding that date, each share of Providian common stock would have been exchanged in the merger for $17.02 of Washington Mutual common stock and $2.10 in cash, for a total value of $19.12 for each Providian share. The value of the stock consideration and the amount of cash to be received in exchange for each share of Providian common stock will fluctuate with the market price of Washington Mutual common stock.

Your vote is very important. We cannot complete the merger of Washington Mutual and Providian unless, among other things, the holders of a majority of the outstanding shares of Providian common stock vote to adopt the merger agreement. Providian has scheduled a special meeting of its stockholders to vote on the adoption of the merger agreement. The special meeting will be held at the World Trade Club, One Ferry Plaza, San Francisco, California, on August 31, 2005 at 9:30 a.m., local time. Whether or not you plan to attend the special meeting, please submit your proxy as soon as possible to make sure that your shares are represented at that meeting. If you do not vote by submitting your proxy or by attending the special meeting in person and voting, it will have the same effect as voting against the merger proposal.

This proxy statement/prospectus gives you detailed information about the special meeting of stockholders and the proposed merger. We urge you to read this proxy statement/prospectus carefully. **You should also carefully consider the risk factors beginning on page 14.** You may obtain additional information about Washington Mutual and Providian from documents that each company has filed with the Securities and Exchange Commission. See Where You Can Find More Information beginning on page 83.

Washington Mutual common stock is listed on the New York Stock Exchange under the symbol WM. Providian common stock is listed on the New York Stock Exchange under the symbol PVN.

Providian s board of directors unanimously recommends that stockholders vote FOR the adoption of the merger agreement at the special meeting.

Joseph W. Saunders

Chairman of the Board, President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated August 1, 2005, and is first being mailed to stockholders of Providian on or about August 3, 2005.

Table of Contents

ADDITIONAL INFORMATION

This document incorporates important business and financial information about Washington Mutual and Providian from other documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this document through the Securities and Exchange Commission website at http://www.sec.gov or by requesting them in writing or by telephone at the appropriate address below:

By Mail:	Washington Mutual, Inc.	By Mail:	Providian Financial Corporation
	1201 Third Avenue		201 Mission Street
	Seattle, Washington 98101		San Francisco, California 94105
	Attention: Investor Relations		Attention: Investor Relations
By Telephone: (206) 461-3187		By Telephone: (415) 278-6170	

TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS IN ADVANCE OF THE PROVIDIAN SPECIAL MEETING, YOU SHOULD MAKE YOUR REQUEST NO LATER THAN AUGUST 24, 2005.

See Where You Can Find More Information beginning on page 83.

VOTING ELECTRONICALLY OR BY TELEPHONE

Providian stockholders of record on the close of business on August 1, 2005, the record date for the Providian special meeting, may submit their proxies:

- by telephone by calling the toll-free number (877) 779-8683 on a touch-tone phone and following the recorded instructions; or
- through the internet by visiting a website established for that purpose at http://www.eproxyvote.com/pvn and following the instructions.

Table of Contents

Providian Financial Corporation

201 Mission Street

San Francisco, California 94105

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD AUGUST 31, 2005

To the Holders of Common Stock of Providian Financial Corporation:

A special meeting of the stockholders of Providian Financial Corporation will be held at the World Trade Club, One Ferry Plaza, San Francisco, California, on August 31, 2005 at 9:30 a.m., local time, for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of June 5, 2005, by and between Washington Mutual, Inc. and Providian Financial Corporation, as it may be amended from time to time, pursuant to which Providian will merge with and into Washington Mutual.

2. To approve an adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

3. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

We have included a copy of the Agreement and Plan of Merger as Annex A to the accompanying document. The accompanying document further describes the matters to be considered at the special meeting.

Only stockholders of record at the close of business on August 1, 2005 will be entitled to notice of and to vote at the special meeting and any adjournments or postponements thereof. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Providian common stock. **To ensure your representation at the special meeting, please complete and return the enclosed proxy card to us or submit your proxy by telephone or through the internet.** You may also cast your vote in person at the special meeting. Please vote promptly whether or not you expect to attend the special meeting.

If you do not vote in favor of the adoption of the merger agreement, you will have the right to seek appraisal of the fair value of your shares if the merger is completed, but only if you submit a written demand for appraisal to Providian before the vote is taken on the merger agreement and you comply with all requirements of Delaware law, which are summarized in the accompanying document.

The board of directors of Providian Financial Corporation unanimously recommends that you vote FOR adoption of the Agreement and Plan of Merger.

By order of the board of directors,

Ellen Richey

Vice Chairman, Enterprise Risk Management, Chief Legal Officer and Corporate Secretary

August 1, 2005

PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE MERGER PROPOSAL OR ABOUT VOTING YOUR SHARES, PLEASE CALL GEORGESON SHAREHOLDER COMMUNICATIONS, INC. AT 866-391-7001 (TOLL FREE) OR 212-440-9800 (FOR BANKS AND BROKERS).

TABLE OF CONTENTS

Table of Contents

Table of Contents

QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE

SPECIAL MEETING

The questions and answers below highlight only selected procedural information from this document. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this document to fully understand the voting procedures for the special meeting.

Q: **What Is The Proposed Transaction For Which I Am Being Asked To Vote?**

A: You are being asked to vote to adopt an Agreement and Plan of Merger, dated as of June 5, 2005, by and between Washington Mutual, Inc. and Providian Financial Corporation. Subject to the terms and conditions of the merger agreement, Providian would merge with and into Washington Mutual.

Q: **What Do I Need To Do Now?**

A: After you have carefully read and considered the information contained in this document, indicate on your proxy card how you want your shares to be voted. Then complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible so that your shares will be represented and voted at the special meeting. Alternatively, you may submit your proxy by telephone or the internet. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted FOR the adoption of the merger agreement.

Q: **Why Is My Vote Important?**

A: In order for the merger to occur, the merger agreement must be adopted by the holders of a majority of the outstanding shares of Providian common stock. If you fail to vote, that will have the same effect as a vote AGAINST adoption of the merger agreement.

Q: **If My Shares Are Held In Street Name By My Broker Or Bank, Will My Broker Or Bank Automatically Vote My Shares For Me?**

A: No. Your broker or bank will not be able to vote your shares without instructions from you. You should instruct your broker or bank to vote your shares by following the instructions your broker or bank provides. If you do not instruct your broker or bank, they will generally not have the discretion to vote your shares, which will have the same effect as a vote AGAINST adoption of the merger agreement.

Q: **Can I Change My Vote?**

A: Yes, you may change your vote at any time before your proxy is voted at the special meeting. If you are the record holder of your shares, you can change your vote in any of the three following ways:

You may send a written notice to the Corporate Secretary of Providian, 201 Mission Street, San Francisco, California 94105, stating that you would like to revoke your proxy.

You may complete and submit a new proxy card or submit a new proxy by telephone or the internet. The latest vote actually received before the special meeting will be counted, and any earlier proxies will be revoked.

You may attend the special meeting and vote in person. Any earlier proxy will be revoked. However, simply attending the meeting without voting will not revoke your proxy.

If your shares are held in street name, you should contact your broker or bank and follow the directions you receive from your broker or bank in order to change or revoke your vote.

Q: If I Hold My Providian Shares In Certificated Form, Should I Send In My Providian Stock Certificates Now?

A: No. Please DO NOT send your stock certificates with your proxy card. You will receive written

1

Table of Contents

instructions from the exchange agent after the merger is completed on how to exchange Providian stock certificates you may have for the merger consideration.

Q: Will I Be Able To Elect Which Type Of Consideration I Receive In The Merger?

A: No. Each Providian stockholder will receive the same package of consideration in the merger, consisting of Washington Mutual shares (89% of the merger consideration) and cash (11% of the merger consideration) for each of their Providian shares. The merger agreement does not permit Providian stockholders to elect to receive different proportions of Washington Mutual shares and cash in the merger.

Q: **When Do You Expect The Merger To Be Completed?**

A: We expect to complete the merger early in the fourth quarter of 2005. However, we cannot assure you when or if the merger will occur. In addition to other conditions to closing that must be satisfied, Providian stockholders must adopt the merger agreement at the special meeting and the necessary regulatory approvals must be obtained.

Q: **Who Can Help Answer My Questions?**

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this document or the enclosed proxy card, you should contact:

Georgeson Shareholder Communications, Inc.
17 State Street - 10th Floor
New York, NY 10004
(866) 391-7001

If your broker or bank holds your shares, you should also contact your broker or bank for additional information.

Table of Contents

SUMMARY

This summary highlights selected information from this document. It does not contain all of the information that may be important to you. We urge you to read carefully the entire document and the other documents to which this document refers in order to fully understand the merger and the related transactions. See Where You Can Find More Information beginning on page 83. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

The Companies (see page 17)

Washington Mutual

With a history dating back to 1889, Washington Mutual is a retailer of financial services that provides a diversified line of products and services to consumers and commercial clients. At June 30, 2005, Washington Mutual and its subsidiaries had reported assets of $323.53 billion. Washington Mutual currently operates more than 2,400 retail banking, mortgage lending, commercial banking and financial services offices throughout the United States. The address of Washington Mutual s principal executive offices is 1201 Third Avenue, Seattle, Washington 98101, and its telephone number is (206) 461-2000.

Providian

San Francisco-based Providian is a leading provider of credit cards to mainstream American consumers throughout the United States, with approximately 9.5 million customer relationships. At June 30, 2005, Providian and its subsidiaries had reported assets of approximately $14.08 billion. The address of Providian s principal executive offices is 201 Mission Street, San Francisco, California 94105, and its telephone number is (415) 543-0404.

The Merger (see page 23)

We are proposing a merger of Providian with and into Washington Mutual, with Washington Mutual as the surviving corporation in the merger. The merger agreement is attached to this document as Annex A. Please carefully read the merger agreement as it is the legal document that governs the merger.

What Providian Stockholders Will Receive in the Merger (see page 57)

Upon completion of the merger, each outstanding share of Providian common stock will be converted into the right to receive merger consideration with a value equal to 0.45 shares of Washington Mutual common stock. As a result, Providian stockholders will have the right to receive in the merger, in exchange for each share of Providian common stock they hold, (i) 0.4005 shares of Washington Mutual common stock and (ii) an amount in cash equal to the value of 0.0495 shares of Washington Mutual common stock based on the average closing sale price for Washington Mutual common stock over the ten trading days immediately preceding completion of the merger.

As an example, if the merger had been completed on August 1, 2005, based on $42.50, the closing sale price for Washington Mutual common stock on that date, and $42.52, the average closing sale price for Washington Mutual common stock over the ten trading days immediately preceding that date, for each share of Providian common stock, Providian stockholders would have received (i) 0.4005 shares of Washington Mutual common stock having a value of $17.02 and (ii) $2.10 in cash, for a total value of $19.12 for each Providian share. However, the value of the stock consideration and the amount of cash to be received in exchange for each share of Providian common stock will fluctuate with the market price of Washington Mutual common stock.

No fractional shares of Washington Mutual common stock will be issued in the merger. Instead of fractional shares, Providian stockholders will receive cash in an amount determined by multiplying the fractional interest to which such holder would otherwise be entitled by the average of the closing sale price of one share of Washington Mutual common stock over the ten trading days immediately preceding completion of the merger.

What Holders of Providian Stock Options and Other Equity-Based Awards Will Receive in the Merger (see page 58)

Upon completion of the merger, Providian stock options will vest and be converted automatically into options to purchase Washington Mutual common stock. The number of shares subject to such options and the exercise price of the options will be adjusted based on the 0.45 fixed exchange ratio.

All other rights and awards to receive shares of Providian common stock or benefits measured by the value of Providian common stock will vest and be converted into rights or awards in respect of a number of shares of Washington Mutual common stock based on the 0.45 fixed exchange ratio, other than restricted shares of Providian common stock, which shall vest and be converted into the right to receive the same consideration as all other shares of Providian common stock are entitled to receive in the merger.

Material United States Federal Income Tax Consequences of the Merger (see page 45)

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, so that you will recognize gain (but not loss) for United States federal income tax purposes as a result of the merger to the extent of any cash received as part of the merger consideration. The merger is conditioned on the receipt of legal opinions that the merger will qualify as a reorganization for United States federal income tax purposes.

Tax matters are complicated and the tax consequences of the merger to Providian stockholders will depend on each stockholder s particular tax situation. Providian stockholders should consult their own tax advisors to fully understand the tax consequences of the merger to them.

Opinions of Providian s Financial Advisors (see page 27)

Citigroup Global Markets Inc., which is referred to as Citigroup, has rendered its opinion to the Providian board of directors that, as of June 5, 2005, and based upon and subject to the factors, assumptions, procedures, limitations and qualifications set forth therein and other factors Citigroup deemed relevant, the merger consideration to be received for each share of Providian common stock pursuant to the merger agreement was fair from a financial point of view to the holders of such shares. Goldman, Sachs & Co., which is referred to as Goldman Sachs, has rendered its opinion to the Providian board of directors that, as of June 5, 2005, and based upon and subject to the factors, assumptions, procedures, limitations and qualifications set forth therein, the merger consideration to be received by holders of shares of Providian common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinions of Citigroup and Goldman Sachs, each dated June 5, 2005, are attached as Annexes B and C to this document and set forth assumptions made, general procedures followed, factors considered and limitations and qualifications on the review undertaken by each of Citigroup and Goldman Sachs in connection with their respective opinions. Citigroup and Goldman Sachs provided their respective opinions for the information and assistance of the Providian board of directors in connection with its consideration of the merger. The Citigroup and Goldman Sachs opinions are not recommendations as to how any holder of shares of Providian common stock should vote with respect to the merger.

Pursuant to an engagement letter between Providian, Citigroup and Goldman Sachs, Providian has agreed to pay each of Citigroup and Goldman Sachs a transaction fee, payable upon the completion of the merger.

Recommendation of Providian s Board of Directors (see page 25)

Providian s board of directors has unanimously determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Providian and its stockholders. The Providian board of directors unanimously recommends that Providian stockholders vote FOR adoption of the merger agreement.

Table of Contents

Interests of Providian s Directors and Executive Officers in the Merger (see page 41)

Providian s executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of Providian stockholders. These interests include rights of executive officers under change of control agreements with Providian, rights under equity compensation awards of Providian, and rights to continued indemnification and insurance coverage by Washington Mutual after the merger for acts or omissions occurring before the merger. In addition, certain executives of Providian have entered into employment agreements with Washington Mutual under which, effective as of completion of the merger, these executives will be employed by Washington Mutual. The Providian board of directors was aware of these interests and considered them in its decision to approve the merger agreement.

Regulatory Approvals Required for the Merger (see page 48)

Completion of the transactions contemplated by the merger agreement is subject to various regulatory approvals, including approval from the Office of Thrift Supervision. Washington Mutual and Providian have completed the filing of all of the required applications and notices with regulatory authorities. Although neither Washington Mutual nor Providian knows of any reason why the necessary regulatory approvals will not be obtained in a timely manner, there can be no assurance that these approvals will be obtained in a timely manner or at all.

Conditions to Completion of the Merger (see page 65)

As more fully described in this document and the merger agreement, the completion of the merger depends on a number of mutual conditions being satisfied or waived, including:

- adoption of the merger agreement by Providian stockholders;
- that the regulatory approvals required in connection with the merger, including the approval of the Office of Thrift Supervision, have been obtained and remain in full force and effect; and
- the absence of any law or order prohibiting or making illegal the consummation of the merger.

Each of Washington Mutual s and Providian s obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of conditions, including:

- the other party s representations and warranties in the merger agreement being true and correct, subject to the materiality standards contained in the merger agreement;
- material compliance of the other party with its covenants; and

receipt by the party of a legal opinion from its counsel that the merger will qualify as a reorganization for United States federal income tax purposes.

Washington Mutual s obligations to complete the merger are further subject to the satisfaction or waiver of the following conditions:

that the regulatory approvals received in connection with the merger not include any conditions or restrictions that would reasonably be expected to have a material adverse effect (measured on a scale relative to Providian) on the business or operations of the combined company;

that the regulatory approvals required in connection with the merger of Providian s wholly owned banking subsidiary, Providian National Bank, into Washington Mutual s wholly owned depository institution, Washington Mutual Bank, which is referred to as the bank merger, including the approval of the Office of Thrift Supervision, have been obtained and remain in full force and effect; and

the absence of any law or order prohibiting or making illegal the consummation of the bank merger.

Washington Mutual and Providian cannot be certain of when, or if, the conditions to the merger will be satisfied or waived or whether or not the merger will be completed.

Table of Contents

Termination of the Merger Agreement (see page 65)

Washington Mutual and Providian can agree at any time to terminate the merger agreement without completing the merger, even if Providian stockholders have adopted the merger agreement. Also, either of Washington Mutual or Providian can terminate the merger agreement if:

- the merger is not completed by March 31, 2006 (other than because of a breach of the merger agreement by the party seeking termination);
- a governmental entity issues a final non-appealable order enjoining or prohibiting the merger;
- a governmental entity which must grant a regulatory approval that is a condition to the merger denies such approval and such action has become final and non-appealable;
- Providian stockholders fail to adopt the merger agreement at the Providian special meeting; or
- the other party breaches the merger agreement in a manner that would entitle the party seeking to terminate the merger agreement not to consummate the merger, subject to the right of the breaching party to cure, if curable, the breach within 30 days of written notice of the breach, and the party seeking to terminate is not then in material breach of the merger agreement.

Additionally, Washington Mutual may terminate the merger agreement if:

- Providian has materially breached its non-solicitation obligations described under The Merger Agreement No Solicitation of Alternative Transactions, or Providian s board of directors has failed to recommend the merger to Providian stockholders or withdrawn, modified or changed in a manner adverse to Washington Mutual its recommendation of the merger or failed to call and hold a meeting of Providian stockholders;
- Providian or any of its representatives has engaged in discussions with any person in connection with an unsolicited alternative transaction proposal and not ceased all discussions within 20 days of the first date of such discussions; or
- a tender or exchange offer for 25% or more of the outstanding Providian common stock is commenced and the Providian board of directors recommends that Providian stockholders tender their shares or otherwise fails to recommend that Providian stockholders reject such tender offer or exchange offer within 10 business days of the commencement of the offer.

Termination Fee (see page 66)

Providian has agreed to pay to Washington Mutual a termination fee of up to $225,000,000 if the merger agreement is terminated under the circumstances specified in The Merger Agreement Termination of the Merger Agreement Termination Fee.

Special Meeting of Providian Stockholders (see page 19)

Providian will hold a special meeting of its stockholders at the World Trade Club, One Ferry Plaza, San Francisco, California on August 31, 2005 at 9:30 a.m., local time. At the special meeting, Providian stockholders will be asked:

- to vote to adopt the merger agreement;
- to vote to approve an adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement; and
- to transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting.

Providian stockholders may vote at the special meeting if they owned shares of Providian common stock at the close of business on the record date, August 1, 2005. On that date, there were 294,798,091 shares of Providian common stock outstanding and entitled to vote at the special meeting, approximately

Table of Contents

0.8% of which were owned and entitled to be voted by Providian directors and executive officers and their affiliates. Providian stockholders can cast one vote for each share of Providian common stock they owned on the record date. Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of Providian common stock outstanding on the record date.

Appraisal Rights (see page 51)

Under Delaware law, holders of Providian common stock may have the right to receive an appraisal of the fair value of their shares of Providian common stock in connection with the merger. To exercise appraisal rights, a Providian stockholder must not vote for adoption of the merger agreement and must strictly comply with all of the procedures required by Delaware law. These procedures are described more fully beginning on page 51.

A copy of Delaware General Corporation Law Section 262 Appraisal Rights is included as Annex D to this document.

Accounting Treatment of the Merger (see page 48)

Washington Mutual will account for the merger as a purchase for financial reporting purposes.

Comparative Per Share Data and Comparative Market Prices (see page 69)

Washington Mutual common stock is listed on the New York Stock Exchange under the symbol WM. Providian common stock is listed on the New York Stock Exchange under the symbol PVN. The following table sets forth the closing sale prices of Washington Mutual common stock and Providian common stock as reported on the New York Stock Exchange on June 3, 2005, the last full trading day prior to the date of the merger agreement, and on August 1, 2005, the last date prior to the printing of this document for which it was practicable to obtain this information. This table also shows the equivalent per share price of Providian common stock, calculated by taking the product of the closing sale price of Washington Mutual common stock on those dates and 0.45, which is the fixed exchange ratio on which the value of the per share merger consideration is based.

Date	Washington Mutual Common Stock	Providian Common Stock	Equivalent Per Share Price
June 3, 2005	$ 41.57	$ 17.96	$ 18.71
August 1, 2005	$ 42.50	$ 18.98	$ 19.13

Table of Contents

SELECTED HISTORICAL FINANCIAL DATA OF WASHINGTON MUTUAL

Washington Mutual is providing the following information to aid you in your analysis of the financial aspects of the merger. Washington Mutual derived the financial information as of and for the fiscal years ended December 31, 2000 through December 31, 2004 from its historical audited financial statements for these fiscal years. Washington Mutual derived the financial information as of and for the three months ended March 31, 2004 and 2005 from its unaudited financial statements, which financial statements include, in the opinion of Washington Mutual s management, all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of those results. The results for the three months ended March 31, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. This information is only a summary, and you should read it in conjunction with Washington Mutual s consolidated financial statements and the related notes contained in Washington Mutual s periodic reports filed with the Securities and Exchange Commission that have been incorporated by reference in this document. See Where You Can Find More Information beginning on page 83.

	Three months ended		Year ended December 31,				
	March 31, 2005	March 31, 2004	2004	2003	2002	2001	2000
	Unaudited	Unaudited	(in millions, except per share amounts)				
STATEMENT OF INCOME DATA							
Net interest income	$ 1,890	$ 1,732	$ 7,116	$ 7,629	$ 8,129	$ 6,492	$ 3,952
Provision for loan and lease losses	16	56	209	42	404	426	77
Noninterest income	1,408	1,237	4,612	5,850	4,469	3,176	1,925
Noninterest expense	1,839	1,880	7,535	7,408	6,188	4,416	2,970
Income from continuing operations before income taxes	1,443	1,033	3,984	6,029	6,006	4,826	2,830
Income taxes	541	385	1,505	2,236	2,217	1,783	1,038
Income from continuing operations, net of taxes	902	648	2,479	3,793	3,789	3,043	1,792
Income (loss) from discontinued operations before income taxes		(32)	(32)	137	113	96	127
Gain on disposition of discontinued operations		676	676				
Income taxes		245	245	50	41	35	48
Income from discontinued operations, net of taxes		399	399	87	72	61	79
Net income	902	1,047	2,878	3,880	3,861	3,104	1,871
Net income attributable to common stock	902	1,047	2,878	3,880	3,856	3,097	1,871
Net income per common share (1):							
Basic							
Income from continuing operations	$ 1.04	$ 0.75	$ 2.88	$ 4.20	$ 4.01	$ 3.57	$ 2.24
Income from discontinued operations, net		0.46	0.46	0.09	0.08	0.07	0.09
Net income	1.04	1.21	3.34	4.29	4.09	3.64	2.33
Diluted							
Income from continuing operations	1.01	0.73	2.81	4.12	3.94	3.51	2.23
Income from discontinued operations, net		0.45	0.45	0.09	0.08	0.07	0.09
Net income	1.01	1.18	3.26	4.21	4.02	3.58	2.32
Average diluted common shares used to calculate per share (in thousands)	888,789	886,467	884,050	921,757	960,152	864,658	804,695
STATEMENT OF FINANCIAL CONDITION DATA							
Assets (2)	$ 319,696	$ 280,768	$ 307,918	$ 275,178	$ 268,225	$ 242,468	$ 194,688
Securities	20,703	23,331	19,219	36,707	43,905	58,233	58,547
Loans held for sale	41,197	34,207	42,743	20,837	39,623	27,574	3,404
Loans held in portfolio	214,114	186,380	207,071	175,150	143,028	126,396	115,898
Deposits	183,631	160,981	173,658	153,181	155,516	106,946	79,384
Borrowings	107,437	94,993	108,561	94,157	83,201	114,783	98,619
Stockholders equity	21,767	20,383	21,226	19,742	20,061	14,025	10,138

8

Table of Contents

	Three months ended		Year ended December 31,				
	March 31, 2005	March 31, 2004	2004	2003	2002	2001	2000
	Unaudited	Unaudited	(in millions, except per share amounts)				
OTHER FINANCIAL DATA							
Dividends declared per common share (1)	$ 0.46	$ 0.42	$ 1.74	$ 1.40	$ 1.06	$ 0.90	$ 0.76
Common stock dividend payout ratio	44.23%	34.71%	52.10%	32.63%	25.92%	24.73%	32.62%
Return on average assets (3)	1.17%	1.54%	1.01%	1.37%	1.42%	1.38%	1.00%
Return on average common stockholders equity (3)	16.63%	20.85%	14.02%	18.85%	19.34%	23.51%	20.87%
Stockholders equity/total assets	6.81%	7.26%	6.89%	7.17%	7.48%	5.78%	5.21%
Book value per common share (4)	$ 24.98	$ 23.62	$ 24.45	$ 22.56	$ 21.66	$ 16.40	$ 12.80
Number of common shares outstanding at end of period (in thousands) (4)	877,287	868,953	874,262	880,986	944,047	873,089	809,784

(1) Restated for all stock splits.
(2) Includes assets of discontinued operations for the years ended December 31, 2003, 2002, 2001 and 2000.
(3) Includes income from continuing and discontinued operations for the three months ended March 31, 2004, and years ended December 31, 2004, 2003, 2002, 2001 and 2000.
(4) Excludes 6 million shares held in escrow at March 31, 2005, December 31, 2004 and 2003, and 18 million shares at December 31, 2002, 2001, and 2000.

Table of Contents

SELECTED HISTORICAL FINANCIAL DATA OF PROVIDIAN

Providian is providing the following information to aid you in your analysis of the financial aspects of the merger. Providian derived the financial information as of and for the fiscal years ended December 31, 2002 through December 31, 2004 from its historical audited financial statements for these fiscal years. Providian derived the financial information as of and for the fiscal years ended December 31, 2000 and 2001, and for the three months ended March 31, 2004 and 2005 from its unaudited financial statements, which financial statements include, in the opinion of Providian s management, all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of those results. The results for the three months ended March 31, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. This information is only a summary, and you should read it in conjunction with Providian s consolidated financial statements and the related notes contained in Providian s periodic reports filed with the Securities and Exchange Commission that have been incorporated by reference in this document. See Where You Can Find More Information beginning on page 83.

	Three months ended		Year ended December 31,				
	March 31, 2005	March 31, 2004	2004	2003	2002	2001	2000
	Unaudited	Unaudited	(in thousands, except per share amounts)			Unaudited	Unaudited
STATEMENT OF INCOME DATA							
Net interest income (1)	134,332	111,679	499,078	458,946	910,491	1,665,360	1,811,426
Provision for credit losses	60,845	88,852	517,295	622,344	1,291,738	2,014,342	1,502,083
Non-interest income	390,812	386,779	1,605,281	1,725,932	2,328,215	2,802,877	3,261,797
Non-interest expense	260,988	266,006	1,046,337	1,201,001	1,808,882	2,347,510	2,406,020
Income from continuing operations before income taxes	203,311	143,600	540,727	361,533	138,086	106,385	1,165,120
Income tax expense	70,290	49,933	159,483	142,179	25,585	44,560	465,471
Income from continuing operations	133,021	93,667	381,244	219,354	112,501	61,825	699,649
Income (loss) from discontinued operations, net-of-taxes					67,156	(118,271)	(32,262)
Cumulative effect of change in accounting principle, net-of-taxes						1,846	
Net Income	$ 133,021	$ 93,667	$ 381,244	$ 219,354	$ 179,657	$ (54,600)	$ 667,387
Income from continuing operations per common share assuming dilution (2)	$0.40	$0.30	$1.19	$0.74	$0.39	$0.22	$2.39
Net Income per common share assuming dilution (2)	$0.40	$0.30	$1.19	$0.74	$0.62	$(0.19)	$2.28
Cash dividends declared per common share						$0.090	$0.105

10

Table of Contents

	Three months ended		Year ended December 31,				
	March 31, 2005	March 31, 2004	2004	2003	2002	2001	2000
	Unaudited	Unaudited				Unaudited	Unaudited
	(in thousands, except per share amounts)						
STATEMENT OF FINANCIAL CONDITION DATA							
Loans held for securitization or sale						$ 1,410,603	
Loans receivable (3)	$ 7,127,214	$ 6,190,967	$ 7,522,401	$ 6,280,957	$ 6,907,757	11,559,140	$ 13,560,724
Allowance for credit losses	(439,008)	(568,810)	(599,703)	(625,886)	(1,012,461)	(1,932,833)	(1,436,004)
Total assets	14,046,732	13,449,772	14,344,539	14,246,315	16,598,729	19,843,659	18,093,723
Deposits	9,068,183	8,963,496	9,471,004	10,101,057	12,662,077	15,253,150	13,080,969
Borrowings	1,467,455	1,442,280	1,461,358	1,272,349	955,577	1,060,656	1,028,076
Equity	2,843,965	2,401,116	2,709,529	2,296,417	2,086,871	1,893,819	2,111,988
REPORTED FINANCIAL DATA							
Adjusted margin on average loans (4)	10.10%	9.12%	8.57%	8.52%	10.67%	14.36%	22.49%
Net interest margin on average loans (5)	7.62%	8.92%	8.40%	9.71%	11.50%	11.72%	13.78%
Delinquency rate (6)	3.15%	5.25%	4.61%	6.64%	10.00%	7.58%	9.02%
Net credit loss rate (7)	4.49%	9.02%	7.94%	12.79%	13.61%	10.70%	8.35%
OTHER STATISTICS							
Total accounts at period-end	9,433	10,265	10,257	10,487	12,020	18,397	15,968
Return on reported average assets	3.77%	2.72%	2.77%	1.39%	1.01%	(0.27)%	3.83%
Return on average equity	19.04%	16.13%	15.46%	10.22%	8.90%	(2.42)%	39.78%
Equity to reported assets	20.25%	17.85%	18.89%	16.12%	12.57%	9.54%	11.67%

(1) Represents interest income, less interest expense.

(2) Amounts reflect the effect of adopting EITF 04-8 in the third quarter of 2004. Providian included the dilutive effect of its contingently convertible notes in its calculation of diluted earnings per common share from the time the notes were issued, in accordance with the if-converted methodology under SFAS No. 128. As required by EITF 04-8, Providian has also restated its diluted earnings per common share for prior periods. The adoption of EITF 04-8 had the effect of reducing Providian s diluted earnings per common share by $0.02 and $0.02 for the three months ended March 31, 2005 and 2004, and by $0.04 and $0.01 for the fiscal years ended December 31, 2004 and 2003. The adoption of EITF 04-8 had no impact on diluted earnings per common share for 2002, 2001, and 2000 because the effect would have been antidilutive.

(3) Represents all consumer credit products; amounts exclude estimated uncollectible interest and fees. For an explanation of the methodology used in calculating these amounts, please see Note 5 to Consolidated Financial Statements in Providian s Annual Report on Form 10-K for the year ended December 31, 2004.

(4) Represents interest income, less interest expense and net credit losses, plus credit product fee income on reported average loans receivable, expressed as a percentage of reported average loans receivable. Interest expense is allocated to reported average loans receivable based on the ratio of reported average loans receivable to reported average earning assets.

(5) Represents interest income, less interest expense, expressed as a percentage of reported average loans receivable. Interest expense is allocated to reported average loans receivable based on the ratio of reported average loans receivable to reported average earning assets.

(6) Represents reported loans receivable that are 30 days or more past due at period end, expressed as a percentage of reported loans receivable at period end.

(7) Represents principal amounts of reported loans receivable that have been charged off, less recoveries, expressed as a percentage of reported average loans receivable during the period; fraud losses are not included.

Table of Contents

SELECTED UNAUDITED COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following table shows certain per share data for Washington Mutual common stock and Providian common stock on an historical and pro forma basis reflecting the merger of Washington Mutual and Providian, accounted for as a purchase as if it had been consummated as of January 1, 2004. This information is only a summary and you should read it in conjunction with the financial information appearing elsewhere in this document and the other documents incorporated by reference in this document. The per share pro forma data in the following table does not reflect purchase accounting adjustments, is presented for comparative purposes only and is not necessarily indicative of the combined financial position or results of operations in the future or what the combined financial position or results of operations would have been had the merger been completed during the periods or as of the dates for which this pro forma data is presented.

	March 31, 2005	December 31, 2004
Washington Mutual Common Stock		
Book value per share		
Historical	$ 24.98	$ 24.45
Pro forma	24.88	24.28
Cash dividends per share		
Historical	0.46	1.74
Pro forma	0.46	1.74
Net income per basic share		
Historical	1.04	3.34
Pro forma	1.05	3.33
Net income per diluted share		
Historical	1.01	3.26
Pro forma	1.03	3.27
Providian Common Stock		
Book value per share		
Historical	9.67	9.23
Pro forma equivalent (1)	11.20	10.93
Cash dividends per share		
Historical		
Pro forma equivalent (1)	0.21	0.78
Net income per basic share		
Historical	0.46	1.32
Pro forma equivalent (1)	0.47	1.50
Net income per diluted share		
Historical	0.40	1.19
Pro forma equivalent (1)	0.46	1.47

(1) The pro forma equivalent per Providian share amounts are calculated by multiplying the pro forma per Washington Mutual share amounts by 0.45, which is the fixed exchange ratio on which the value of the per share merger consideration is based.

Table of Contents

RECENT DEVELOPMENTS

Washington Mutual Unaudited Results for Second Quarter of 2005

On July 20, 2005, Washington Mutual announced its financial results for the second quarter of 2005. Washington Mutual reported net income for the second quarter of 2005 of $844 million, or $0.95 per diluted share, an increase of 73% from the net income for the second quarter of 2004 of $489 million, or $0.55 per diluted share. Washington Mutual further reported that at June 30, 2005, Washington Mutual had total assets of $323.53 billion, an increase of $3.84 billion from the total assets of $319.70 billion at the end of the first quarter of 2005 and an increase of $44.99 billion from the total assets at the end of the second quarter of 2004 of $278.54 billion. Net interest income increased for Washington Mutual to $1.93 billion in the second quarter of 2005 from $1.89 billion in the first quarter of 2005 and $1.79 billion in the second quarter of 2004. Depositor and other retail banking fees of $540 million in the second quarter of 2005 were up $50 million from the first quarter of 2005 and $33 million from the second quarter of 2004. Washington Mutual s results for its 2005 second quarter were disclosed in Washington Mutual s earnings release for the quarter ended June 30, 2005, which was an exhibit to a Current Report on Form 8-K filed with the Securities and Exchange Commission by Washington Mutual on July 20, 2005 and incorporated by reference into this document.

Providian Unaudited Results for Second Quarter of 2005

On July 21, 2005, Providian announced its financial results for the second quarter of 2005. Providian reported net income for the second quarter of 2005 of $225.3 million, or $0.67 per diluted share, compared to net income for the second quarter of 2004 of $49.9 million, or $0.16 per diluted share. Net income for the second quarter of 2005 included a benefit of $60.6 million, or $0.18 per diluted share, resulting primarily from the finalization of various tax audits that were more favorably resolved than previously anticipated. Net revenues on a reported basis, comprised of reported net interest income and reported non-interest income, totaled $610.3 million in the second quarter of 2005, compared to $516.7 million in the second quarter of 2004. Providian s reported net credit losses in the second quarter of 2005 were $113.9 million, resulting in a reported net credit loss rate of 5.95%, compared to 9.10% in the second quarter of 2004. Providian s reported 30+ day delinquency rate at the end of the second quarter of 2005 was 3.23%, down 151 basis points from 4.74% at the end of the second quarter of 2004. Reported loans receivable for Providian at the end of the second quarter of 2005 were $6.87 billion compared to $6.88 billion at the end of the second quarter of 2004. Providian s results for its 2005 second quarter were disclosed in Providian s earnings release for the quarter ended June 30, 2005, which was an exhibit to a Current Report on Form 8-K filed with the Securities and Exchange Commission by Providian on July 21, 2005 and incorporated by reference into this document. That Providian Current Report on Form 8-K also presents certain financial information on a managed basis, which includes securitized loan balances and the related interest and fee income, credit losses and net interest costs. Providian management uses managed information to evaluate the impact of securitized loans on its financial condition and results of operations, and believes that such information is helpful to an understanding of its financial condition and results of operations.

Table of Contents

RISK FACTORS

In addition to the other information contained in or incorporated by reference into this document, including the matters addressed under the caption Information Regarding Forward-Looking Statements on page 16, you should carefully consider the following risk factors in deciding whether to vote for adoption of the merger agreement.

Because the market price of Washington Mutual common stock will fluctuate, Providian stockholders will not know until the closing of the merger the value of the shares of Washington Mutual common stock or the amount of cash that will be issued or paid in the merger.

Upon the completion of the merger, each share of Providian common stock outstanding immediately prior to the merger will be converted into the right to receive cash and shares of Washington Mutual common stock. Because the per share stock consideration is fixed at 0.4005 shares of Washington Mutual common stock and the per share cash consideration is fixed at an amount equal to the value of 0.0495 shares of Washington Mutual common stock based on the average closing sale price for Washington Mutual common stock over the ten trading days immediately preceding completion of the merger, the market value of the Washington Mutual common stock to be issued in the merger and the amount of cash to be paid in the merger will depend upon the market price of Washington Mutual common stock. This market price may vary from the closing price of Washington Mutual common stock on the date the merger was announced, on the date that this document was mailed to Providian stockholders and on the date of the Providian special meeting. Accordingly, at the time of the Providian special meeting, Providian stockholders will not know or be able to calculate the value of the stock consideration or the amount of the cash consideration they would be entitled to receive upon completion of the merger.

Neither Washington Mutual nor Providian is permitted to terminate the merger agreement or resolicit the vote of Providian stockholders solely because of changes in the market prices of either company s stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the respective businesses, operations and prospects of Washington Mutual and Providian, and regulatory considerations. Many of these factors are beyond the control of Washington Mutual or Providian.

The market price of Washington Mutual common stock after the merger may be affected by factors different from those affecting the shares of Washington Mutual or Providian currently.

The businesses of Washington Mutual and Providian differ and, accordingly, the results of operations of the combined company and the market price of the combined company s shares of common stock may be affected by factors different from those currently affecting the independent results of operations and market prices of common stock of each of Washington Mutual and Providian. For a discussion of the businesses of Washington Mutual and Providian and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to under Where You Can Find More Information beginning on page 83.

The failure to successfully integrate Providian s business and operations in the expected time frame may adversely affect Washington Mutual s future results.

The success of the merger will depend, in part, on the combined company s ability to realize the anticipated benefits from combining Washington Mutual and Providian. However, to realize these anticipated benefits, Washington Mutual and Providian must be successfully combined. If the combined company is not able to achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

Washington Mutual and Providian have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could result in the loss of key employees, as well as the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies, any or all of which could adversely affect Washington Mutual s ability to maintain relationships with clients, customers, depositors and employees after the merger or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Washington Mutual and Providian.

The required regulatory approvals may not be obtained or may contain materially burdensome conditions.

Before the merger may be completed, various approvals or consents must be obtained from various bank regulatory, insurance and other authorities in the United States. There can be no assurance that these approvals or consents will be obtained. In addition, the governmental entities from which these approvals are required may impose conditions on the completion of the merger or require changes to the terms of the merger. While Washington Mutual and Providian do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on Washington Mutual following the merger. Washington Mutual may, but is not obligated to, complete the merger if the regulatory approvals required to be received in connection with the completion of the merger include any conditions or restrictions that would reasonably be expected to have a material adverse effect on the business or operations of the surviving corporation in the merger, measured on a scale relative to Providian.

The loss of key personnel may adversely affect Washington Mutual.

After the closing of the merger, Washington Mutual expects to run the Providian business as a separate credit card business line. The integration process and Washington Mutual s ability to successfully conduct Providian s credit card business after the merger will require the experience and expertise of key employees of Providian. Therefore, the ability to successfully integrate Providian s operations with those of Washington Mutual, as well as the future success of the combined company s credit card operations, will depend, in part, on Washington Mutual s ability to retain key employees of Providian following the merger. Although Washington Mutual has entered into employment agreements with several key employees of Providian, Washington Mutual may not be able to retain these or other key employees for the time period necessary to complete the integration process or beyond. If any of these employees were to cease to be employed by Washington Mutual, Washington Mutual s ability to successfully conduct its credit card business could be adversely affected, which could have an adverse effect on Washington Mutual s financial results.

Table of Contents

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document, including information included or incorporated by reference in this document, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the benefits of the merger between Washington Mutual and Providian, including future financial and operating results and performance; statements about Washington Mutual s and Providian s plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, will, should, may or words of similar meaning. These forward-looking statements are based upon the current beliefs and expectations of Washington Mutual s and Providian s management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond the control of Washington Mutual and Providian. 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 anticipated results discussed in these forward-looking statements.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- those discussed and identified in public filings with the Securities and Exchange Commission made by Washington Mutual and Providian;
- the businesses of Washington Mutual and Providian may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected;
- the expected growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;
- operating costs, customer losses and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected;
- governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger;
- adverse governmental or regulatory policies may be enacted;
- competition from other financial services companies in Washington Mutual s and Providian s markets could adversely affect each company s operating results and business plans, including plans to expand Providian s card originations through Washington Mutual s branches and other channels; and
- general business and economic conditions, including movements in interest rates, could adversely affect credit quality and loan originations and the costs or availability of funding.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document or the date of any document incorporated by reference in this document. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to Washington Mutual or Providian or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, Washington Mutual and Providian undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Table of Contents

INFORMATION ABOUT THE COMPANIES

Washington Mutual, Inc.

With a history dating back to 1889, Washington Mutual is a retailer of financial services that provides a diversified line of products and services to consumers and commercial clients. At June 30, 2005, Washington Mutual and its subsidiaries had reported assets of $323.53 billion. Washington Mutual currently operates more than 2,400 retail banking, mortgage lending, commercial banking and financial services offices throughout the United States.

Washington Mutual strives to be the nation s leading retailer of financial services for consumers and small businesses and plans to achieve this by building strong, profitable relationships with a broad spectrum of consumers and businesses. Expanding its retail banking franchise and achieving efficiencies in its operations will be critical to its future success.

Following the acquisition of the three largest California-based thrift institutions in the latter part of the 1990s, Washington Mutual continued to expand nationally by acquiring companies with strong retail banking franchises in Texas and the greater New York metropolitan area. During this period, Washington Mutual developed and launched its innovative retail banking stores that serve customers in an open, free-flowing retail environment. With the goal of combining its strengths as a deposit taker and portfolio lender with those of a mortgage banker, Washington Mutual also expanded its presence in the home loan origination and servicing businesses through acquisitions made from 1999 through 2002. These mortgage banking acquisitions also served to further extend its national footprint.

Having created a viable branch presence in many of the largest metropolitan areas over the past decade, Washington Mutual focuses its current retail banking store expansion strategy primarily on mainstream or middle market consumers in those states where it has both a home loan and retail banking presence. As compared to its branching strategy over the last decade, this focus on its existing markets carries lower execution risk because it enables Washington Mutual to leverage both existing infrastructure and brand awareness and concentrates on markets with characteristics of both above average household growth and below average branch density.

In the mortgage banking business, Washington Mutual is building scalable and repeatable processes that will enable it to enhance customer service and offer products at prices that are both competitive and profitable. Multi-family lending complements Washington Mutual s expertise in residential real estate secured lending. As a result of productivity improvements completed in this business in 2004, Washington Mutual believes it is well-positioned to execute on its strategy of increasing market share in its top 15 targeted metropolitan markets. These markets have stable demand, a large disparity between the cost of renting and the cost of home ownership, and households that typically rent for an extended period of time.

The address of Washington Mutual s principal executive offices is 1201 Third Avenue, Seattle, Washington 98101, and its telephone number is (206) 461-2000. For additional information on Washington Mutual, see Where You Can Find More Information beginning on page 83.

Providian Financial Corporation

San Francisco-based Providian is a leading provider of credit cards to mainstream American consumers throughout the United States, with approximately 9.5 million customer relationships. At June 30, 2005, Providian and its subsidiaries had reported assets of approximately $14.08 billion.

Providian s primary line of business is its credit card business, which generates consumer loans primarily through Visa credit cards and also through MasterCard credit cards. Providian targets creditworthy customers across the broad middle to prime market segments, with a particular focus on middle market customers who are underserved by many large, prime-oriented card issuers. In originating new loans, Providian focuses on the parts of the middle and prime market segments that it expects to be the most profitable and creditworthy. Providian expects to generate profitable customer relationships through its proprietary marketing program, which emphasizes the portion of the market it refers to as mainstream America, and through its partnership and co-branding marketing programs, which use targeted criteria to market its credit card products to creditworthy individuals associated with various groups and organizations with which Providian enters into arrangements to serve their members. Mainstream America refers to a target market composed of creditworthy people throughout the United States generally defined by Providian s credit, income, demographic, and psychographic criteria.

Providian operates principally through Providian National Bank, a wholly owned subsidiary headquartered in Tilton, New Hampshire. Providian National Bank is a national banking association organized under the laws of the United States and is a member of the Federal Deposit Insurance Corporation. Providian National Bank was originally organized as a state bank in 1853 and converted to a national bank charter in 1865. Providian National Bank is among the top ten bankcard issuers in the United States (based on managed credit card loans outstanding as of March 31, 2005).

The address of Providian s principal executive offices is 201 Mission Street, San Francisco, California, 94105, and its telephone number is (415) 543-0404. For additional information on Providian, see Where You Can Find More Information beginning on page 83.

Table of Contents

THE SPECIAL MEETING OF PROVIDIAN STOCKHOLDERS

General

This document is being furnished to holders of Providian common stock for use at a special meeting of Providian stockholders and any adjournments or postponements of the meeting.

When and Where the Providian Special Meeting Will Be Held

The Providian special meeting will be held on August 31, 2005, at 9:30 a.m., local time, at the World Trade Club, One Ferry Plaza, San Francisco, California, subject to any adjournments or postponements.

Purpose

The purpose of the Providian special meeting is to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of June 5, 2005, by and between Washington Mutual and Providian, as it may be amended from time to time, pursuant to which Providian will be merged with and into Washington Mutual.

Providian stockholders must approve this proposal for the merger to occur. If Providian stockholders fail to approve this proposal, the merger will not occur. Providian stockholders will be asked at the Providian special meeting to approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Providian stockholders will also be asked to transact any other business as may properly come before the special meeting or any adjournment or postponement of the Providian special meeting.

Record Date and Quorum

Providian stockholders who hold their shares of record as of the close of business on August 1, 2005 are entitled to notice of and to vote at the Providian special meeting. On the record date, there were 294,798,091 shares of Providian common stock outstanding and entitled to vote at the Providian special meeting, held by 6,903 holders of record.

The holders of a majority of the outstanding shares of Providian common stock on the record date represented in person or by proxy will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the Providian special meeting. Any shares of Providian common stock held in treasury by Providian or by any of its subsidiaries are not considered to be outstanding for purposes of determining a quorum. Once a share is represented at the Providian special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any postponement or adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established.

Required Vote

The affirmative vote of holders of a majority of the shares of Providian common stock outstanding on the record date is required to adopt the merger agreement. Each share of Providian common stock is entitled to cast one vote on all matters properly submitted to the Providian stockholders.

As of the record date, directors and executive officers of Providian and their affiliates beneficially owned and were entitled to vote approximately 2,383,678 shares of Providian common stock, or approximately 0.8% of the outstanding shares of Providian common stock entitled to vote at the Providian special meeting. At that date, no directors or executive officers of Washington Mutual or their affiliates beneficially owned or had the right to vote any shares of Providian common stock entitled to vote at the Providian special meeting. Providian currently expects that its directors and executive officers and their affiliates will vote their shares of Providian common stock FOR adoption of the merger agreement, although none of them has entered into an agreement requiring them to do so.

When considering the Providian board of directors recommendation that you vote in favor of the adoption of the merger agreement, you should be aware that some executive officers and directors of Providian may have financial interests in the merger that may be different from, or in addition to, the interests of stockholders of Providian. See The Merger Interests of Providian s Directors and Executive Officers in the Merger beginning on page 41.

Proxies; Revocation

If you are a stockholder of record, you should complete and return the proxy card accompanying this document, or vote by telephone or the internet as described below under Voting Electronically or by Telephone, in order to ensure that your vote is counted at the Providian special meeting, or at any adjournment or postponement of the Providian special meeting, regardless of whether you plan to attend the Providian special meeting. All shares of Providian common stock represented by properly executed proxies received before or at the Providian special meeting, and not revoked, will be voted in accordance with the instructions indicated in the proxies. If no instructions are indicated on your proxy card, your shares of Providian common stock will be voted FOR the adoption of the merger agreement and FOR any adjournment of the special meeting, if necessary, to solicit additional proxies.

If your shares are held in street name by your bank or broker, you should instruct your bank or broker how to vote your shares using the instructions provided by your broker. If you have not received such voting instructions or require further information regarding such voting instructions, contact your bank or broker and they can give you instructions on how to vote your shares. Under the rules of the New York Stock Exchange, banks and brokers who hold shares in street name for customers may not exercise their voting discretion with respect to the approval of non-routine matters such as the merger proposal and thus, absent specific instructions from the beneficial owner of such shares, banks and brokers are not empowered to vote such shares with respect to the adoption of the merger agreement (i.e., broker non-votes). Shares of Providian common stock held by persons attending the special meeting but not voting, or shares for which Providian has received proxies with respect to which holders have abstained from voting, will be considered abstentions. Abstentions and properly executed broker non-votes, if any, will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists but will have the same effect as a vote AGAINST adoption of the merger agreement. **Accordingly, if you are a Providian stockholder, the Providian board of directors urges you to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope, or to submit your proxy by telephone or the internet or to vote by following the instructions of your bank or broker with respect to shares you hold in street name.**

You may revoke your proxy at any time before the vote is taken at the Providian special meeting. If you have not voted through your bank or broker, you may revoke your proxy by:

- submitting written notice of revocation to the Corporate Secretary of Providian prior to the voting of that proxy;

- submitting a properly executed proxy of a later date; or

- voting in person at the Providian special meeting; however, simply attending the Providian special meeting without voting will not revoke an earlier proxy.

Written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

Providian Financial Corporation

201 Mission Street

San Francisco, California 94105

Attention: Corporate Secretary

20

Table of Contents

If your shares are held in street name, you should follow the instructions of your bank or broker regarding the revocation of proxies.

The Providian board of directors is currently unaware of any other matters that may be presented for action at the Providian special meeting. If other matters properly come before the Providian special meeting, or at any adjournment or postponement of the Providian special meeting, Providian intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card unless you withhold authority to do so on the proxy card or voting instruction card.

Attending the Meeting

If you hold your shares of Providian common stock in street name and you want to vote these shares in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

Participants in the Providian Financial Corporation 401(k) Plan

If you are a participant in the Providian Financial Corporation 401(k) Plan, you will have received with this document a voting instruction form that reflects all shares you may vote under that plan. Under the terms of that plan, the trustee votes all shares held by the plan, but each participant may direct the trustee how to vote the shares of Providian common stock allocated to his or her plan account. If you own shares through that plan and do not vote, the plan trustee will vote the shares in accordance with the terms of the plan.

Voting Electronically or by Telephone

Stockholders of record and many stockholders who hold their shares through a broker or bank will have the option to submit their proxies or voting instructions electronically through the internet or by telephone. Please note that there are separate arrangements for using the internet and telephone depending on whether your shares are registered in Providian s stock records in your name or in the name of a broker, bank or other nominee who holds your shares. If you hold your shares through a broker, bank or other nominee, you should check your proxy card or voting instruction card forwarded by your broker, bank or other nominee who holds your shares to see which options are available.

In addition to submitting the enclosed proxy by mail, Providian stockholders of record may submit their proxies:

- by telephone by calling the toll-free number (877) 779-8683 on a touch-tone phone and following the recorded instructions; or

- through the internet by visiting a website established for that purpose at http://www.eproxyvote.com/pvn and following the instructions.

Solicitation of Proxies

Providian will pay the cost of the Providian special meeting and the cost of soliciting proxies for the Providian special meeting. In addition to soliciting proxies by mail, Providian may solicit proxies by person, telephone and other solicitations by directors, officers or employees of Washington Mutual and Providian. No director, officer or employee of Washington Mutual or Providian will be specifically compensated for these activities. Providian also intends to request that brokers, banks and other nominees solicit proxies from their principals, and Providian will pay the brokers, banks and other nominees certain expenses they incur for those activities. Providian has retained Georgeson Shareholder Communications, Inc., a proxy soliciting firm, to assist Providian in the solicitation of proxies. Georgeson s solicitation fee is $15,000, plus reasonable expenses.

PROVIDIAN STOCKHOLDERS SHOULD NOT SEND IN THEIR STOCK CERTIFICATES WITH THE PROXY CARDS. YOU WILL RECEIVE SEPARATE WRITTEN INSTRUCTIONS ON HOW TO EXCHANGE YOUR PROVIDIAN STOCK CERTIFICATES FOR THE MERGER CONSIDERATION IF THE MERGER IS COMPLETED.

Table of Contents

Attendance at the Providian Special Meeting

Seating at the Providian special meeting is limited. Therefore, admission is by ticket only. If you would like to attend the Providian special meeting, please call Providian at (800) 285-0708 to request an admission ticket. Your admission ticket will be held for you at the Registration Desk on the day of the Providian special meeting. To claim your admission ticket, you should bring with you proof of identification. In addition, if you hold your shares through a broker, bank, or other nominee, you will need to provide proof of ownership by bringing a copy of the voting instruction card provided by your broker or a brokerage account statement showing your share ownership on August 1, 2005, the record date.

Table of Contents

THE MERGER

Background of the Merger

The management of Providian has from time to time explored and assessed, and has discussed with the Providian board of directors, various strategic options potentially available to Providian. These strategic discussions have included the possibility of, among other things, business combinations involving Providian and other financial institutions, particularly in view of the increasing competition and ongoing consolidation in the financial services industry, as well as the requirements of Providian s regulatory agreements entered into in 2001 and the related capital plan. In connection with these strategic discussions, Providian and its financial advisors had periodic contacts and discussions with other financial institutions regarding their respective companies, industry trends and developments, and potential business combinations or other strategic initiatives. Among the financial institutions with whom Providian engaged in these previous discussions was Washington Mutual.

During this period Washington Mutual has also explored ways, both through acquisitions and by internal expansion, to enhance its consumer banking growth while strengthening its leadership position in the middle-market customer segment.

In late March 2005, while attending an industry conference, Joseph Saunders, Chairman, President and CEO of Providian, and Kerry Killinger, Chairman and CEO of Washington Mutual, met and had general discussions regarding the financial services industry, including the credit card industry in particular, and their respective companies. At this meeting, they determined that it would be worthwhile to have further discussions in the future. Thereafter, members of management and representatives of Providian and Washington Mutual met and had periodic informal discussions concerning a possible transaction, although no formal proposals or specific terms were discussed. In late April 2005, the parties executed a customary confidentiality agreement.

Over the ensuing weeks, representatives of Providian and Washington Mutual continued periodic informal discussions, including discussions regarding the potential benefits of a combination of the two companies, as well as potential transaction valuations and preliminary due diligence discussions. During this time Washington Mutual and its representatives conducted a preliminary due diligence review to further evaluate the strategic rationale for a possible merger and the potential terms of such a transaction.

Also during this time, Providian management and its financial advisors periodically updated members of the Providian board of directors regarding these discussions. In addition, members of Washington Mutual s management team periodically updated the Corporate Development Committee of Washington Mutual s board of directors at special meetings held for the purpose of evaluating the potential transaction with Providian.

In late May 2005, Messrs. Saunders and Killinger met again and continued discussions regarding each company s perspective on transaction valuation. As a result of these discussions, Messrs. Saunders and Killinger determined that, assuming satisfactory conclusion of due diligence and negotiation of the terms of a definitive agreement, they were each prepared to present to their respective boards of directors a proposed merger with an exchange ratio of 0.45 shares of Washington Mutual common stock for each share of Providian common stock. Following this discussion, and throughout late May 2005 and early June 2005, Washington Mutual and its representatives continued their due diligence review, which included on-site due diligence visits and additional meetings with Providian s management. Also during this time, Providian and its legal and financial advisors continued their due diligence review of Washington Mutual s operations.

The Providian board of directors held special meetings of the board on May 27, 2005 and June 2, 2005, at which Mr. Saunders presented to the board the proposal from Washington Mutual, and updated the board on the background of his meetings and conversations with Washington Mutual. Mr. Saunders and Providian s financial advisors also discussed with the Providian board of directors the potential strategic fit and benefits of a business combination with Washington Mutual, as well as the potential for other strategic alternatives and business initiatives, including the potential advantages and disadvantages of Providian remaining independent. Also during these meetings, Mr. Saunders updated the board regarding Washington Mutual s strong interest in and need for management continuity, including the retention of the top executives of Providian to continue to operate the combined company s credit card business, which would be a new line of business for Washington Mutual. Mr. Saunders noted in this regard that Washington Mutual would require key members of Providian management to enter into employment agreements with Washington Mutual in the event that Washington Mutual and Providian entered into a definitive merger agreement. Following discussion with management and Providian s financial advisors, and among the board members, the board instructed Mr. Saunders and management to continue the negotiations with Washington Mutual in order to resolve the details of the potential transaction and commence preparation of definitive documentation.

During the week of May 30, 2005, Washington Mutual and Providian continued to conduct mutual due diligence, including on-site diligence, involving senior executives from both companies, as well as their outside financial and legal advisors. Also during this time, the parties and their outside counsel began drafting and negotiating the terms of the merger agreement and the related transaction documents, including proposed employment agreements between Washington Mutual and several key executives of Providian.

On June 4, 2005, the board of directors of Providian met to discuss and analyze Washington Mutual s offer as reflected in the proposed merger agreement. Mr. Saunders reviewed for the Providian board of directors the background of discussions and negotiations with Washington Mutual, including the proposal to provide for the payment of 11% of the deal consideration in cash based on the market value of the Washington Mutual common stock upon completion of the merger and the fixed 0.45 exchange ratio. Management and representatives of Providian then reported to the board of directors on Providian s due diligence investigations of Washington Mutual. Providian s financial advisors, Citigroup and Goldman Sachs, presented financial analyses related to the proposed merger and responded to questions posed by the Providian board of directors. In connection with the deliberation by the Providian board of directors, Citigroup rendered to the Providian board of directors its oral opinion (subsequently confirmed in writing on June 5, 2005), as described under Opinions of Providian s Financial Advisors , that, as of the date of its opinion and based upon and subject to the factors, assumptions, procedures, limitations and qualifications set forth in its written opinion and other factors Citigroup considered relevant, the merger consideration to be received for each share of Providian common stock pursuant to the merger agreement was fair from a financial point of view to the holders of such shares. In connection with the deliberation by the Providian board of directors, Goldman Sachs rendered to the Providian board of directors its oral opinion (subsequently confirmed in writing on June 5, 2005), as described under Opinions of Providian s Financial Advisors , that, based upon and subject to the factors, assumptions, procedures, limitations and qualifications set forth in its written opinion, the consideration to be received by the holders of Providian common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such stockholders.

Representatives of Wachtell, Lipton, Rosen & Katz, legal advisors to Providian, discussed with the Providian board of directors the legal standards applicable to its decisions and actions with respect to its evaluation of merger proposals, and reviewed the legal terms of the merger proposal and the related employment agreements.

Following these discussions, and review and discussion among the members of the Providian board of directors both with advisors present and then in separate executive sessions, both with and without management, and taking into consideration the factors described under Providian s Reasons for the Merger; Recommendation of Providian s Board of Directors, the Providian board of directors determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Providian and its stockholders, and the directors voted unanimously to approve the merger with Washington Mutual and to approve and adopt the merger agreement.

Following the meeting of Providian s board of directors, the board of directors of Washington Mutual held a meeting on June 5, 2005, to review and consider the merger, the merger agreement and the related transactions.

Table of Contents

Management of Washington Mutual, together with representatives of Simpson Thacher & Bartlett LLP, its legal advisors, and Lehman Brothers Inc. and Morgan Stanley & Co. Incorporated, its financial advisors, discussed with the board the business, financial condition and prospects of Providian and the terms of the proposed merger agreement and the proposed employment agreements with members of Providian s executive management team. Management of Washington Mutual also discussed with the board the course of negotiations with Providian and its advisors and the due diligence investigation of Providian that had been performed. Following discussion among Washington Mutual s board of directors and Washington Mutual s management concerning the transaction, the board of directors of Washington Mutual unanimously approved the merger agreement, the employment agreements and the transactions contemplated by the merger agreement.

In the evening of June 5, 2005, Washington Mutual and Providian entered into the merger agreement. On the morning of June 6, 2005, Washington Mutual and Providian issued a joint press release announcing the transaction.

Providian s Reasons for the Merger; Recommendation of Providian s Board of Directors

In reaching its decision to approve and adopt the merger agreement and recommend the merger to its stockholders, the Providian board of directors consulted with Providian s management, as well as its legal and financial advisors, and considered a number of factors, including:

- its knowledge of Providian s business, operations, financial condition, earnings and prospects, including the challenges presented by the relatively high cost of funding faced by Providian, its non-investment grade debt rating, which subjects it to volatility in the cost of raising money in the capital markets, and the requirements of Providian s regulatory agreements entered into in 2001 and the related capital plan;

- its knowledge of Washington Mutual s business, operations, financial condition, earnings and prospects, taking into account the results of Providian s due diligence review of Washington Mutual;

- its knowledge of the current environment in the financial services industry and the credit card industry in particular, including national and regional economic conditions, continued consolidation, increased operating costs resulting from regulatory initiatives and compliance mandates, evolving trends in technology and increasing nationwide and global competition, the current financial market conditions and the likely effects of these factors on the companies potential growth, development, productivity and strategic options, and the historical market prices of Providian s common stock;

- the improvement in funding costs and the reduction of funding risks, including the reduced need for liquidity associated with improved access to diversified funding sources, expected to result from the combination of the two companies;

- the complementary strengths of the two financial institutions, and in particular, the expectation that Washington Mutual s national multi-channel distribution network, marketing expertise and customer base would provide opportunities for growth in Providian s credit card business;

- the complementary fit of the businesses of Washington Mutual and Providian, and the expectation that the merger would entail minimal disruption for Providian s customers;

- Citigroup s written opinion to the Providian board of directors that, as of June 5, 2005, and based upon and subject to the factors, assumptions, procedures, limitations and qualifications set forth therein, Citigroup s work described in this document and other factors

Citigroup deemed relevant, the merger consideration to be received for each share of Providian common stock pursuant to the merger agreement was fair from a financial point of view to the holders of such shares;

Goldman Sachs written opinion to the Providian board of directors that, as of June 5, 2005, and based upon and subject to the factors, assumptions, procedures, limitations and qualifications set forth therein, the merger consideration to be received by holders of Providian common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders;

Table of Contents

the financial terms of the merger, including the fact that, based on the closing price on the New York Stock Exchange of Washington Mutual common stock on June 3, 2005 (the last trading day prior to the execution and announcement of the merger agreement), giving an implied per share merger consideration value of approximately $18.71, the acquisition price as of June 3, 2005 represented an approximate 4% percent premium over the closing price of Providian shares on the New York Stock Exchange as of that date, a 9.1% premium over the average closing price of Providian shares on the New York Stock Exchange for the prior month and a 44.7% premium over Providian s fifty-two week low closing price;

the structure of the merger and the terms of the merger agreement, including the fact that Providian stockholders would receive the merger consideration in a combination of 11% cash and 89% Washington Mutual common stock, and including the merger agreement s non-solicitation and stockholder approval covenants and provision for the payment of a termination fee of up to $225 million in certain events, which the Providian board of directors understood could limit the willingness of a third party to propose a competing business combination transaction with Providian following execution of the merger agreement;

the expected treatment of the merger as a reorganization for United States federal income tax purposes;

the regulatory and other approvals required in connection with the merger and the likelihood such approvals would be received without unacceptable conditions;

the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger; and

the fact that some of Providian s directors and executive officers have other financial interests in the merger that are in addition to their interests as Providian stockholders, including as a result of employment and compensation arrangements with Providian and the manner in which they would be affected by the merger, as well as the new employment agreements that certain of these persons entered into with Washington Mutual in connection with the merger. See Interests of Providian s Directors and Executive Officers in the Merger.

The foregoing discussion of the factors considered by the Providian board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Providian board of directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Providian board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Providian board of directors considered all these factors as a whole, including discussions with, and questioning of, Providian management and Providian s financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

For the reasons set forth above, the Providian board of directors unanimo