WASHINGTON MUTUAL INC
Form 424B3
August 02, 2005
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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.

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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.

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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).

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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

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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.

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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.

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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.

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.

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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

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

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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

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	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.

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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

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	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 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.

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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.

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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.

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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.

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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.

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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.

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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

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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.

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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.

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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

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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.

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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;

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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 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, and unanimously approved and adopted the merger agreement. The Providian board of directors unanimously recommends that the Providian stockholders vote FOR the adoption of the merger agreement.

Washington Mutual s Reasons for the Merger

Washington Mutual believes that the merger with Providian will enhance its consumer banking growth while strengthening its leadership position in the middle-market customer segment. Washington Mutual also expects that the acquisition of Providian will provide Washington Mutual with the opportunity to accelerate its offering of credit card products, both through the addition of Providian s customers and through enhanced

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opportunities to offer credit card products to Washington Mutual s existing customer base. In addition, Washington Mutual considered the following factors, among others, when deciding to enter into the merger agreement with Providian:

- that following the merger, the combined company will have a broader asset generation platform and a more diversified earnings stream through the addition of Providian s credit card operations as a new business unit of Washington Mutual;

- that the complementary nature of the respective customer bases and product offerings of Washington Mutual and Providian could strengthen customer relationships and accelerate growth;

- that the merger can be achieved with minimal disruption and relatively low resource diversion, and should require relatively modest cost savings in order to meet Washington Mutual s financial objectives;

- that following the merger, Washington Mutual s diversified funding base should allow the release of excess capital and additional value at Providian;

- the experience and credibility of Providian s existing management team and operating platform, as well as the compatibility of the cultures at the two companies; and

- the anticipated positive effect of the merger on employees of, and customers and communities served by, Washington Mutual.

Opinions of Providian s Financial Advisors

Providian retained Citigroup Global Markets Inc. and Goldman, Sachs & Co. to act as its financial advisors in connection with Providian s analysis and consideration of various strategic alternatives. Both investment banking firms provided Providian with assistance in the merger.

The full texts of the written opinions of Citigroup and Goldman Sachs, each dated June 5, 2005, which set forth assumptions made, 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, are attached as Annexes B and C, respectively, to this document and are incorporated herein by reference. Citigroup and Goldman Sachs provided their respective advisory services and opinions for the information and assistance of the Providian board of directors in connection with its consideration of the merger. Neither their respective opinions nor the related analyses constituted a recommendation of the proposed transaction to the Providian board of directors. Neither the Citigroup opinion nor the Goldman Sachs opinion is a recommendation as to how any holder of shares of Providian common stock should vote with respect to the merger.

Citigroup Opinion

Citigroup has rendered its 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 below 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. The Citigroup opinion was limited solely to the fairness of the merger consideration payable in the proposed transaction from a financial point of view as of the date of the opinion.

In arriving at its opinion, Citigroup reviewed the merger agreement and held discussions with certain senior officers of Providian and certain senior officers of Washington Mutual concerning the business, operations and prospects of Providian and Washington Mutual. Citigroup examined certain publicly available business and financial information and data relating to Providian and Washington Mutual as well as certain financial forecasts and other information and data relating to Providian and Washington Mutual which were provided to, or otherwise discussed with, Citigroup by the respective managements of Providian and Washington Mutual, including information relating to the potential strategic implications and operational benefits anticipated by the respective managements of Providian and Washington Mutual to result from the proposed merger. Citigroup reviewed the financial terms of the proposed merger as set forth in the merger agreement in relation to, among other things:

- current and historical market prices of Providian common stock and Washington Mutual common stock;
- the historical and projected earnings and other operating data of Providian and Washington Mutual; and
- the capitalization and financial condition of Providian and Washington Mutual.

Citigroup considered, to the extent publicly available, the financial terms of certain other transactions that Citigroup considered relevant in evaluating the proposed merger and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Providian and Washington Mutual. Citigroup also evaluated certain pro forma financial effects of the merger on Washington Mutual. Citigroup also reviewed information relating to, and had discussions with the management of Providian regarding, the February 2005 Capital Plan of Providian s subsidiary Providian National Bank and related regulatory matters and the alternatives available to Providian. In addition to the foregoing, Citigroup conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citigroup deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without assuming any responsibility for independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it. With respect to financial forecasts and other information and data relating to Providian and Washington Mutual provided to or otherwise reviewed by or discussed with it, Citigroup was advised by the respective managements of Providian and Washington Mutual that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Providian and Washington Mutual as to the future financial performance of Providian and Washington Mutual, the potential strategic implications and operational benefits anticipated to result from the proposed transaction and the other matters covered thereby. Citigroup assumed, with the consent of the Providian board of directors, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the merger) reflected in such forecasts and other information and data will be realized in the amounts and at the times projected.

Citigroup further assumed, with the consent of the Providian board of directors, that the merger will be consummated in accordance with the terms of the merger agreement, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger and the other transactions contemplated by the merger agreement, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Providian or Washington Mutual or the contemplated benefits of the proposed transaction in any way meaningful to its analysis. Citigroup also assumed, with the consent of the Providian board of directors, that the merger will be treated as a reorganization for federal income tax purposes.

Citigroup noted that its opinion relates to the relative values of Providian and Washington Mutual. Citigroup did not express any opinion as to what the value of the shares of Washington Mutual common stock to be issued in the merger actually will be when issued pursuant to the proposed transaction or the price at which the Washington Mutual common stock will trade at any time. Citigroup did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Providian or Washington Mutual nor did Citigroup make any physical inspection of the properties or assets of Providian or Washington Mutual, nor did Citigroup examine any individual credit files of Providian or Washington Mutual.

Citigroup advised the Providian board of directors that it is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of allowances for losses with respect thereto, and it did not make an independent evaluation of the adequacy of such allowances. Citigroup assumed, with the consent of the

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Providian board of directors, that the respective allowances of Providian and Washington Mutual for losses with respect to loan and lease portfolios will be, in each case, in the aggregate adequate to cover all such losses. Citigroup further advised that it is not an expert in the evaluation of the fair value of mortgage servicing rights and the related risk management strategies for purposes of assessing the adequacy of valuation allowances for impairment with respect thereto, and it did not make an independent evaluation of such risk management strategies or the adequacy of such valuation allowances. Citigroup assumed, with the consent of the Providian board of directors, that the valuation allowances of Washington Mutual for mortgage servicing rights impairment will be in the aggregate adequate to cover all such impairment.

In connection with rendering its opinion, Citigroup was not requested to consider, and its opinion did not address, the relative merits of the proposed transaction as compared to any alternative business strategies that might exist for Providian or the effect of any other transaction in which Providian might engage. Citigroup s opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of the date of its opinion.

Citigroup is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Providian selected Citigroup to act as one of the financial advisors to the Providian board of directors in connection with the proposed transaction on the basis of Citigroup s international reputation and Citigroup s familiarity with Providian.

Citigroup and its affiliates in the past have provided services to Providian and Washington Mutual, and currently provide services to Providian, unrelated to the proposed merger, for which services Citigroup and such affiliates have received and expect to receive compensation, including, without limitation:

- acting as financial advisor in Providian s sale of the Providian Master Trust in January 2002;
- acting as financial advisor in Providian s sale of its credit card operations conducted in the United Kingdom in February 2002;
- acting as joint bookrunner, bookrunner or co-manager, including providing funding and funding commitments, in connection with certain transactions by Providian;
- acting as bookrunner or co-manager in connection with certain transactions by Washington Mutual; and
- facilitating certain equity securities transactions by Washington Mutual.

In the ordinary course of its business, Citigroup and its affiliates may actively trade or hold the securities of Providian and Washington Mutual for its own account or for the account of its customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citigroup and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Providian, Washington Mutual and their respective affiliates.

Goldman Sachs Opinion

Goldman Sachs rendered its 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 in such opinion, 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.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the merger agreement;

annual reports to stockholders and Annual Reports on Form 10-K of Providian and Washington Mutual for the five fiscal years ended December 31, 2004;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Providian and Washington Mutual;

the February 2005 Capital Plan of Providian s bank subsidiary;

certain other communications from Providian and Washington Mutual to their respective stockholders; and

certain internal financial analyses and forecasts for Providian and Washington Mutual prepared by their respective managements, including certain cost savings and operating synergies projected by Providian s management to result from the merger.

Goldman Sachs also held discussions with members of the senior managements of Providian and Washington Mutual regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the past and current business operations, financial condition and future prospects of their respective companies. In addition, Goldman Sachs reviewed the reported price and trading activity for Providian s common stock and Washington Mutual s common stock, compared certain financial and stock market information for Providian and Washington Mutual with similar market information for certain other companies the securities of which are publicly traded, and reviewed the financial terms of certain recent business combinations in the consumer finance industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

In connection with Goldman Sachs review, it relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering the opinion described above. In that regard, Goldman Sachs assumed, with the consent of the board of directors of Providian, that the internal financial forecasts prepared by the managements of Providian and Washington Mutual had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the managements of Providian and Washington Mutual, as the case may be. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Providian or Washington Mutual or on the expected benefits of the merger in any way meaningful to Goldman Sachs analysis. Goldman Sachs advised the Providian board of directors that it is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of allowances for losses with respect thereto and, accordingly, it assumed, with the consent of the Providian board of directors, that such allowances for losses are in the aggregate adequate to cover such losses. Goldman Sachs further advised that it is not an expert in the evaluation of the fair value of mortgage servicing rights and related risk management strategies for purposes of assessing the adequacy of provisions for impairment with respect thereto, and it did not make an independent evaluation of such risk management strategies or the adequacy of such provisions. Goldman Sachs assumed, with the consent of the Providian board of directors, that the provisions of Washington Mutual for mortgage servicing rights impairment will be in the aggregate adequate to cover all such impairment.

In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Providian or Washington Mutual or any of their respective subsidiaries, nor was any evaluation or appraisal of the assets or liabilities of Providian or Washington Mutual or any of their respective subsidiaries furnished to Goldman Sachs.

The Goldman Sachs opinion does not address the underlying business decision of Providian to engage in the merger, nor did Goldman Sachs express any opinion as to the prices at which shares of Washington Mutual s common stock or Providian s common stock will trade at any time. Goldman Sachs advisory services and opinion were provided for the information and assistance of the Providian board of directors in connection with its consideration of the merger and such opinion did not constitute a recommendation as to how any holder of

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shares of Providian common stock should vote with respect to such transaction. Goldman Sachs opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, the date of its opinion.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs has acted as financial advisor to Providian in connection with, and has participated in certain of the negotiations leading to, the merger. In addition, Goldman Sachs has provided certain investment banking services to Providian from time to time, including having acted as:

- Providian s financial advisor in connection with the sale of its Providian Master Trust in January 2002;
- Providian s financial advisor in connection with the sale of its U.K. credit card operations in February 2002;
- a co-manager with respect to a public offering of Providian s 4.00% Convertible Senior Notes due May 2008 (aggregate principal amount $287,500,000) in May 2003; and
- co-lead manager with respect to a public offering of Providian s 2.75% Convertible Cash to Accreting Senior Notes due March 2016 (aggregate principal amount $277,200,000) in March 2004.

Goldman Sachs has provided certain investment banking services to Washington Mutual from time to time, including having acted as:

- co-manager with respect to public offerings of mortgage securitizations by Washington Mutual and its subsidiaries; and
- financial advisor to Washington Mutual in connection with its acquisition of Dime Bancorp, Inc. in 2001.

In addition, Goldman Sachs is currently an agent in Washington Mutual s commercial paper facility and one of Goldman Sachs affiliates participates in Washington Mutual s revolving credit facility.

Goldman Sachs may provide investment-banking services to Providian and Washington Mutual in the future. In connection with the above-described investment banking services Goldman Sachs has received, and may receive, compensation.

Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, purchasing and selling loans, financing and brokerage activities for both companies and individuals, including Providian and Washington Mutual. In the ordinary course of these activities, Goldman Sachs and its affiliates may provide such services to Providian, Washington Mutual and their respective affiliates, may actively trade the debt and equity securities (or related derivative securities) of Providian and Washington Mutual for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

The Providian board of directors selected Goldman Sachs as one of its financial advisors because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger and is familiar with Providian and its business.

Joint Financial Analyses of Citigroup and Goldman Sachs

The following is a summary of the material financial analyses performed by Citigroup and Goldman Sachs in evaluating the fairness of the merger consideration to be received by holders of Providian common stock in the merger, which were presented to the Providian board of directors at the meeting held on June 4, 2005. Citigroup and Goldman Sachs collaborated in performing each of the financial analyses summarized below. The following summary, however, does not purport to be a complete description of the financial analyses performed by Citigroup or Goldman Sachs, nor does the order of analyses described represent the relative importance or weight given to those analyses by Citigroup or Goldman Sachs. Some of the summaries of financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of the financial analyses performed by Citigroup and Goldman Sachs. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before June 3, 2005 and is not necessarily indicative of current or future market conditions.

Transaction Overview and Indicated Transaction Multiples

Citigroup and Goldman Sachs reviewed with the Providian board of directors the basic terms of the merger, including the following:

- consideration to be determined based on a fixed exchange ratio of 0.45 Washington Mutual common shares per Providian common share, 89% in the form of Washington Mutual common stock and 11% in the form of cash;
- implied value for the merger consideration of $18.71 per share of Providian common stock (based on the closing price of Washington Mutual s common stock of $41.57 per share on June 3, 2005), representing total equity value of $6,452 million; and
- pro forma percentage ownership by current Providian stockholders of 13.5% of the combined company, based on fully diluted shares per the treasury stock method.

Citigroup and Goldman Sachs calculated for the Providian board of directors various multiples and premiums resulting from the merger. These calculations were based on historical information, estimates from Institutional Brokerage Estimate System, or IBES (a data service that compiles estimates issued by securities analysts) and certain financial analyses and forecasts for Providian prepared by its management taking into account the 2005 Capital Plan of Providian National Bank (the Capital Plan May Forecast).

Citigroup and Goldman Sachs calculated the percentage premium of the implied per share value of the merger consideration (based on the closing price of Washington Mutual common stock on June 3, 2005) over:

- the closing price per share of Providian common stock on June 3, 2005 (the last trading day prior to the presentation made by Citigroup and Goldman Sachs to the Providian board of directors);
- the average closing prices per share of Providian common stock for the one-week, one-month and year-to-date periods ended June 3, 2005;
- the highest and lowest closing prices per share in the 52-week period ended June 3, 2005; and
- Providian s managed receivables as of March 31, 2005, calculated as transaction value less book value and loan loss reserves (net of estimated deferred tax asset).

The following table presents the results of Citigroup s and Goldman Sachs calculations:

Premium to:	
Share Price at June 3, 2005	4.2%
One-Week Average	5.8
One-Month Average	9.1
Year to Date Average	10.5
52-Week High	2.3
52-Week Low	44.7
Managed Receivables	18.4

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Citigroup and Goldman Sachs also calculated the ratio of the implied per share value of the merger consideration to Providian s estimated earnings per share, or EPS, for each of fiscal years 2005 and 2006, its actual 2004 EPS and its book value as of March 31, 2005. The following table presents the results of Citigroup s and Goldman Sachs calculations:

Price as a Multiple of:	
2004A EPS	15.7x
Median IBES Estimates	
2005E EPS	11.8x
2006E EPS	10.9x
Capital Plan May Forecast	
2005E EPS	12.5x
2006E EPS	11.7x
Stated Book Value at March 31, 2005	1.9x

Implied Historical Exchange Ratio Analysis

Citigroup and Goldman Sachs calculated and reviewed the historical exchange ratios implied by dividing the daily closing price per share of Providian common stock by the daily closing price per share of Washington Mutual common stock for each trading day in the 52-week period ended June 3, 2005, as well as the average of these exchange ratios for this 52-week period and for other specified periods ended June 3, 2005, and the high and low implied exchange ratios during this 52-week period. Citigroup and Goldman Sachs then calculated the implied percentage premium represented by the exchange ratio of 0.45 to be used in calculating the merger consideration for the merger as compared with such historical ratios. The results of these calculations are set forth in the following table:

	Implied Exchange Ratio	Implied Premium
June 3, 2005	0.43x	4.2%
One-Week Average	0.43	6.0
One-Month Average	0.41	9.6
Year-to-Date Average	0.41	7.6
One-Year Average	0.39	13.9
52-Week High	0.45	2.7
52-Week Low	0.34	31.7

Selected Companies Analysis Providian

Citigroup and Goldman Sachs reviewed and compared certain financial information for Providian to corresponding financial information, ratios and public market multiples for the following publicly traded companies in the consumer finance industry:

Selected Monoline Credit Card Companies	Selected Bank Credit Card Issuers

MBNA Corporation	Citigroup Inc.
Capital One Financial Corp.	Bank of America Corporation
	JPMorgan Chase & Co.

Although none of the selected companies is directly comparable to Providian, the companies included were chosen because they are publicly traded companies with operations that, for purposes of analysis, may be considered similar to certain operations of Providian.

The financial information used by Citigroup and Goldman Sachs for all companies in the course of this analysis was based on publicly available information as of June 3, 2005, IBES estimates and information provided by SNL Datasource. The multiples and ratios for each of the selected companies were based on the most recent publicly available information.

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For the selected companies, Citigroup and Goldman Sachs calculated the ratios of June 3, 2005 closing stock price to:

calendar year 2005 and 2006 IBES earnings estimates;

stated book value and tangible book value; and

2006 IBES estimated earnings, as a multiple of IBES estimated long-term earnings growth.

Citigroup and Goldman Sachs then compared these measures to the corresponding values for Providian (using IBES and Capital Plan May Forecast earnings estimates for 2005 and 2006). The results of this analysis are summarized as follows:

	Selected Monoline Credit Card Companies		Selected Bank Credit Card Issuers			
Ratio	**Range**	**Median**	**Range**	**Median**	**Providian (IBES Estimates)**	**Providian (Capital Plan May Forecast)**
Price/2005E Earnings	10.4x 10.8x	10.6x	10.8x 11.9x	11.3x	11.3x	12.0x
Price/2006E Earnings	9.7x 9.7x	9.7x	10.2x 10.3x	10.3x	10.4x	11.2x
Price/Stated Book	2.0x 2.2x	2.1x	1.2x 2.3x	1.9x	1.9x	N/A
Price/Tangible Book	2.1x 3.0x	2.6x	2.2x 3.8x	3.6x	1.9x	N/A
Price/2006E P/E to Growth	0.7x 1.0x	0.9x	0.9x 1.1x	1.0x	0.8x	N/A

Citigroup and Goldman Sachs also calculated the selected companies estimated earnings growth rate from 2005 to 2006, based on IBES estimated earnings for each of those years, and compared this measure to the corresponding value for Providian (using IBES and Capital Plan May Forecast earnings estimates for 2005 and 2006). The following table presents the results of this analysis:

	Selected Monoline Credit Card Companies		Selected Bank Credit Card Issuers			
	Range	**Median**	**Range**	**Median**	**Providian (IBES Estimates)**	**Providian (Capital Plan May Forecast)**
2005E-2006E Earnings Growth	8.1% 11.5%	9.8%	5.9% 15.5%	9.5%	8.5%	6.7%

Citigroup and Goldman Sachs calculated and compared stock price to IBES earnings estimates for the period beginning January 1, 2002 and ended June 3, 2005, for each of MBNA Corporation, Capital One Financial Corp. and Providian. The following table presents the high, low and median multiples and the multiples as of June 3, 2005 resulting from this analysis:

	MBNA	Capital One Financial	Providian (1)

High	17.3x	18.3x	30.9x
Median	12.8	11.6	14.1
Low	8.0	6.1	8.5
June 3, 2005	10.4	10.8	11.3

(1) Excludes price to forward earnings for Providian through April of 2002 as not meaningful because median IBES consensus estimates ranged from $0.00 to $0.03.

Citigroup and Goldman Sachs compared the historical total shareholder returns (calculated as the change in share price plus dividends) for the shares of Providian common stock and the common stock of each of MBNA Corporation and Capital One Financial Corp. for the three-year, one-year and year-to-date periods ended June 3, 2005. The following table presents the results of this analysis:

	MBNA	**Capital One Financial**	**Providian**
Three-Year Total Return	(5.4)%	24.6%	130.0%
One-Year Total Return	(14.8)	9.9	29.6
Year-to-Date 2005 Total Return	(24.2)	(11.0)	9.0

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Citigroup and Goldman Sachs also compared the share price appreciation for the shares of Providian common stock to the common stock of each of MBNA Corporation and Capital One Financial Corp. and also to the average for the selected bank credit card issuers for the period from January 1, 2002 through June 3, 2005. The following table presents the results of this analysis.

	MBNA	Capital One Financial	Selected Bank Credit Card Issuers	Providian
Share Price Appreciation for Period 1/1/2002 6/3/2005	(9.4)%	38.9%	14.7%	405.9%

Selected Companies Analysis Washington Mutual

Citigroup and Goldman Sachs reviewed and compared certain financial information for Washington Mutual to corresponding financial information, ratios and public market multiples for the following publicly traded companies in the banking industry:

Selected Commercial Banks	Selected Thrifts	Selected Mortgage Companies
Wachovia Corporation	Golden West Financial Corporation	Countrywide Financial Corporation
U.S. Bancorp	Sovereign Bancorp, Inc.	
Sun Trust Banks, Inc.	New York Community Bancorp, Inc.	
Fifth Third Bancorp	Independence Community Bank Corp.	
BB&T Corporation	Astoria Financial Corporation	
National City Corporation		
Regions Financial Corporation		
The PNC Financial Services Group, Inc.		

Although none of the selected companies is directly comparable to Washington Mutual, the companies included were chosen because they are publicly traded companies with operations that, for purposes of analysis, may be considered similar to certain operations of Washington Mutual.

The financial information used by Citigroup and Goldman Sachs for all companies in the course of this analysis was based on publicly available information as of June 3, 2005, IBES estimates and information provided by SNL Datasource. The multiples and ratios for each of the selected companies were based on the most recent publicly available information.

For the selected companies, Citigroup and Goldman Sachs calculated the ratios of June 3, 2005 stock price to:

- calendar year 2005 and 2006 IBES earnings estimates;
- stated book value and tangible book value; and
- 2006 IBES estimated earnings, as a multiple of IBES estimated earnings growth.

Citigroup and Goldman Sachs then compared these measures to the corresponding values for Washington Mutual. The results of this analysis are summarized as follows:

Ratio	Selected Commercial Banks Range		Selected Commercial Banks Median	Selected Thrifts Range		Selected Thrifts Median	Selected Mortgage Company	Washington Mutual
Price/2005E Earnings	11.5x	14.0x	12.9x	11.7x	13.1x	12.7x	9.0x	11.4x
Price/2006E Earnings	10.5x	12.5x	11.9x	10.8x	11.5x	11.4x	8.5x	10.3x
Price/Stated Book	1.5x	2.8x	1.9x	1.4x	2.5x	1.5x	2.0x	1.7x
Price/Tangible Book	2.4x	4.8x	3.5x	2.5x	4.0x	3.0x	2.0x	2.4x
Price/2006E P/E to Growth	1.07x	1.47x	1.26x	0.95x	1.20x	1.14x	0.71x	1.03x

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For the selected companies, Citigroup and Goldman Sachs also calculated:

estimated earnings growth rate from 2005 to 2006, based on IBES estimated earnings for each of those years; and

dividend yield (on an annualized basis based on the most recent quarterly dividend).

Citigroup and Goldman Sachs then compared these measures to the corresponding values for Washington Mutual. The following table presents the results of this analysis:

	Selected Commercial Banks		Selected Thrifts		Selected Mortgage Company	Washington Mutual
	Range	Median	Range	Median		
2005E-2006E Earnings Growth	8.1% 11.7%	9.6%	8.5% 15.1%	10.8%	6.7%	10.3%
Dividend Yield	3.0% 4.1%	3.6%	0.4% 5.6%	2.9%	1.6%	4.5%

Citigroup and Goldman Sachs compared the historical trading prices for the shares of Washington Mutual common stock to the average for the selected commercial banks and the average for the selected thrifts and to the selected mortgage company, in each case for the period beginning January 1, 2002 and ended June 3, 2005. The following table presents the results of this analysis:

	Selected Commercial Banks	Selected Thrifts	Selected Mortgage Company	Washington Mutual
Share Price Appreciation for Period 1/1/2002 6/3/2005	19.1%	69.0%	271.0%	27.1%

Citigroup and Goldman Sachs compared the historical total shareholder return, calculated as the change in share price plus dividends, for certain periods ended June 3, 2005 for the shares of Washington Mutual common stock to the average for the selected commercial banks and the average for the selected thrifts and to the selected mortgage company. The following table presents the results of this analysis:

	Selected Commercial Banks	Selected Thrifts	Selected Mortgage Company	Washington Mutual
Ten-Year Total Return	312.7%	682.2%	766.7%	423.8%
Five-Year Total Return	46.7	221.9	382.7	127.0
Three-Year Total Return	19.9	43.1	227.0	22.5
Two-Year Total Return	19.3	37.3	109.0	9.4
One-Year Total Return	6.2	3.8	22.0	6.3
Year-to-Date 2005 Total Return	(4.2)	(4.0)	3.5	0.6

Selected Precedent Transactions Analysis

Citigroup and Goldman Sachs analyzed certain information relating to the following selected transactions in the specialty finance industry since January 1, 2002, which are divided into three groups:

Date Announced	Acquirer	Target
Credit Card Company Sales		
August 18, 2004	Barclays PLC	Juniper Financial Corporation
February 3, 2004	Royal Bank of Scotland Group	People s Bank
July 15, 2003	Citigroup Inc.	Sears, Roebuck & Co. Card Services
Other Specialty Finance Transactions		
November 14, 2002	HSBC Holdings plc	Household International, Inc.
Providian Master Trust		
January 15, 2002	JPMorgan Chase & Co.	Providian Master Trust

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With respect to the financial information for the targets involved in the precedent transactions, Citigroup and Goldman Sachs relied on information from public filings, company press releases and investor presentations, as well as information published by Securities Data Corp. and SNL DataSource.

For each of the selected transactions, to the extent applicable, Citigroup and Goldman Sachs calculated and compared:

the implied ratio of the price paid for the target in the transaction to:

(a) tangible book value of the target, based on the latest publicly available financial statements of the target available prior to the announcement of the acquisition;

(b) earnings of the target for the latest twelve months (LTM) of results publicly available prior to the time the transaction was announced; and

(c) estimated earnings of the target for the fiscal year in which the transaction was announced (Estimated FY1); and

the implied premium represented by the price paid for the target in the transaction to:

(a) the closing price per common share of the target one month prior to the announcement of the transaction; and

(b) the target s managed receivables (calculated as the price paid less the tangible book value of the target divided by the latest publicly available managed receivables of the target prior to the announcement of the acquisition).

The following table presents the results of this analysis for the selected transactions:

	Price / Tangible Book	Price / LTM EPS	Price / FY1 EPS	Premium / Market	Premium / Managed Receivables
Credit Card Company Sales					
Barclays PLC / Juniper Financial Corporation	NA	NA	NA	NA	15.2%
Royal Bank of Scotland Group / People s Bank	3.3x	NA	NA	NA	15.5
Citigroup Inc. / Sears, Roebuck & Co. Card Services	2.7x	7.3x	NA	NA	16.0
Other Specialty Finance Transactions					

HSBC plc / Household International, Inc.	2.0x	6.8x	7.0x	6.9%	6.6%
ProvidianMaster Trust					
JPMorgan Chase & Co. / Providian Master Trust	NA	NA	NA	NA	5.0%

Selected Precedent Credit Card Portfolio Sales Analysis

Citigroup and Goldman Sachs calculated the percentage premium paid over the aggregate amount of managed receivables in selected credit card receivables portfolio transactions since 1996 involving receivables greater than $2 billion. These percentage premiums were then applied to Providian s aggregate amount of managed receivables. In order to derive an implied per share valuation for Providian, the resulting amount was increased by tangible equity and loan loss reserves (net of estimated deferred tax assets). The following table presents the results of this analysis:

	Selected Credit Card Portfolio Transactions		
	Range		**Median**
Premium to Managed Receivables	6.5%	22.0%	13.3%
Implied Valuation per Providian Share	$ 12.90	$21.06	$16.45

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The range of per share values resulting from this analysis compares to the implied value for the merger consideration of $18.71 per share of Providian common stock (based on the closing price of Washington Mutual s common stock on June 3, 2005). The range of percentage premiums to managed receivables resulting from this analysis compares to the 18.4% premium over Providian s managed receivables as of March 31, 2005 represented by the implied per share value of the merger consideration.

Dividend Discount Analyses

Citigroup and Goldman Sachs performed comparative dividend discount analyses to generate reference ranges for the implied present value per share of Providian common stock (1) assuming Providian continued to operate as a standalone company and (2) on a pro forma equivalent basis giving effect to the merger. They also performed this analysis for Washington Mutual common stock assuming Washington Mutual continued to operate as a standalone company.

These reference ranges were determined in each case by calculating the present value of the estimated future dividend stream of Providian, Washington Mutual and the combined company, respectively, for the years 2005 through 2010, plus the present value of the estimated terminal value of the common stock of Providian, Washington Mutual and the combined company, respectively, as of the end of calendar year 2010.

Citigroup and Goldman Sachs estimated reference ranges for the implied present value per share of Providian common stock, on a standalone basis, using the following alternative assumptions regarding the future performance of Providian:

IBES EPS estimates for fiscal years 2005 and 2006; estimated EPS growth at the IBES long-term growth rate of 13.0% annually (or at alternative long-term growth rates of 12.0% and 14.0%) for 2007 through 2011; and no payment of dividends (the Providian Street Case); and, alternatively,

the Capital Plan May Forecast EPS estimates for fiscal years 2005 and 2006; estimated EPS growth at assumed long-term growth rates of 5.0%, 7.5% and 10.0% annually for 2007 through 2011; and no payment of dividends (the Capital Plan May Case).

In each of the above cases, Citigroup and Goldman Sachs used the following assumptions:

a terminal value of Providian common stock at the end of 2010 based on a range of price to earnings multiples of 10.0x to 12.0x applied to year 2011 projected earnings; and

a range of discount rates of 10.0% to 14.0%.

Citigroup and Goldman Sachs also estimated reference ranges for the implied present value per share of Washington Mutual common stock, on a standalone basis, using the following assumptions:

IBES EPS estimates for fiscal years 2005 and 2006;

estimated EPS growth at the IBES long-term growth rate of 10.0% annually (or at alternative long-term growth rates of 9.0% and 11.0%) for 2007 through 2011;

to the extent Washington Mutual s tangible common equity to tangible assets (TCE/TA) ratio exceeds 5.5%, the excess capital would be used to repurchase common stock;

increases in the Washington Mutual common stock dividend rate of $0.01 in each quarter over the prior quarter;

a terminal value of Washington Mutual common stock at the end of 2010 based on a range of price to earnings multiples of 10.0x to 12.0x applied to year 2011 projected earnings; and

a range of discount rates of 8.0% to 10.0%.

This analysis resulted in a reference range for the implied present value per share of Washington Mutual common stock, on a standalone basis, of $48.79 to $60.82.

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Citigroup and Goldman Sachs then estimated reference ranges for the implied present value per share of Washington Mutual s common stock on a pro forma equivalent basis after giving effect to the merger (which is referred to as the combined company), using the following assumptions:

- pro forma EPS estimates for fiscal years 2006 through 2011 with respect to Washington Mutual based on IBES estimates of EPS and EPS growth as adjusted by Providian s management to reflect the effects of the merger;
- increases in the Washington Mutual common stock dividend rate of $0.01 in each quarter over the prior quarter;
- to the extent the combined company s TCE/TA ratio exceeds 5.5%, the excess capital would be used to repurchase common stock;
- a terminal value of combined company common stock at the end of 2010 based on a range of price to earnings multiples of 10.0x to 12.0x applied to year 2011 projected earnings, reflecting the weighted average of Providian and Washington Mutual multiples based on net income contribution; and
- a range of discount rates of 8.0% to 10.0%, reflecting the weighted average of Providian and Washington Mutual net income contribution.

Citigroup and Goldman Sachs calculated the pro forma implied present value per share of Providian common stock, giving effect to the merger, by adding the following amounts: (i) the pro forma values per combined company share, multiplied by 0.40 (representing 89% of the merger exchange ratio of 0.45, to reflect the portion of the merger consideration to be paid in the form of shares of Washington Mutual common stock), and (ii) the discounted cash component of the merger consideration (representing 11% of the merger exchange ratio of 0.45), calculated based on the estimated price per share of Washington Mutual common stock at the closing of the merger, which was assumed to take place on December 31, 2005. This estimated price per share was determined by applying the current trading multiple for Washington Mutual common stock to Washington Mutual s IBES estimated 2006 EPS.

The following table presents the results of these analyses with respect to Providian:

	Range of Implied Values Per Providian Share
Providian (applying Providian Street Case)	$15.96 to $21.29
Providian (applying Capital Plan May Case)	$10.75 to $16.56
Providian (pro forma for merger)	$22.67 to $28.56

Portfolio Valuation Analysis Providian

Citigroup and Goldman Sachs performed comparative portfolio valuation analyses to generate reference ranges for the implied present value per share of Providian common stock (1) assuming Providian continued to operate as a standalone company (the Status Quo Case) and (2) assuming Providian were to merge with a strategic partner (the Strategic Case). Based on certain assumptions reviewed with Providian management, Citigroup and Goldman Sachs developed a range of valuation outputs based on the implied present value per share of Providian s existing portfolio (the Existing Portfolio Value per Share) and Providian s new loan originations (the New Originations Value per Share).

The following table presents the results of this analysis:

	Summary of Portfolio Valuation Output			
	Status Quo Case		Strategic Case	
Existing Portfolio Value per Share	$12.20	$14.04	$16.54	$17.64
New Originations Value per Share	$ 0.07	$ 1.82	$ 0.20	$ 2.42

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Pro Forma Merger Analysis

Citigroup and Goldman Sachs analyzed the pro forma impact of the merger on projected EPS for Washington Mutual, based upon earnings estimates from IBES for Providian and synergies for Providian prepared by Providian s management as well as earnings estimates from IBES for Washington Mutual. The effect on EPS was calculated using various assumptions, including the following:

the consideration is 89% Washington Mutual stock and 11% cash;

the transaction closing date is in the fourth quarter of 2005;

the conversion of Providian s 4.00% Convertible Senior Notes due May 2008 and 2.75% Convertible Cash to Accreting Senior Notes due March 2016 into shares of Washington Mutual common stock at $18.71 (based on the closing price of Washington Mutual s common stock of $41.57 per share on June 3, 2005);

pre-tax cost operational synergies of $85.2 million in 2006, $229.2 million in 2007 and $347.6 million in 2008;

pre-tax funding benefits of $9.0 million in 2006, $18.4 million in 2007 and $23.4 million in 2008;

pre-tax income accretion from mark-to-market of deposits of $29.6 million in 2006, $18.9 million in 2007 and $12.1 million in 2008;

a pre-tax restructuring charge of $95 million, phased in 50% in 2006 and 100% in 2007; and

amortization of approximately $135 million after tax per year of purchase price premium attributed to identifiable intangibles over seven years.

For each of the years 2006, 2007 and 2008, Citigroup and Goldman Sachs compared the EPS of Washington Mutual common stock to the EPS, on both a GAAP basis and a cash basis, of the combined company common stock using the foregoing assumptions. The following table sets forth the results of this analysis:

	GAAP Basis	**Cash Basis**
	Accretion / (Dilution)	**Accretion / (Dilution)**
2006E EPS	(1.2)%	2.0%
2007E EPS	1.4	4.2
2008E EPS	3.2	5.8

In addition to the financial analyses described above, Citigroup and Goldman Sachs also reviewed the competitive environment of the U.S. credit card industry in terms of increasing market share concentration among the top five and top ten credit card issuers; the relative size and scale of large U.S. credit card issuers (as measured by market capitalization, total equity, credit rating and senior unsecured credit spreads);

recent trends in receivables growth for the credit card industry; and volume and response rates for credit card mail solicitations.

General

The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate methods of financial analysis and the application of those methods to the particular facts and circumstances, and therefore is not necessarily susceptible to partial analysis or summary description.

Citigroup and Goldman Sachs made no attempt to assign specific weights to particular analyses or factors considered, but rather each made its own qualitative judgments as to the significance and relevance of all the analyses and factors considered and determined to give its fairness opinion as described above. Selecting portions of the analyses or of the summary set forth herein, without considering the analyses as a whole, could create a misleading or incomplete view of the processes underlying the opinions of Citigroup and Goldman Sachs.

In arriving at their respective fairness determinations, Citigroup and Goldman Sachs each separately considered the results of all of their analyses and did not form any conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to fairness from a financial point of view. Rather, Citigroup and Goldman Sachs each made its respective determination as to fairness on the basis of its experience and professional judgment after considering the results of all of their analyses assessed as a whole. No company or transaction referenced in the above analyses is directly comparable to Providian or Washington Mutual or the merger. Such comparative analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics, market conditions and other factors that could affect the public trading of the selected companies or terms of the selected transactions.

Citigroup and Goldman Sachs prepared the analyses described herein for purposes of providing their respective opinions to the Providian board of directors as to the fairness from a financial point of view to the holders of shares of Providian common stock of the merger consideration to be received by such holders pursuant to the merger agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Providian, Washington Mutual, Citigroup, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

As described above, each of the respective opinions of Citigroup and Goldman Sachs to the Providian board of directors was one of a number of factors taken into consideration by Providian s board of directors in making its determination to approve the transactions contemplated by the merger agreement. For a further discussion of the factors the Providian board of directors considered, see Providian s Reasons for the Merger Recommendation of Providian s Board of Directors beginning on page 25. Citigroup and Goldman Sachs were not asked to, and did not, recommend the specific consideration payable in the merger, which consideration was determined through negotiations between Washington Mutual and Providian. The summary contained herein does not purport to be a complete description of the analyses performed by Citigroup and Goldman Sachs in connection with their respective fairness opinions and is qualified in its entirety by reference to the written opinion of Citigroup and the written opinion of Goldman Sachs attached as Annexes B and C, respectively.

Pursuant to the terms of the engagement letter between Providian, Citigroup and Goldman Sachs, Providian has agreed to pay each of Citigroup and Goldman Sachs a transaction fee equal to 0.40% of the aggregate consideration paid by Washington Mutual (including the principal amount of all of Providian s indebtedness for money borrowed, other than capital securities and amounts outstanding under revolving lines of credit), payable upon the completion of the merger. In addition, Providian has agreed to reimburse each of Citigroup and Goldman Sachs, respectively, for its reasonable expenses incurred in connection with its engagement, including reasonable attorneys fees and disbursements, and to indemnify each of Citigroup and Goldman Sachs against specific liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

Interests of Providian s Directors and Executive Officers in the Merger

In considering the recommendation of the Providian board of directors with respect to the merger agreement, Providian stockholders should be aware that some of Providian s executive officers and directors have interests in the merger and have arrangements that are different from, or in addition to, those of Providian stockholders generally. The Providian board of directors was aware of these interests and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that Providian stockholders vote in favor of adopting the merger agreement.

Equity Compensation Awards. The merger agreement provides that upon completion of the merger, each Providian stock option, including those held by executive officers and directors of Providian, will vest and be converted into Washington Mutual stock options based on the exchange ratio in the merger. In addition, each other stock-based award based upon shares of Providian common stock, including those held by executive officers and directors of Providian, other than stock options and restricted stock, will vest and be converted,

based on the exchange ratio in the merger, into stock awards based upon shares of Washington Mutual common stock. All outstanding shares of Providian restricted stock held by employees, executive officers and directors will vest on completion of the merger and will be treated the same as all other outstanding shares of Providian common stock. Based on Providian equity compensation awards held by executive officers and directors of Providian as of July 28, 2005, upon completion of the merger, Messrs. Saunders, Vuoto, and Wilcox, and Mses. Richey and Chen and the remaining executive officers and directors of Providian, as a group, would vest in respect of 929,999, 285,433, 235,433, 235,433, and 281,399 and 552,497 shares subject to their stock options, respectively, and 154,000, 223,345, 56,679, 59,679, and 219,211 and 268,056 shares with respect to their other stock-based awards, respectively.

Current Providian Change of Control Employment Agreements. Each of Providian s executive officers, including Messrs. Saunders, Vuoto, and Wilcox and Mses. Richey and Chen, is party to a change of control employment agreement (or in the case of Mr. Saunders, an employment agreement providing for the same severance benefits as the change of control agreements). As described further below, each of Messrs. Saunders, Vuoto, and Wilcox and Ms. Chen, as well as other executives, has entered into an employment agreement with Washington Mutual which, as of completion of the merger, will become effective and will supersede the current Providian change of control agreements (and the current employment agreement between Mr. Saunders and Providian). There are also other Providian executive officers with current Providian change of control agreements who will not enter into employment agreements with Washington Mutual. The current change of control agreements for those executive officers will remain in effect following completion of the merger.

Each of the current change of control agreements (and Mr. Saunders employment agreement) provides that in the event that (1) the executive officer resigns for any reason during the 30-day period commencing on the first anniversary of a change of control, such as completion of the merger (except in the case of one executive officer whose agreement does not contain this provision, and except for Mr. Saunders whose agreement provides in lieu of this provision that he may resign immediately upon a change of control such as the completion of the merger) or (2) within three years following a change of control, such as completion of the merger, the executive s employment is terminated by Providian (or its successor) without cause or by the executive for good reason (as each term is defined in the agreements), the executive officer will be entitled to a lump sum payment equal to the sum of (a) the executive officer s base salary through the date of termination and any bonuses that have been determined, but not paid, (b) a pro rata bonus through the date of termination based on the higher of (1) the executive officers most recent annual bonus or (2) the highest bonus paid to the executive officer during the three years prior to the change of control (the reference bonus), (c) an amount equal to three times the sum of (x) the executive officer s annual base salary and (y) the executive officer s reference bonus and (d) continued welfare benefits for three years after any such termination of employment. In addition, in the event that any of the executive officers become subject to an excess parachute payment excise tax under Section 4999 of the Internal Revenue Code, the agreements generally provide for an additional gross-up payment to the executive officer such that the executive officer will be placed in the same after-tax position as if no such excise tax had been imposed.

Washington Mutual Employment Agreement with Joseph Saunders. Washington Mutual has entered into an employment agreement, dated as of June 5, 2005, with Joseph Saunders, the current Chairman and Chief Executive Officer of Providian, which upon completion of the merger will become effective and will supersede his current employment agreement. The agreement provides for a term of employment commencing upon completion of the merger and ending on the second anniversary of the completion of the merger, unless sooner terminated by either party in accordance with the terms of the agreement. During the term, Mr. Saunders will serve as the President and Chief Executive Officer of the Credit Card Division of Washington Mutual and will report to the Chief Operating Officer of Washington Mutual.

Upon completion of the merger, Mr. Saunders will receive a lump sum cash payment equal to the three-times payment that he would have received pursuant to his current Providian employment agreement described above immediately following completion of the merger. In addition, upon completion of the merger, Mr. Saunders will receive shares of Washington Mutual restricted common stock having a value of $2,000,000 as of the date of the completion of the merger, and options to purchase a number of shares of Washington Mutual common stock equal to three times the number of restricted shares granted to Mr. Saunders upon completion of the merger. The stock options will have an exercise price equal to the closing price of Washington Mutual common stock on the date of completion of the merger, as reported on the New York Stock Exchange. The restricted shares and the stock options will vest in two equal installments on each of the first and second anniversaries of completion of the merger. During the term of Mr. Saunders employment under his agreement with Washington Mutual, Mr. Saunders will receive an annual base salary of $800,000. In addition, for each fiscal year ending during the term of Mr. Saunders employment under this agreement, Mr. Saunders will be eligible to earn an annual cash bonus based on a target of 200% of Mr. Saunders annual base salary. During the term of Mr. Saunders employment under this agreement, Mr. Saunders will receive long-term incentive awards at the same time, at such levels and on substantially the same terms and conditions, as similarly situated executives of Washington Mutual. In addition, Mr. Saunders will be entitled to participate in employee benefit programs in which senior executives of Washington Mutual are eligible to participate and will be provided with perquisites that are no less favorable than those provided to Mr. Saunders as of immediately prior to completion of the merger.

Upon any termination of Mr. Saunders employment with Washington Mutual, Mr. Saunders will be entitled to (1) unpaid base salary, (2) unpaid annual bonus accrued with respect to the fiscal year ending on or preceding the date of termination, (3) accrued but unpaid vacation through the date of termination, (4) a pro rata portion of his annual bonus for the fiscal year in which his termination occurs, (5) vesting of the grant of restricted shares and the stock options described above, and (6) continuation of his then current health and welfare benefits for three years after such termination of employment. However, in the case of a resignation without good reason or a termination of Mr. Saunders employment by Washington Mutual for cause, Mr. Saunders will not be entitled to the payment described in clause (4) above or the benefit described in clause (5) above. In addition to the benefits specified above, if Mr. Saunders employment is terminated by Washington Mutual without cause or Mr. Saunders resigns for good reason prior to the second anniversary of the completion of the merger: (x) Mr. Saunders will be entitled to receive a cash payment in an amount equal to the sum of Mr. Saunders annual base salary and target bonus for the remainder of the term and a cash payment in an amount equal to the unvested portion of his qualified and non-qualified retirement contribution accounts then in existence and (y) the stock options described above will remain exercisable until at least the earlier of (1) the remainder of the stock options original ten-year term and (2) one year following the date of Mr. Saunders termination of employment. For a one-year period following any termination of Mr. Saunders employment prior to the expiration of the employment agreement, the employment agreement provides that Mr. Saunders may not solicit for employment any employees of Washington Mutual and may not compete with the credit card business of Washington Mutual. Mr. Saunders is also subject to a covenant not to disclose confidential information while employed by Washington Mutual or at any time thereafter. In the event that any payments to Mr. Saunders are subject to an excess parachute payment excise tax under Section 4999 of the Internal Revenue Code, Mr. Saunders will be entitled to an additional gross-up payment so that he remains in the same after-tax position in which he would have been had the excise tax not been imposed.

Washington Mutual Employment Agreements with Other Executives. Washington Mutual has entered into employment agreements, dated as of June 5, 2005, with each of Messrs. Vuoto and Wilcox and Ms. Chen and certain other Providian executives, which, upon completion of the merger, will become effective and supersede their current change of control agreements. Each of these agreements provides for a term of employment commencing upon completion of the merger and ending on the third anniversary of the merger, unless sooner terminated in accordance with the terms of the agreement. During the term, Messrs. Vuoto and Wilcox and Ms. Chen will serve as Vice Chairman and Chief Financial Officer of the Credit Card Division of Washington Mutual, Vice Chairman, Planning & Marketing of the Credit Card Division of Washington Mutual, and Vice Chairman, Credit & Collections and Chief Credit Officer of the Credit Card Division of Washington Mutual, respectively.

In consideration for canceling their current Providian change of control agreements, each of these executives will receive a lump sum cash payment payable in two installments and equal to the three-times payment that he or she would have received pursuant to his current change of control agreement, as described above, had his or her employment been terminated by Providian without cause immediately following completion of the merger. The first installment will be paid upon completion of the merger and the second will be paid on the first anniversary of completion of the merger (or, if prior to such first anniversary, the executive s employment is terminated by Washington Mutual without cause or by the executive for good reason, or due to his or her death or permanent disability, such second installment will be paid within ten business days after the effective date of such termination of employment). In addition, upon completion of the merger, each of Messrs. Vuoto and Wilcox and Ms. Chen will receive a grant of a number of shares of Washington Mutual restricted common stock having a value of $400,750 as of the date of the completion of the merger, and options to purchase a number of shares of Washington Mutual common stock equal to three times the number of restricted shares granted to the executive upon completion of the merger. The stock options will have an exercise price equal to the closing price of Washington Mutual common stock on the date of completion of the merger, as reported on the New York Stock Exchange. The restricted shares and the stock options will vest in two equal installments on each of the second and third anniversaries of completion of the merger, so long as the executive remains employed with Washington Mutual through each such anniversary or the executive s employment is terminated for any reason other than by Washington Mutual for cause or by the executive without good reason . During the term of the executive s employment under the employment agreement, each of Messrs. Vuoto and Wilcox and Ms. Chen will receive an annual base salary of $400,000, $350,000, and $350,000, respectively. In addition, for each fiscal year ending during the term of the executive s employment under the employment agreement, each of Messrs. Vuoto and Wilcox and Ms. Chen will be eligible to earn an annual cash bonus based on a target of 100 percent of the executive s annual base salary. During the term of the executive s employment under the employment agreement, each of Messrs. Vuoto and Wilcox and Ms. Chen will also receive long-term incentive awards at the same time, at such levels and on substantially the same terms and conditions, as similarly situated executives of Washington Mutual. In addition, the executives will be entitled to participate in employee benefit programs in which senior executives of Washington Mutual are eligible to participate.

Upon any termination of such executive s employment prior to the third anniversary of the merger, Messrs. Vuoto and Wilcox and Ms. Chen will be entitled to (1) unpaid base salary, (2) unpaid annual bonus accrued with respect to the fiscal year ending on or preceding the date of termination, (3) accrued vacation through the date of termination, (4) a pro rata portion of his annual bonus for the fiscal year in which the executive s termination occurs, (5) vesting of the grant of restricted shares and stock options described above, with the stock options remaining exercisable until at least the earlier of (x) the remainder of the stock options original ten-year term and (y) one year following the date of the executive s termination of employment, (6) continuation of health and welfare benefits until the third anniversary of completion of the merger, (7) an amount equal to the executive s unvested portion of the qualified and non-qualified retirement contribution accounts then in existence, and (8) any other severance payments and benefits pursuant to and subject to the terms and conditions of the severance plan maintained by Washington Mutual and applicable to the executives. However, in the case of a resignation without good reason or a termination of the executive s employment by Washington Mutual for cause , the executive will not be entitled to the payment described in clause (4) above or the benefits described in clause (5) above. For a one-year period following any termination of these executives prior to the expiration of their employment agreement, the executives may not solicit for employment any employees of Washington Mutual and may not compete with the credit card business of Washington Mutual. All of these executives are also subject to a covenant not to disclose confidential information while employed by Washington Mutual or at any time thereafter. In the event that any payments to the executives are subject to an excess parachute payment excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended, the executives will be entitled to an additional gross-up payment so that they remain in the same after-tax position in which they would have been had the excise tax not been imposed.

Indemnification and Insurance. Washington Mutual has agreed to indemnify and hold harmless all past and present officers and directors of Providian and its subsidiaries in their capacities as such against all losses, claims, damages, liabilities, costs, expenses, judgments, fines and amounts paid in settlement to the fullest extent such persons would be entitled to such indemnification under applicable law and the by-laws of Providian as in effect on the date of the merger agreement.

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The merger agreement also provides that Washington Mutual will use its best efforts to cause the persons serving as officers and directors of Providian immediately prior to the effective time to be covered for a period of six years after completion of the merger by Providian s current directors and officers liability insurance policies, or policies of at least the same coverage and amount and containing terms and conditions that are not in the aggregate less advantageous than the current policy, subject to specified cost limitations.

Washington Mutual s Board of Directors and Management after the Merger

The directors and officers of Washington Mutual are not expected to change in connection with the merger. The directors and officers of Washington Mutual immediately prior to the merger will continue to be the directors and officers of Washington Mutual after completion of the merger.

Material United States Federal Income Tax Consequences of the Merger

The following general discussion sets forth the anticipated material United States federal income tax consequences of the merger to holders of Providian common stock that exchange their shares of Providian common stock for shares of Washington Mutual common stock and cash in the merger. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any United States federal laws other than those pertaining to income tax. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), the regulations promulgated thereunder and court and administrative rulings and decisions in effect on the date of this document. These laws may change, possibly retroactively, and any change could affect the continuing validity of this discussion.

This discussion addresses only those Providian stockholders that hold their shares of Providian common stock as a capital asset within the meaning of section 1221 of the Code. Further, this discussion does not address all aspects of United States federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a financial institution;
- a tax-exempt organization;
- an S corporation or other pass-through entity (or an investor in an S corporation or other pass-through entity);
- an insurance company;
- a mutual fund;
- a dealer in stocks and securities, or foreign currencies;

a trader in securities who elects the mark-to-market method of accounting for your securities;

a holder of Providian common stock subject to the alternative minimum tax provisions of the Code;

a holder of Providian common stock who received Providian common stock through the exercise of employee stock options, through a tax-qualified retirement plan or otherwise as compensation;

a foreign person;

a person that perfects appraisal rights;

a person that has a functional currency other than the U.S. dollar; or

a holder of Providian common stock who holds Providian common stock as part of a hedge, straddle, a constructive sale or conversion transaction.

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Determining the actual tax consequences of the merger to you may be complex. They will depend on your specific situation and on factors that are not within the control of Washington Mutual and Providian. You should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws and of changes in those laws.

Tax Consequences of the Merger Generally. The parties have structured the merger to qualify as a reorganization for United States federal income tax purposes. In connection with the filing of the registration statement, Simpson Thacher & Bartlett LLP has delivered an opinion to Washington Mutual to the effect that (1) the merger constitutes a reorganization within the meaning of Section 368(a) of the Code and (2) Washington Mutual and Providian will each be a party to the reorganization within the meaning of Section 368(b) of the Code, and Wachtell, Lipton, Rosen & Katz has delivered an opinion to Providian to the effect that (1) the merger will constitute a reorganization within the meaning of Section 368(a) of the Code, (2) Washington Mutual and Providian will each be a party to the reorganization within the meaning of Section 368(b) of the Code, and (3) except to the extent of any cash consideration received in the merger and except with respect to cash received in lieu of a fractional share interest in Washington Mutual common stock, no gain or loss will be recognized by holders of Providian common stock in the merger. It is a condition to the completion of the merger that Washington Mutual receive an opinion from Simpson Thacher & Bartlett LLP, dated the closing date of the merger, to the same effect as the opinion from such firm described above. It is a condition to the completion of the merger that Providian receive an opinion from Wachtell, Lipton, Rosen & Katz, dated the closing date of the merger, to the same effect as the opinion from such firm described above. These opinions will be based on representation letters provided by Washington Mutual and Providian and on customary factual assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the merger. Washington Mutual and Providian have not sought and will not seek any ruling from the Internal Revenue Service regarding any matters relating to the merger, and as a result, there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions described herein.

As a result of the merger qualifying as a reorganization within the meaning of Section 368(a) of the Code, upon exchanging your Providian common stock for a combination of Washington Mutual common stock and cash, you will generally recognize gain (but not loss) in an amount equal to the lesser of:

- the amount of gain realized (i.e., the excess, if any, of the sum of the cash and the fair market value of the Washington Mutual common stock you receive over your tax basis in the Providian common stock surrendered in the merger); and

- the amount of cash that you receive in the merger.

For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the exchange, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. Any recognized gain will generally be long-term capital gain if your holding period with respect to the Providian common stock surrendered is more than one year at the effective time of the merger. If, however, the cash received has the effect of the distribution of a dividend, the gain will be treated as a dividend to the extent of your ratable share of accumulated earnings and profits as calculated for United States federal income tax purposes. See Possible Treatment of Cash as a Dividend below.

The aggregate tax basis in the shares of Washington Mutual common stock that you receive in the merger will equal your aggregate adjusted tax basis in the Providian common stock you surrender, increased by the amount of taxable gain, if any, that you recognize on the exchange (including any portion of the gain that is treated as a dividend as described below but excluding any gain or loss resulting from the deemed receipt and redemption of fractional shares described below) and decreased by the amount of any cash received by you in the merger. Your holding period for the shares of Washington Mutual common stock that you receive in the merger (including fractional shares deemed received and redeemed as described below) will include your holding period for the shares of Providian common stock that you surrender in the exchange.

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In computing the above referenced gain to be recognized on the exchange of Providian common stock for cash and stock of Washington Mutual as well as computing the aggregate tax basis in Washington Mutual stock received in the merger, the amount of cash to be considered received in the merger does not include cash received in lieu of fractional shares. In addition, the amount of Washington Mutual stock received in the merger includes any fractional share of Washington Mutual stock you are deemed to receive prior to the exchange of such share for cash. See Cash In Lieu of Fractional Shares below.

Possible Treatment of Cash as a Dividend. In general, the determination of whether the gain recognized in the exchange will be treated as capital gain or has the effect of a distribution of a dividend depends upon whether and to what extent the exchange reduces a holder s deemed percentage stock ownership of Washington Mutual. For purposes of this determination, the holder is treated as if it first exchanged all of its shares of Providian common stock solely for Washington Mutual common stock and then Washington Mutual immediately redeemed, which is referred to in this document as the deemed redemption, a portion of the Washington Mutual common stock in exchange for the cash the holder actually received. The gain recognized in the deemed redemption will be treated as capital gain if the deemed redemption is substantially disproportionate with respect to the holder or not essentially equivalent to a dividend.

The deemed redemption will generally be substantially disproportionate with respect to a holder if the percentage of the outstanding stock of Washington Mutual that is actually and constructively owned by the holder immediately after the deemed redemption is less than 80% of the percentage of the outstanding stock of Washington Mutual that the holder is deemed actually and constructively to have owned immediately before the deemed redemption. Whether the deemed redemption is not essentially equivalent to a dividend with respect to a holder will depend upon the holder s particular circumstances. At a minimum, however, in order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the holder s deemed percentage stock ownership of Washington Mutual. In applying the above tests, a holder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or stock underlying a holder s option to purchase such stock in addition to the stock actually owned by the holder.

The Internal Revenue Service has ruled that a stockholder in a publicly held corporation whose relative stock interest is minimal (*e.g.*, less than 1%) and who exercises no control with respect to corporate affairs is generally considered to have a meaningful reduction if that stockholder has a relatively minor (*e.g.*, approximately 3%) reduction in its percentage stock ownership under the above analysis; accordingly, the gain recognized in the exchange by such a stockholder would be treated as capital gain.

These rules are complex and dependent upon the specific factual circumstances particular to each holder. Consequently, each holder that may be subject to these rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such holder.

Cash In Lieu of Fractional Shares. A holder who receives cash instead of a fractional share of Washington Mutual common stock will generally be treated as having received such fractional share and then as having received such cash in redemption of the fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received instead of the fractional share and the portion of the holder s aggregate adjusted tax basis of the shares of Providian common stock exchanged in the merger which is allocable to the fractional share. Such gain or loss generally will be long-term capital gain or loss if the holding period for such shares of Providian common stock is more than one year at the effective time of the merger.

Backup Withholding. If you are a non-corporate holder of Providian common stock you may be subject to information reporting and backup withholding on any cash payments you receive. You generally will not be subject to backup withholding, however, if you:

furnish a correct taxpayer identification number and certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal you will receive; or

are otherwise exempt from backup withholding.

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Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against your United States federal income tax liability, provided you furnish the required information to the Internal Revenue Service.

Reporting Requirements. If you receive shares of Washington Mutual common stock as a result of the merger, you will be required to retain records pertaining to the merger and you will be required to file with your United States federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. Moreover, it does not address any non-income tax or any foreign, state or local tax consequences of the merger. Tax matters are very complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation. Accordingly, you are urged to consult with a tax advisor to determine the particular federal, state, local or foreign income or other tax consequences to you of the merger.

Accounting Treatment of the Merger

The merger will be accounted for using the purchase method of accounting with Washington Mutual treated as the acquiror. Under this method of accounting, Providian s assets and liabilities will be recorded by Washington Mutual at their respective fair values as of the closing date of the merger and added to those of Washington Mutual. Any excess of purchase price over the net fair values of Providian s assets and liabilities will be recorded as goodwill. Any excess of the fair value of Providian s net assets over the purchase price will be allocated as a pro rata reduction of the amounts that would otherwise have been assigned to certain of Providian s non-current assets acquired. Financial statements of Washington Mutual issued after the merger will reflect these values, but will not be restated retroactively to reflect the historical financial position or results of operations of Providian prior to the merger. The results of operations of Providian will be included in the results of operations of Washington Mutual beginning on the effective date of the merger.

Regulatory Approvals Required for the Merger

Washington Mutual and Providian have agreed to use reasonable best efforts to obtain the regulatory approvals required to complete the merger of Providian into Washington Mutual and the merger of Providian s wholly-owned depository institution subsidiary, Providian National Bank, into Washington Mutual s wholly-owned depository institution, Washington Mutual Bank, which is referred to as the bank merger.

The bank merger is subject to the approval of the Office of Thrift Supervision under the Bank Merger Act. This approval requires consideration by the Office of Thrift Supervision of various factors, including assessments of the competitive effect of the contemplated transactions, the managerial and financial resources and future prospects of the resulting institutions and the effect of the contemplated transactions on the convenience and needs of the communities to be served. The Community Reinvestment Act of 1977, as amended, also requires that the Office of Thrift Supervision, in deciding whether to approve the bank merger, assess the records of performance of Washington Mutual Bank in meeting the credit needs of the communities it serves, including low and moderate income neighborhoods. As part of the review process under the Community Reinvestment Act, it is not unusual for the Office of Thrift Supervision to receive protests and other adverse comments from community groups and others. Washington Mutual Bank, Washington Mutual s primary depository institution subsidiary, currently maintains a Community Reinvestment Act rating of outstanding from its primary regulator and Providian National Bank, Providian s primary depository institution subsidiary, currently maintains a Community Reinvestment Act rating of satisfactory from its primary regulator.

The regulations of the Office of Thrift Supervision require publication of notice of, and an opportunity for public comment with respect to, the application filed in connection with the bank merger and authorize the Office

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of Thrift Supervision to conduct a meeting if the Office of Thrift Supervision finds that written submissions are insufficient to address facts or issues raised in an application, or otherwise determines that a meeting will benefit the Office of Thrift Supervision s decision-making process in connection with the application. Any such meeting or comments provided by third parties could prolong the period during which the bank merger is subject to review by the Office of Thrift Supervision.

Washington Mutual has filed its application and related notices seeking the requisite Office of Thrift Supervision approval. To date, Washington Mutual has not received any approvals or notices of disapproval. It is anticipated that the Office of Thrift Supervision s review of this application will involve an analysis of the status of the systems integration of Providian National Bank into Washington Mutual Bank and the proposed timetable for the integration of Providian. Washington Mutual and Providian cannot be certain that Office of Thrift Supervision approval will be granted and, if granted, of the date of this approval or as to what conditions to such grant of approval, if any, may be imposed.

At any time before the merger and the bank merger are completed, the Antitrust Division of the United States Department of Justice or the United States Federal Trade Commission could take action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the merger or the bank merger or seeking divestiture of assets of Washington Mutual or Providian or their respective subsidiaries. Private parties also may seek to take legal action under the antitrust laws under some circumstances. Based upon an examination of information available relating to the businesses in which the companies are engaged, Washington Mutual and Providian believe that the completion of the merger and the bank merger will not violate U.S. antitrust laws and will not require divestiture of any assets. However, Washington Mutual and Providian can give no assurance that a challenge to the merger on antitrust grounds will not be made, or, if such a challenge is made, that Washington Mutual and Providian will prevail.

In addition, the merger and the bank merger may be reviewed by the state attorneys general in the various states in which Washington Mutual and Providian operate. While Washington Mutual and Providian believe there are substantial arguments to the contrary, these authorities may claim that there is authority under the applicable state and federal antitrust laws and regulations to investigate or disapprove the merger or the bank merger under the circumstances and based upon the review set forth in the particular state laws and regulations. There can be no assurance that one or more state attorneys general will not attempt to file an antitrust action to challenge the merger or the bank merger.

Washington Mutual and Providian are not aware of any other significant governmental approvals that are required for consummation of the merger or the bank merger. If any other approval or action is required, it is presently contemplated that Washington Mutual and Providian would seek to obtain such approval. There can be no assurance that any other approvals, if required, will be obtained.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which do not include review of the merger from the standpoint of the adequacy of the consideration to be received by Providian stockholders. Further, regulatory approvals do not constitute an endorsement or recommendation of the merger.

Conversion of Shares; Exchange of Certificates; Dividends; Withholding

Conversion and Exchange of Shares. The conversion of shares of Providian common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. The exchange agent will, as soon as reasonably practicable after the effective time of the merger, exchange Providian shares for the merger consideration to be received in the merger pursuant to the terms of the merger agreement.

Letter of Transmittal. As soon as reasonably practicable after the effective time of the merger, the exchange agent will send a letter of transmittal to those persons who were record holders of shares of Providian common stock at the effective time of the merger. This mailing will contain instructions on how to surrender Providian shares in exchange for the merger consideration the holder is entitled to receive under the merger agreement. When you deliver to the exchange agent your properly completed letter of transmittal and any other required documents (including your Providian stock certificate(s) if you hold your shares in certificated form), your shares will be cancelled.

IF YOU HOLD YOUR SHARES IN CERTIFICATED FORM, DO NOT SUBMIT YOUR PROVIDIAN STOCK CERTIFICATES FOR EXCHANGE UNTIL YOU RECEIVE THE TRANSMITTAL INSTRUCTIONS AND LETTER OF TRANSMITTAL FROM THE EXCHANGE AGENT.

If a certificate for Providian common stock has been lost, stolen or destroyed, the exchange agent will issue the applicable merger consideration properly payable under the merger agreement upon compliance by the applicable stockholder with the replacement requirements established by Washington Mutual.

Fractional Shares. You will not receive fractional shares of Washington Mutual common stock in connection with the merger. Instead, each holder of Providian shares exchanged in the merger who would otherwise have received a fraction of a share of Washington Mutual common stock will receive cash in an amount determined by multiplying the fractional interest to which such holder would otherwise be entitled (after taking into account all shares of Providian common stock owned by such holder at the effective time of the merger) by the average closing sale price of one share of Washington Mutual common stock over the ten trading days immediately preceding the closing date of the merger on the New York Stock Exchange as reported by *The Wall Street Journal*.

Dividends and Distributions. Until shares of Providian common stock are surrendered for exchange, any dividends or other distributions declared after the effective time of the merger with respect to shares of Washington Mutual common stock into which Providian shares may have been converted will accrue but will not be paid. Washington Mutual will pay to former Providian stockholders any unpaid dividends or other distributions, without interest, only after they have duly surrendered their shares. After the effective time of the merger, there will be no transfers on the stock transfer books of Providian of any Providian shares. If shares of Providian common stock are presented for transfer after the completion of the merger, they will be cancelled and exchanged for the applicable merger consideration into which such shares have been converted pursuant to the merger agreement.

Withholding. Washington Mutual or the exchange agent will be entitled to deduct and withhold from the merger consideration otherwise payable to any Providian stockholder the amounts it is required to deduct and withhold under the Code or any provision of any federal, state, local or foreign tax law. To the extent that Washington Mutual or the exchange agent withholds any amounts and pays over such amounts to the appropriate taxing authority, these amounts will be treated for all purposes of the merger as having been paid to the stockholders in respect of whom such deduction and withholding were made.

Treatment of Providian Convertible Debt

Providian currently has the following series of convertible securities outstanding: (i) 3.25% convertible senior notes due August 15, 2005, (ii) zero coupon convertible notes due February 15, 2021, (iii) 4% convertible senior notes due May 15, 2008, and (iv) 2 $^{3}/_{4}$% convertible cash to accreting senior notes due March 15, 2016. The 3.25% convertible senior notes are scheduled to mature prior to, and therefore will not be outstanding at, the effective time of the merger. The convertible securities outstanding at the effective time of the merger will continue to be governed by the terms of the indenture currently governing the convertible securities. However, at the effective time of the merger, Washington Mutual will enter into a supplemental indenture which will provide that each convertible security will be convertible, in accordance with the terms of the indenture, into the number of shares of Washington Mutual common stock and the amount of cash that would be paid in the merger to the holder of the number of shares of Providian common stock into which such convertible security would have been convertible immediately prior to the effective time of the merger. In addition, the terms of certain of these convertible securities also provide for conversion and redemption rights in connection with the merger.

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Appraisal Rights

Summary of Appraisal Rights Procedures

The following discussion of the provisions of Section 262 of the Delaware General Corporation Law is not a complete statement of the law pertaining to appraisal rights and is qualified in its entirety by reference to the full text of Section 262 of the Delaware General Corporation Law, a copy of which is attached to this document as Annex D and is incorporated into this summary by reference.

Providian is organized under Delaware law. Under Delaware law, any holder of Providian common stock who does not wish to accept the consideration contemplated by the merger agreement for the holder s shares of Providian common stock has the right to dissent from the merger and seek an appraisal of, and to be paid in cash, the fair cash value (exclusive of any element of value arising from the accomplishment or expectation of the merger) for, shares of Providian common stock, as determined by the Delaware Chancery Court, together with a fair rate of interest, if any. Your entitlement to appraisal rights is subject in all cases to your compliance with the provisions of Section 262 of the Delaware General Corporation Law. Under Section 262, not less than 20 days before Providian s special meeting, Providian must notify each of the holders of record of its capital stock as of the record date for the Providian special meeting that appraisal rights are available and include in the notice a copy of Section 262. Providian intends that this document constitutes that notice.

Ensuring that you actually perfect your appraisal rights can be complicated. The procedural rules are specific and must be followed precisely. Your failure to comply with these procedural rules may result in your becoming ineligible to pursue appraisal rights. If that happens, your shares of Providian common stock will be converted into the right to receive the merger consideration payable pursuant to the merger agreement. See The Merger Agreement Consideration To Be Received in the Merger. The following information is intended as only a brief summary of the material provisions of the statutory procedures you must follow in order to perfect your appraisal rights. Please review Section 262 of the Delaware General Corporation Law for a complete description of the necessary procedures to be followed.

If you are a Providian stockholder and you wish to exercise your appraisal rights, you must satisfy the provisions of Section 262 of the Delaware General Corporation Law, including the following:

You must make a written demand for appraisal: You must deliver a written demand for appraisal to Providian *before* the vote on the merger agreement is taken at the Providian special meeting. This written demand for appraisal must be separate from your proxy card. A vote against the merger agreement alone will not constitute a demand for appraisal.

You must refrain from voting for adoption of the merger agreement: You must not vote for adoption of the merger agreement. If you vote, by proxy or in person, in favor of the merger agreement, this will terminate your right to appraisal. You will also terminate your right to appraisal if you return a signed proxy card and:

fail to vote against adoption of the merger agreement; or

fail to note that you are abstaining from voting.

If you do any of these things, your appraisal rights will terminate even if you previously filed a written demand for appraisal and your shares of Providian common stock will be converted into the right to receive the merger consideration payable pursuant to the merger agreement. See The Merger Agreement Consideration To Be Received in the Merger.

You must continuously hold your Providian shares: You must continuously hold your shares of Providian common stock from the date you make the demand for appraisal through the effective date of the merger. If you are the record holder of Providian common stock on the date the written demand for appraisal is made but thereafter transfer the shares prior to the effective date of the merger, you will lose any right to appraisal for those shares.

Description of Appraisal Rights Procedures

A written demand for appraisal of Providian common stock is only effective if it is signed by, or for, the stockholder of record who owns those shares at the time the demand is made. The demand must also be signed precisely as the stockholder s name appears on his or her share certificate. If you are the beneficial owner of Providian common stock, but not the stockholder of record, you must have the stockholder of record sign any demand for appraisal.

If you own Providian common stock in a fiduciary capacity, such as a trustee, guardian or custodian, you must disclose the fact that you are signing the demand for appraisal in that capacity.

If you own Providian common stock with more than one person, such as in a joint tenancy or tenancy in common, all the owners must sign, or have signed for them, the demand for appraisal. An authorized agent, which could include one or more of the joint owners, may sign the demand for appraisal for a stockholder of record; however, the agent must expressly disclose who the stockholder of record is and that the agent is signing the demand as that stockholder s agent.

If you are a record owner, such as a broker, who holds Providian common stock as a nominee for others, you may exercise a right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising that right for other beneficial owners. In that case, you should specify in the written demand the number of shares as to which you wish to demand appraisal. If you do not expressly specify the number of shares, we will assume that your written demand covers all the shares of Providian common stock that are in your name.

If you are a Providian stockholder who elects to exercise appraisal rights, you should mail or deliver a written demand to:

Providian Financial Corporation

201 Mission Street

San Francisco, California 94105

Attention: Corporate Secretary

It is important that Providian receive all written demands before the vote concerning the merger agreement is taken at the Providian special meeting. As explained above, this written demand should be signed by, or on behalf of, the stockholder of record. The written demand for appraisal should specify the stockholder s name and mailing address, the number of shares of stock owned, and that the stockholder is demanding appraisal of the stockholder s shares.

If the merger is completed, each holder of Providian common stock who has perfected appraisal rights in accordance with Section 262 will be entitled to be paid for the stockholder s Providian common stock the fair value in cash of those shares. The Delaware Court of Chancery will appraise the shares, determining their fair value, exclusive of any element of value arising from the completion or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be fair value. In determining the fair value, the Chancery

Court may take into account all relevant factors and upon its determination will then direct the payment of the fair value of the shares, together with any interest, to the holders of Providian common stock who have perfected their appraisal rights. The shares of Providian common stock with respect to which holders have perfected their appraisal rights in accordance with Section 262 and have not effectively withdrawn or lost their appraisal rights are referred to in this document as the dissenting shares.

If you fail to comply with any of these conditions and the merger becomes effective, you will only be entitled to receive the consideration provided in the merger agreement for your shares.

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Written Notice: Within ten days after the effective date of the merger, Washington Mutual, as the surviving corporation in the merger, must give written notice that the merger has become effective to each stockholder who has fully complied with the conditions of Section 262.

Petition with the Delaware Chancery Court: Within 120 days after the merger, either Washington Mutual or any stockholder who has complied with the conditions of Section 262 may file a petition in the Delaware Chancery Court. This petition should request that the Chancery Court determine the value of the shares of stock held by all the stockholders who are entitled to appraisal rights. If you intend to exercise your appraisal rights, you should file this petition in the Chancery Court. Washington Mutual has no obligation to file this petition, and if you do not file this petition within 120 days after the effective date of the merger, you will lose your rights of appraisal.

Request for Appraisal Rights Statement: If you have complied with the conditions of Section 262, you are entitled to receive a statement from Washington Mutual. This statement will set forth the number of shares not voted in favor of the merger and that have demanded appraisal rights and the number of stockholders who own those shares. In order to receive this statement you must send a written request to Washington Mutual within 120 days after the merger. Washington Mutual has ten days after receiving a request to mail you the statement.

Chancery Court Procedures: If you properly file a petition for appraisal in the Chancery Court and deliver a copy to Washington Mutual, Washington Mutual will then have 20 days to provide the Chancery Court with a list of the names and addresses of all stockholders who have demanded appraisal rights and have not reached an agreement with Washington Mutual as to the value of their shares. The Registry in Chancery, if so ordered by the Court, will give notice of the time and place fixed for the hearing of that petition to the stockholders on the list. At the hearing, the Chancery Court will determine the stockholders who have complied with Section 262 and are entitled to appraisal rights. The Chancery Court may also require you to submit your stock certificates to the Registry in Chancery so that it can note on the certificates that an appraisal proceeding is pending. If you do not follow the Chancery Court s directions, you may be dismissed from the proceeding.

Appraisal of Shares: After the Chancery Court determines which stockholders are entitled to appraisal rights, the Chancery Court will appraise the shares of stock that are the subject of the demand for appraisal. To determine the fair value of the shares, the Chancery Court will consider all relevant factors except for any appreciation or depreciation due to the anticipation or accomplishment of the merger. After the Chancery Court determines the fair value of the shares, it will direct Washington Mutual, as the surviving corporation of the merger, to pay that value to the stockholders who have successfully sought appraisal rights. The Chancery Court can also direct Washington Mutual to pay interest, simple or compound, on that value if the Chancery Court determines that interest is appropriate. In order to receive payment for your shares under an appraisal procedure, you must surrender your stock certificates to Washington Mutual.

Providian stockholders should be aware that the fair value of their shares as determined under Section 262 of the Delaware General Corporation Law could be greater than, the same as, or less than the merger consideration. The Citigroup and Goldman Sachs opinions delivered to Providian s board of directors do not in any manner address fair value under Section 262 of the Delaware General Corporation Law.

Costs and Expenses of Appraisal Proceeding: The Chancery Court may determine the costs of the appraisal proceeding and allocate them among the parties as the Chancery Court deems equitable under the circumstances. Upon application by a stockholder, the Chancery Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including reasonable attorneys fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal. In the absence of that determination or assessment, each stockholder bears his, her or its own expenses.

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Loss of Stockholder s Rights: If you demand appraisal rights, after the effective date of the merger you will not be entitled:

- to vote the shares of stock for which you have demanded appraisal rights for any purpose;
- to receive payment of dividends or any other distribution with respect to the shares of stock for which you have demanded appraisal, except for dividends or distributions, if any, that are payable to holders of record as of a record date prior to the effective time of the merger; or
- to receive the payment of the consideration provided for in the merger agreement (unless you properly withdraw your demand for appraisal).

If you do not file a petition for an appraisal within 120 days after the effective date of the merger, your right to an appraisal will terminate. You may withdraw your demand for appraisal and accept the merger consideration by delivering to Washington Mutual a written withdrawal of your demand, except that:

- any attempt to withdraw made more than 60 days after the effective date of the merger will require the written approval of Washington Mutual; and
- an appraisal proceeding in the Chancery Court cannot be dismissed unless the Chancery Court approves.

If you fail to comply strictly with the procedures described above you will lose your appraisal rights, in which event you will be entitled to receive the consideration with respect to your dissenting shares in accordance with the merger agreement. Consequently, if you are a holder of Providian common stock and wish to exercise your appraisal rights, you are strongly urged to consult a legal advisor before attempting to exercise your appraisal rights.

Restrictions on Sales of Shares by Affiliates of Providian

The shares of Washington Mutual common stock to be issued in connection with the merger will be registered under the Securities Act of 1933, as amended, pursuant to a registration statement of which this document is a part. The shares will be freely transferable under the Securities Act, except for shares of Washington Mutual common stock issued to any person who is deemed to be an affiliate of Providian at the time of the special meeting. Neither this document nor the registration statement covers resales of Washington Mutual common stock received in the merger by affiliates of Providian. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under the common control of Providian and may include Providian s executive officers, directors and significant stockholders. Affiliates may not sell their shares of Washington Mutual common stock acquired in connection with the merger except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;
- an exemption under paragraph (d) of Rule 145 under the Securities Act; or

any other applicable exemption under the Securities Act.

Providian has agreed to use its reasonable best efforts to deliver to Washington Mutual a letter agreement executed by each of its affiliates prior to the date of the special meeting, pursuant to which these affiliates will agree, among other things, not to transfer any shares of Washington Mutual common stock received in the merger except in compliance with the Securities Act.

Stock Exchange Listings

Washington Mutual has agreed to use its reasonable best efforts to cause the shares of Washington Mutual common stock to be issued in the merger to be approved for listing on the New York Stock Exchange. It is a condition to the consummation of the merger that such shares be approved for listing on the New York Stock

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Exchange, subject to official notice of issuance. Following the merger, the shares of Washington Mutual common stock will continue to trade on the New York Stock Exchange under the symbol WM.

Delisting and Deregistration of Providian Stock after the Merger

When the merger is completed, the Providian common stock currently listed on the New York Stock Exchange will be delisted from the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934, as amended.

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THE MERGER AGREEMENT

This section of the document describes the material terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is incorporated by reference and attached as Annex A to this document. You are urged to read the full text of the merger agreement.

The merger agreement has been included to provide you with information regarding its terms. The merger agreement contains representations and warranties made by and to Washington Mutual and Providian. The statements embodied in those representations and warranties were made for purposes of the contract between Washington Mutual and Providian and are subject to important qualifications and limitations agreed to by Washington Mutual and Providian in connection with negotiating its terms. In addition, certain representations and warranties were made as of a specified date, may be subject to contractual standards of materiality different from what may be viewed as material to stockholders, or may have been used for the purpose of allocating risk between Washington Mutual and Providian rather than establishing matters as facts.

Structure

Subject to the terms and conditions of the merger agreement, and in accordance with Washington and Delaware law, at the completion of the merger, Providian will merge with and into Washington Mutual. Washington Mutual will be the surviving corporation in the merger and will continue its corporate existence under the laws of the State of Washington. Upon completion of the merger, the separate corporate existence of Providian will terminate. Immediately following completion of the merger, Providian s wholly-owned depository institution subsidiary, Providian National Bank, will merge with and into Washington Mutual s wholly-owned depository institution, Washington Mutual Bank, and the separate corporate existence of Providian National Bank will terminate.

Each share of Washington Mutual common stock issued and outstanding at the effective time of the merger will remain issued and outstanding as one share of common stock of Washington Mutual, and each share of Providian common stock issued and outstanding at the effective time of the merger (other than shares for which appraisal rights have been perfected and shares owned directly by Providian or Washington Mutual) will be converted into the right to receive a combination of cash and Washington Mutual common stock, as described below. See Consideration To Be Received in the Merger. After completion of the merger, former Providian stockholders will own approximately 13.5% of the outstanding common stock of the combined company and continuing Washington Mutual stockholders will own approximately 86.5% of the outstanding common stock of the combined company.

The articles of incorporation of Washington Mutual will be the articles of incorporation of the combined company, and the bylaws of Washington Mutual will be the bylaws of the combined company. See Comparison of Stockholder Rights beginning on page 73.

The merger agreement provides that Washington Mutual may change the method of effecting the business combination between Washington Mutual and Providian; however, no such change will alter the amount or kind of merger consideration to be provided under the merger agreement, adversely affect the anticipated tax consequences to Providian stockholders in the merger, or materially impede or delay completion of the merger.

Effective Time and Timing of Closing

The merger will be completed and become effective when we file the certificate of merger with the Secretary of State of the State of Delaware and the articles of merger with the Secretary of State of the State of Washington. However, Washington Mutual and Providian may agree to a later time for completion of the merger and specify that time in the certificate of merger and the articles of merger in accordance with Delaware and Washington law. The closing of the merger will take place on the second business day after the conditions to the merger have been satisfied or waived, or on such other date as Washington Mutual and Providian may agree.

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Washington Mutual and Providian anticipate that the merger will be completed early in the fourth quarter of 2005. However, completion of the merger could be delayed if there is a delay in obtaining the required regulatory approvals or in satisfying any other conditions to the merger. There can be no assurances as to whether, or when, Washington Mutual and Providian will obtain the required approvals or complete the merger.

Consideration to Be Received in the Merger

Upon completion of the merger, each outstanding share of Providian common stock (other than shares for which appraisal rights have been perfected and shares owned directly by Providian or Washington Mutual) 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, each share of Providian common stock (other than shares for which appraisal rights have been perfected and shares owned directly by Providian or Washington Mutual) will be converted in the merger into the right to receive (i) 0.4005 shares of Washington Mutual common stock and (ii) an amount of cash equal to the value of 0.0495 shares of Washington Mutual common stock based on the average closing sale price for one share of Washington Mutual common stock over the ten trading days immediately preceding the closing date of the merger on the New York Stock Exchange as reported by *The Wall Street Journal*. The value of the per share stock consideration and the amount of the per share cash consideration are dependent upon the value of Washington Mutual common stock and therefore will fluctuate with the market price of Washington Mutual common stock.

The following table illustrates the value of the per share merger consideration based upon a hypothetical range of per share closing prices for Washington Mutual common stock.

IMPLIED PER SHARE MERGER CONSIDERATION

Washington Mutual Stock Price (1)	Percentage Change in Washington Mutual Stock Price (2)	Value of Per Share Stock Consideration (3)	Per Share Cash Consideration (4)	Value of Per Share Merger Consideration (5)
$51.96	+25%	$20.81	$2.57	$23.38
$49.88	+20%	$19.98	$2.47	$22.45
$47.81	+15%	$19.15	$2.37	$21.52
$45.73	+10%	$18.31	$2.26	$20.57
$43.65	+5%	$17.48	$2.16	$19.64
$41.57		$16.65	$2.06	$18.71
$39.49	-5%	$15.82	$1.95	$17.77
$37.41	-10%	$14.98	$1.85	$16.83
$35.33	-15%	$14.15	$1.75	$15.90
$33.26	-20%	$13.32	$1.65	$14.97
$31.18	-25%	$12.49	$1.54	$14.03

(1) Assumed closing sale price for Washington Mutual common stock on the closing date of the merger.

(2) Percentage difference between assumed closing sale price for Washington Mutual common stock on the closing date of the merger and $41.57, which was the closing sale price for Washington Mutual common stock on June 3, 2005, the last full trading day prior to the date

of the merger agreement.

(3) Calculated by multiplying 0.4005, the per share stock consideration (calculated by multiplying the fixed exchange ratio of 0.45 by 0.89), by the assumed closing sale price for Washington Mutual common stock on the closing date of the merger.

(4) Calculated by multiplying 0.0495, the per share cash consideration (calculated by multiplying the fixed exchange ratio of 0.45 by 0.11), by the assumed average closing sale price of Washington Mutual common stock over the ten trading days immediately preceding the closing date of the merger, which, for purposes of this table, is assumed to be equal to the assumed closing sale price for Washington Mutual common stock

on the closing date of the merger. The actual average closing sale price for Washington Mutual common stock over the ten trading days immediately preceding the closing date of the merger may differ from the actual closing sale price for Washington Mutual common stock on the closing date of the merger.

(5) Calculated by adding the value of the per share stock consideration (see column 3) and the per share cash consideration (see column 4).

Stock Options and Other Stock-Based Awards

Upon the completion of the merger, each option to purchase shares of Providian common stock granted under Providian s stock option and incentive plans will vest and be converted automatically at the effective time of the merger into an option to purchase Washington Mutual common stock and will continue to be governed by the terms of the Providian stock plan and related grant agreements under which it was granted, except that:

- the number of shares of Washington Mutual common stock subject to the new Washington Mutual stock option will be equal to the product of the number of shares of Providian common stock subject to the Providian stock option and the fixed exchange ratio of 0.45, rounded down to the nearest whole share; and
- the exercise price per share of Washington Mutual common stock subject to the new Washington Mutual stock option will be equal to the exercise price per share of Providian common stock under the Providian stock option divided by the fixed exchange ratio of 0.45, rounded up to the nearest cent.

All other rights to receive shares of Providian common stock or benefits measured by the value of Providian common stock and each other award consisting of shares of Providian common stock granted under Providian s stock option and incentive plans (other than restricted shares of Providian common stock) will, at the effective time of the merger, vest and be converted automatically into a right or award in respect of shares of Washington Mutual common stock and will continue to be governed by the terms of the Providian stock plan and related grant agreements under which it was granted, except that the number of shares of Washington Mutual common stock subject to each right or award will be equal to the product of the number of shares of Providian common stock subject to such right or award prior to the effective time and the fixed exchange ratio of 0.45, rounded down to the nearest whole share.

Each outstanding restricted share of Providian common stock will, at the effective time of the merger, vest and be converted automatically into the right to receive the same merger consideration as all other shares of Providian common stock are entitled to receive in the merger as described above under Consideration To Be Received in the Merger.

Representations and Warranties

The merger agreement contains generally customary representations and warranties of Washington Mutual and Providian relating to their respective businesses. For purposes of determining the satisfaction of the closing conditions relating to each party s representations and warranties as described under Conditions to Complete the Merger below, subject to limited exceptions, each representation and warranty will be deemed to be true and correct in all respects unless the failure or failures of such representations and warranties to be true and correct, individually or in the aggregate, results or would reasonably be expected to result in a material adverse effect with respect to the party making the representations and warranties. For purposes of the merger agreement, material adverse effect means with respect to Providian, Washington Mutual, or the surviving corporation in the merger, as the case may be, (i) a material adverse effect on the business, results of operations or financial condition of such party and its subsidiaries taken as a whole, or (ii) a material adverse effect on such party s ability to consummate the merger on a timely basis. However, in determining whether a material adverse effect has occurred, there will be excluded any effect on the referenced party the cause of which is:

- any change in banking, savings association and similar laws, rules or regulations of general applicability or interpretations thereof by courts or governmental authorities;

- any change in generally accepted accounting principles or regulatory accounting requirements applicable to banks, savings associations, or their holding companies generally;

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the announcement of the merger agreement or any action of either Washington Mutual, Providian, or their respective subsidiaries required to be taken under the merger agreement; or

any changes in general economic conditions affecting banks, credit card companies, savings associations, or their holding companies generally (including changes in the prevailing interest rates), but only to the extent that such changes (including changes in the interest rates) do not have a materially disproportionate impact on such party as measured relative to similarly situated companies in that party s segment of the financial services industry.

Each of Washington Mutual and Providian has made representations and warranties to the other regarding, among other things:

corporate matters, including due organization and qualification;

capitalization;

authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

governmental filings and consents necessary to complete the merger;

the timely filing of regulatory reports, and the absence of investigations by regulatory agencies;

financial statements;

the absence of undisclosed liabilities;

broker s fees payable in connection with the merger;

the absence of events having, or reasonably expected to have, a material adverse effect;

legal proceedings;

tax matters;

compliance with applicable laws;

absence of agreements with regulatory agencies restricting the conduct of its business;

risk management instruments; and

the accuracy of information supplied for inclusion in this document and other similar documents.

In addition, Providian has made other representations and warranties about itself to Washington Mutual as to:

intellectual property;

employee matters and benefit plans;

matters relating to certain contracts;

credit card operations;

securitizations;

real property;

insurance matters;

environmental liabilities;

labor matters;

the inapplicability of state takeover laws; and

the receipt of fairness opinions from financial advisors.

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Conduct of Business Pending the Merger

Conduct of Business of Providian Pending the Merger

Providian has agreed in the merger agreement that, prior to the completion of the merger, except as expressly contemplated or permitted by the merger agreement or as required by applicable law, rule or regulation, it will, and will cause its subsidiaries to, (i) conduct their respective businesses in the usual, regular and ordinary course consistent with past practice, (ii) use reasonable best efforts to maintain intact its business organization and advantageous business relationships and retain the services of its key officers and employees, and (iii) not take any action that would reasonably be expected to adversely affect or delay its ability to obtain regulatory approvals required to complete the merger or its ability to complete the merger.

Providian further has agreed that, except as expressly contemplated or permitted by the merger agreement or as required by applicable law, rule or regulation, and with certain other exceptions, Providian will not, and will not permit any of its subsidiaries to, among other things, undertake the following actions:

- adjust, split, combine or reclassify any of its capital stock;
- repurchase, redeem or otherwise acquire any of its capital stock;
- issue shares of its capital stock except pursuant to the exercise of Providian stock options in existence as of the date of the merger agreement or as issued thereafter as permitted by the merger agreement or pursuant to the terms of outstanding convertible notes;
- grant any right to acquire shares of its capital stock;
- make, declare or pay any dividends or other distributions on any shares of its capital stock;
- incur any indebtedness, issue any debt securities or assume, guarantee or endorse or otherwise become responsible for the obligations of another person, except for indebtedness incurred in the ordinary course of business consistent with past practice or in connection with certain securitizations;
- other than in the ordinary course of business consistent with past practice, and with certain other exceptions, including in connection with certain securitizations, sell, transfer, mortgage, encumber or otherwise dispose of any assets or properties, or cancel, release or assign any indebtedness;
- make any acquisition or investment or make any material property transfers or material purchases of any property or assets;
- enter into, amend, renew, extend or terminate its existing material contracts or new contracts meeting certain specified criteria;

hire or fire any employees above the level of vice president;

increase compensation or fringe benefits; pay any severance, annual incentive payment or benefit in the form of a welfare benefit or discretionary pension or retirement allowance contribution; or establish, amend, enter into, or become a party to any new employee benefit or compensation plan or agreement or amend any Providian benefit plan;

make capital expenditures relating to technology initiatives or make other material capital expenditures;

amend, terminate or otherwise modify in any material respect any of its agreements under which accounts are established and credit cards are issued;

engage or participate in any material transaction or incur or sustain any material obligation;

settle any claim, action or proceeding involving monetary damages other than in the ordinary course of business consistent with past practice; or agree or consent to the issuance of any injunction, decree, order, settlement agreement or judgment restricting its business or operations;

materially change its investment securities portfolio policy, or the manner in which the portfolio is classified or reported; or invest in any mortgage-backed or mortgage-related security that would be considered high risk under applicable regulatory guidance;

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introduce any material new products or services, any material marketing campaigns or any material new sales compensation or incentive programs or arrangements, except those for which the material terms were fully disclosed to Washington Mutual prior to the date of the merger agreement;

enter into any new material line of business or change in any material respect its lending, investment, risk and asset liability management and other banking or operating policies;

foreclose on or take a deed or title to any real estate;

open, relocate or close any branch office, servicing center or other facility or make any application to do any of the foregoing;

create any new securitization vehicles or any special purpose funding or variable interest entity;

amend its certificate of incorporation or bylaws;

intentionally take any action or fail to take any action which would reasonably be expected to materially and adversely impair or delay completion of the merger beyond the time period contemplated by the merger agreement;

change its tax or financial accounting methods, other than as required by law;

make or change any material tax election, or settle or compromise any material tax liability;

take any action that is intended or may be reasonably expected to result in any of the conditions to the merger not being satisfied; or

agree to, or make any commitment to, take any of the foregoing actions.

Conduct of Business of Washington Mutual Pending the Merger

Washington Mutual has agreed in the merger agreement that, prior to the completion of the merger, except as expressly contemplated or permitted by the merger agreement or as required by applicable law, rule or regulation, it will not (i) amend its articles of incorporation or bylaws in a manner that would materially and adversely affect the economic benefits of the merger to Providian stockholders, (ii) take any action that is intended or may be reasonably expected to result in any of the conditions to the merger not being satisfied, (iii) take any action or fail to take any action which would reasonably be expected to materially and adversely impair or delay completion of the merger beyond the time period contemplated by the merger agreement or (iv) agree to, or make any commitment to, take any of the foregoing actions.

Stockholders Meeting and Duty to Recommend

Providian has agreed to hold a meeting of its stockholders as promptly as practicable following the effectiveness of the registration statement with respect to the Washington Mutual common stock to be issued in the merger for the purpose of obtaining stockholder adoption of the merger agreement. The merger agreement requires Providian to submit the merger agreement to a stockholder vote even if its board of directors no longer recommends adoption of the merger agreement.

Providian s board of directors has agreed (i) to recommend the adoption of the merger agreement by Providian stockholders and (ii) not to withdraw, modify or qualify its recommendation in any manner adverse to Washington Mutual, or take any action or make any statement in connection with the Providian stockholder meeting inconsistent with its recommendation.

However, if Providian complies with its non-solicitation obligations described under No Solicitation of Alternative Transactions it may engage in any of the activities described in clause (ii) above if:

- Providian receives an acquisition proposal (as defined below) after the date of the merger agreement and Providian s board of directors concludes in good faith that such acquisition proposal constitutes a superior proposal (as defined below) after giving effect to all of the adjustments that may be offered by Washington Mutual;

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Providian s board of directors, based on the advice of its outside counsel, determines in good faith that failure to take such action would result in a violation of its fiduciary duties under applicable law;

Providian notifies Washington Mutual, at least five business days in advance, of its intention to take such action, specifies the material terms and conditions of the superior proposal (including the identity of the person making such proposal) and furnishes to Washington Mutual a copy of the relevant proposed transaction agreement and other material documents; and

prior to taking such action, Providian negotiates, and causes its financial and legal advisors to negotiate, in good faith with Washington Mutual (to the extent Washington Mutual desires to negotiate) to make such adjustments to the terms and conditions of the merger agreement such that the acquisition proposal no longer constitutes a superior proposal.

For purposes of the merger agreement, the term acquisition proposal means:

any proposal for a merger, consolidation or other business combination involving Providian or otherwise involving 15% or more of the fair market value of the business of Providian and its subsidiaries, taken as a whole; or

any proposal or offer to acquire in any manner (including by tender or exchange offer, open market purchase, issuance by Providian or otherwise) more than 15% of the voting power in, or more than 15% of the fair market value of the business, assets or deposits of, Providian and its subsidiaries, taken as a whole,

in each case, other than the merger with Washington Mutual and other than securitization and conduit financing transactions in the ordinary course of business consistent with past practice.

For purposes of the merger agreement, the term superior proposal means any bona fide written acquisition proposal which Providian s board of directors concludes in good faith to be more favorable from a financial point of view to its stockholders than the merger with Washington Mutual:

after receiving the advice of Providian s financial advisors;

after taking into account the likelihood of consummation of such transaction on the terms set forth therein (as compared to, and with due regard for, the terms of the merger agreement); and

after taking into account all appropriate legal (with the advice of outside counsel), financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal and any other factors permitted under applicable law.

However, for purposes of the definition of superior proposal, the references to more than 15% in the definition of acquisition proposal will be deemed to be references to a majority and the definition of acquisition proposal will refer only to a transaction involving Providian and not its subsidiaries.

No Solicitation of Alternative Transactions

Providian has agreed that it, its subsidiaries and their officers, directors, employees, agents, representatives and affiliates will not, directly or indirectly:

- initiate, solicit, encourage or knowingly facilitate any inquiries or proposals with respect to any acquisition proposal;

- engage in any negotiations concerning, or provide any nonpublic information to, or have any discussions with any person relating to, any acquisition proposal;

- waive any provision of or amend the terms of its rights agreement in respect of an acquisition proposal;

- waive, terminate, modify or fail to enforce any provision of any contractual standstill or similar obligation of any person other than Washington Mutual or its affiliates; or approve or recommend, or propose to approve or recommend, any acquisition proposal, or execute or enter into any letter of intent, agreement in principle, merger agreement, share purchase agreement, asset purchase or share exchange agreement, option agreement or other similar agreement relating to an acquisition proposal or propose or agree to do any of the foregoing.

However, if Providian receives an unsolicited bona fide acquisition proposal, Providian may engage in discussions with, or provide nonpublic information to, the person making the acquisition proposal if and only to the extent that:

the special meeting of Providian stockholders has not occurred;

Providian s board of directors concludes in good faith (based on the advice of its outside counsel) that failure to take such actions would result in a violation of its fiduciary duties under applicable law;

prior to providing any nonpublic information, Providian enters into a confidentiality agreement with the person making the acquisition proposal on terms no less favorable to Providian than those specified in the confidentiality agreement between Providian and Washington Mutual;

Providian furnishes to Washington Mutual a copy of any confidential data or information that it is furnishing to the party making the acquisition proposal; and

Providian s board of directors concludes in good faith that such acquisition proposal constitutes or is reasonably likely to result in a superior proposal.

If Providian does not limit the duration of these discussions and negotiations to 20 days, Washington Mutual has the right to terminate the merger agreement and, if it does so, would be entitled to a termination fee of $225,000,000. See Termination of the Merger Agreement Termination Fee.

Providian has also agreed to:

advise Washington Mutual promptly (within one business day) following receipt of any acquisition proposal, or of any request for nonpublic information or access to the books and records of Providian in connection with a possible acquisition proposal, describing the substance thereof (including the identity of the person making such acquisition proposal or request for information or access);

keep Washington Mutual apprised of any related developments, discussions and negotiations (including the terms and conditions of the acquisition proposal and any material changes thereto) on a current basis (and in any event no later than 48 hours after the occurrence of such developments, discussions or negotiations); and

promptly (and in any event within 24 hours) notify Washington Mutual orally and in writing if it determines to begin providing information or to engage in negotiations concerning an acquisition proposal.

Employee Matters

Washington Mutual has agreed that, with respect to the employees of Providian and its subsidiaries at the effective time of the merger, it will, or will cause the surviving corporation in the merger to, among other things:

- provide such employees with compensation and benefit arrangements that are no less favorable in the aggregate than the compensation and benefit arrangements that are provided to similarly situated employees of Washington Mutual;

- as soon as practicable after the effective time of the merger, cause such employees to commence participation in the benefit plans maintained by Washington Mutual as are provided to similarly situated employees of Washington Mutual;

- provide such employees whose employment is terminated during the twelve-month period following the effective time of the merger (other than certain employees having an employment, change of control, severance or similar type of agreement) with severance pay and benefits that a similarly situated

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employee of Washington Mutual would receive under the applicable severance plan maintained by Washington Mutual;

give such employees full credit for purposes of eligibility, vesting and benefit accruals under any employee benefit plans or arrangements maintained by Washington Mutual or any subsidiary of Washington Mutual, other than retirement or pension plans or any final average pay defined benefit pension plan, for such employee s service with Providian or any subsidiary of Providian (or any predecessor entity) to the same extent recognized by Providian and its subsidiaries;