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WASHINGTON MUTUAL INC
Form 8-K
January 16, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) January 15, 2002

WASHINGTON MUTUAL, INC.

(Exact name of registrant as specified in its charter)

Washington	1-14667	91-1653725
----- (State or other jurisdiction of incorporation)	----- (Commission File No.)	----- (I.R.S. Employer Identification No.)

1201 Third Avenue
Seattle, Washington 98101

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (206) 461-2000

Item 9. Regulation FD Disclosure.

Registrant issued the following press release on January 15, 2002.

Washington Mutual Caps Most Profitable Year
with Record Quarterly Earnings;
Board Increases Cash Dividend

SEATTLE -- Washington Mutual, Inc. (NYSE: WM) today announced record fourth-quarter earnings of \$842 million, or 97 cents per diluted share, for the period ended Dec. 31, 2001, up 56 percent on a per share basis from \$497 million, or 62 cents per diluted share for the same period a year ago.

Annual earnings for 2001 were also a record at \$3.11 billion, or \$3.59 per diluted share, versus \$1.90 billion, or \$2.36 per diluted share in 2000. Other financial highlights for the fourth quarter and the year included:

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- o return on average common equity in excess of 23 percent for the fourth quarter and the year;
- o record net checking account growth of 190,000 checking accounts for the fourth quarter, and more than 1 million checking accounts for the year;
- o increases of 31 percent and 32 percent in depositor and other retail banking fees for the fourth quarter and the year, respectively; and
- o record total loan volume of \$59.12 billion for the fourth quarter, and \$174.04 billion for the year, which includes record volume in single-family residential (SFR) and non-SFR categories.

"Our record performance in the fourth quarter of 2001 is a fitting end to a spectacular year highlighted by record earnings, account growth and loan volume," said Kerry Killinger, Washington Mutual's chairman, president and chief executive officer. "It demonstrates the strength of our business strategy and our ability to profitably expand our franchise through a combination of internal growth and acquisitions. In addition, our employees clearly demonstrated their ability to manage the company in a business climate that became more challenging as the year progressed."

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BOARD OF DIRECTORS INCREASES DIVIDEND

The board declared a cash dividend of 25 cents on the company's common stock, up from 24 cents in the previous quarter. Dividends on the common stock are payable Feb. 15, 2002 to shareholders of record as of Jan. 31, 2002. The board also declared a \$0.90625 dividend on Washington Mutual's Series H Preferred Stock which, together with a related purchase contract adjustment payment of \$0.09375, will result in an aggregate payment of \$1.00 on each unit of the company's Premium Income Equity Securities (PIES). These amounts are payable on Feb. 19, 2002, to shareholders of record as of Feb. 15, 2002.

FOURTH-QUARTER RESULTS

Net Interest Income and Noninterest Income

Net interest income in the fourth quarter of 2001 was \$2.03 billion, up 84 percent from \$1.10 billion in the prior year's fourth quarter. For the year, net interest income totaled \$6.88 billion, compared with \$4.31 billion in 2000.

The net interest spread was 3.84 percent in the most recent quarter, compared with 2.29 percent for the same period a year earlier. The margin was 3.80 percent in the most recent quarter versus 2.42 percent in fourth quarter 2000.

Low long-term mortgage interest rates resulted in high levels of refinancing activity during the most recent quarter, which led to higher actual and anticipated prepayment rates within the company's mortgage servicing portfolio. This resulted in higher amortization levels for the company's mortgage servicing rights (MSR) asset during the fourth quarter and the addition of \$1.06 billion to the impairment reserve for MSR. Although the low mortgage interest rates caused prepayment levels to rise, they also enabled the company to generate high levels of salable fixed-rate loan volume, resulting in gain from mortgage loans of \$289 million during the quarter. This income, combined with the additional gain of \$442 million from securities, and a \$496 million pretax hedging gain (accounted for on a net-of-tax basis as an extraordinary item under current accounting rules) from the early extinguishment of debt,

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exceeded the amount of the MSR impairment.

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"Our strategy of mitigating MSR impairments through the combination of strong gain primarily on fixed-rate mortgages with additional gains from the sale of securities and the liquidation of hedging instruments has worked effectively," Killinger said, adding that the strategy is part of Washington Mutual's ongoing business.

The net increase of more than 1 million checking accounts, year over year, contributed to depositor and other retail banking fees of \$353 million for the quarter, up 31 percent from \$269 million for the same period one year ago. For the year, depositor and other retail banking fees totaled \$1.29 billion, up from \$976 million for 2000.

Securities fees and commissions totaled \$77 million in the most recent quarter, up from \$74 million in the fourth quarter of last year. For the year, these fees and commissions totaled \$303 million in 2001, versus \$318 million in 2000.

Lending

During the most recent quarter, Washington Mutual produced record loan volume, which totaled \$59.12 billion, versus \$17.31 billion for the fourth quarter of 2000. For the year, total loan volume was a record \$174.04 billion, compared with \$66.27 billion in 2000.

In the fourth quarter, single-family residential (SFR) loan volume totaled \$54.83 billion, versus \$13.54 billion a year ago. SFR loan volume totaled \$155.82 billion in 2001, as compared with \$52.42 billion in 2000.

Low mortgage interest rates continued to fuel a high volume of refinancing activity. In the year 2001, loan volume for home refinancing was 67 percent of the SFR volume (excluding specialty mortgage finance and residential construction), versus 34 percent for 2000. Of the SFR loan volume (excluding specialty mortgage finance), 74 percent was for fixed-rate loans in 2001, versus just 15 percent the previous year.

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The volume of loans other than SFRs totaled \$4.29 billion for the most recent quarter, up 14 percent over \$3.77 billion in the fourth quarter of 2000. For the year, that volume was \$18.22 billion, up 32 percent from \$13.85 billion for 2000.

Efficiency Ratio

The company's efficiency ratio (defined as total noninterest expense, excluding amortization of intangible assets, as a percentage of net interest income, noninterest income, and the extraordinary item) improved to 44.99 percent during the fourth quarter of 2001, compared with 48.22 percent for the fourth quarter of 2000. For the year, the efficiency ratio (similarly calculated) was 43.90, versus 47.97 one year ago.

Noninterest expense for the fourth quarter of 2001 totaled \$1.33 billion, compared with \$822 million in the fourth quarter of 2000. For the year, noninterest expense totaled \$4.62 billion, as compared with \$3.13 billion for 2000. The growth in expenses was, in large part, a reflection of the company's acquisitions during the year.

Balance Sheet and Capital Management

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Reflecting the company's acquisitions in 2001, Washington Mutual's consolidated assets were \$242.51 billion at Dec. 31, 2001, up from \$194.72 billion at year-end 2000.

During the fourth quarter, the company repurchased 7.3 million shares of its common stock at an average price of \$31.65.

At Dec. 31, 2001, transaction account balances, including checking, savings and money market deposits, represented 66 percent of total deposits, up from 58 percent at the end of 2001. Total deposits were \$107.18 billion at the end of the fourth quarter, up 35 percent from \$79.57 billion at the end of the fourth quarter of 2000, reflecting the company's acquisitions and strong internal growth.

Stockholders' equity stood at \$14.06 billion, or 5.8 percent of consolidated assets at Dec. 31, 2001. In addition, capital ratios of the company's banking subsidiaries continued to exceed the federal regulatory requirements for classification as "well-capitalized" institutions, the highest regulatory standard.

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Credit Quality

In the fourth quarter, the company made a \$200 million provision for loan and lease losses, while net loan charge-offs during the period were \$97 million. Nonperforming assets increased by \$349 million to \$2.38 billion at Dec. 31, 2001, as compared with \$2.03 billion at Sept. 30, 2001, and \$1.02 billion at year-end 2000. The ratio of nonperforming assets to total assets was 0.98 percent at Dec. 31, 2001, versus 0.91 percent at the end of the third quarter, and 0.52 percent at year-end 2000.

"The loan loss provision remains in excess of loan charge-offs," said Killinger. "Management is comfortable with the loan loss reserve in light of the risk profile of our loan portfolio, which is heavily weighted toward single-family residential home loans secured by real estate."

Company Updates

- o On Jan. 4, the company completed its acquisition of Dime Bancorp, Inc. The acquisition creates a broad-based platform for Washington Mutual's retail banking operations in the greater New York metropolitan area, the nation's largest urban banking market. With the addition of the mortgage operations of Dime's North American Mortgage Company, Washington Mutual has also further strengthened its position as the nation's leading mortgage franchise.
- o On Dec. 11, Washington Mutual announced the signing of a definitive agreement to acquire, for cash, \$1.9 billion of assets of HomeSide Lending, Inc., the U.S. mortgage unit of the National Australia Bank Limited (the "National") (ASX: NAB; NYSE: NAB). In addition, Washington Mutual will subservice HomeSide's \$187.4 billion mortgage servicing portfolio, representing approximately 2 million customers. The National will retain its financial interest in the mortgage servicing rights to be subserviced by Washington Mutual, the related hedges and certain other HomeSide assets and liabilities.
- o During the fourth quarter, the company launched its market entry into Atlanta, Ga., by opening the first 20 of up to 80 Occasio financial stores planned for that area over the next few years.

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Outlook

"Our management team anticipates another year of record profitability and solid growth for Washington Mutual in 2002," said Killinger. "In addition to continuing to keep a watchful eye on credit quality, a particular area of focus for the company will be successfully integrating the franchises that we've recently acquired and ensuring a successful transition for new employees who are now a part of the Washington Mutual family."

With a history dating back to 1889, Washington Mutual is a national financial services company that provides a diversified line of products and services to consumers and small- to mid-sized businesses. At Dec. 31, 2001, Washington Mutual and its subsidiaries had assets of \$242.51 billion. The company currently operates more than 2,300 consumer banking, mortgage lending, commercial banking, consumer finance and financial services offices throughout the nation. Washington Mutual's press releases are available at www.wamu.com.

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Webcast information: Investors may listen to Washington Mutual's investor conference call on January 16, 2002, at 7:30 a.m. PST at www.wamu.com or by dialing 1.888.391.7808, passcode "WaMu." International callers may dial 312.470.7056. A replay will be available shortly after the completion of the call.

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

	Quarter Ended		Year Ended		
	Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000	Dec. 31, 2001	Dec. 31, 2000
Interest Income					
Loans	\$2,690	\$2,808	\$2,533	\$11,233	\$9,388
Available-for-sale ("AFS") securities	776	825	712	3,573	2,811
Held-to-maturity ("HTM") securities	-	-	321	-	1,319
Other interest and					

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dividend income	59	57	66	259	265

Total interest income	3,525	3,690	3,632	15,065	13,783
Interest Expense					
Deposits	649	735	854	3,094	3,290
Borrowings	849	1,139	1,677	5,095	6,182

Total interest expense	1,498	1,874	2,531	8,189	9,472

Net interest income	2,027	1,816	1,101	6,876	4,311
Provision for loan and lease losses	200	200	53	575	185

Net interest income after provision for loan and lease losses	1,827	1,616	1,048	6,301	4,126
Noninterest Income					
Depositor and other retail banking fees	353	333	269	1,290	976
Securities fees and commissions	77	78	74	303	318
Insurance fees and commissions	16	12	11	53	44
Net SFR loan servicing income (expense)	(1,042)	(454)	34	(1,521)	134
Loan related income	109	93	34	349	117
Gain from mortgage loans	289	275	64	967	262
Gain (loss) from securities	442	317	13	861	(1)
Other income	90	84	51	325	134

Total noninterest income	334	738	550	2,627	1,984
Noninterest Expense					
Compensation and benefits	535	507	343	1,924	1,348
Occupancy and equipment	228	202	157	804	604
Telecommunications and outsourced information services	119	111	87	441	323
Depositor and other retail banking losses	45	37	29	144	105
Amortization of goodwill and other intangible assets	45	48	26	172	106
Other expense	359	249	180	1,132	640

Total noninterest expense	1,331	1,154	822	4,617	3,126

Income before income taxes and extraordinary item	830	1,200	776	4,311	2,984
Income taxes	295	443	279	1,579	1,085

Income before					

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extraordinary item	535	757	497	2,732	1,899
Extraordinary item - gain on extinguishment of debt, net of taxes of \$189 and \$239 million for quarter and year ended December 31, 2001, and \$50 million for quarter ended September 30, 2001	307	75	-	382	-

Net Income	\$842	\$832	\$497	\$3,114	\$1,899
=====					
Net Income Attributable to Common Stock	\$840	\$830	\$497	\$3,107	\$1,899
=====					

Basic earnings per common
share:

Income before extraordinary item	\$0.62	\$0.88	\$0.63	\$3.20	\$2.37
Extraordinary item	0.36	0.09	-	0.45	-
Net income	0.98	0.97	0.63	3.65	2.37

Diluted earnings per
common share:

Income before extraordinary item	\$0.62	\$0.85	\$0.62	\$3.15	\$2.36
Extraordinary item	0.35	0.09	-	0.44	-
Net income	0.97	0.94	0.62	3.59	2.36

Dividends declared per
common share

\$0.24	\$0.23	\$0.20	\$0.90	\$0.76
--------	--------	--------	--------	--------

Basic weighted average
number of common shares
outstanding

(in thousands)	856,014	859,497	788,789	850,245	801,262
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Diluted weighted
average number of
common shares
outstanding

(in thousands)	868,951	879,374	796,466	864,658	804,695
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Washington Mutual, Inc.
Selected Financial Information
(dollars in millions except for per share data)
(unaudited)

Quarter Ended			Year Ended	
Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000	Dec. 31, 2001	Dec. 31, 2000

Basic and Diluted Weighted Average Number of Common Shares Outstanding
(in thousands)

Basic weighted
average number
of common shares

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outstanding	856,014	859,497	788,789	850,245	801,262
Dilutive effect of potential common shares from:					
Stock options	6,726	9,336	7,677	8,469	3,433
Premium Income Equity Securities(SM)	1,268	1,782	-	1,346	-
Trust Preferred Income Equity Redeemable Securities(SM)	4,943	8,759	-	4,598	-
	-----	-----	-----	-----	-----
	12,937	19,877	7,677	14,413	3,433
	-----	-----	-----	-----	-----
Dilutive weighted average number of common shares outstanding	868,951	879,374	796,466	864,658	804,695
	=====	=====	=====	=====	=====

Year Ended	Year Ended
Dec. 31, 2001	Dec. 31, 2000
-----	-----

Stockholders' Equity Rollforward

Balance, beginning of period	\$ 10,166	\$ 9,053
Net income	3,114	1,899
Cash dividends declared on common stock	(774)	(626)
Cash dividends declared on redeemable preferred stock	(7)	-
Common stock issued to acquire Bank United Corp.	1,389	-
Common stock issued	197	89
Common stock repurchased and retired	(231)	(869)
Common stock warrants issued, net of costs	398	-
Other comprehensive (loss) income, net of tax	(189)	620
	-----	-----
Balance, end of period	\$ 14,063	\$ 10,166
	=====	=====

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

	Quarter Ended					
	Dec. 31, 2001		Sept. 30, 2001		Dec. 31, 2000	
	Balance	Rate	Balance	Rate	Balance	Rate
Average Balances and Weighted Average Interest Rates						
Assets						
Interest-earning assets:						
Loans (1):						
SFR	\$ 103,594	6.39%	\$ 100,548	6.82%	\$ 83,313	7.69%
Specialty mortgage finance (2)	10,024	10.26	9,770	10.21	7,082	10.69
Total SFR	113,618	6.73	110,318	7.12	90,395	7.93
Other loans	41,306	7.54	41,612	8.11	32,224	9.21
Total Loans	154,924	6.94	151,930	7.38	122,619	8.26
Mortgage-backed securities ("MBS")	31,188	6.29	37,863	6.83	56,230	7.20
Investment securities and other	27,951	4.92	17,006	5.54	5,197	6.71
Total interest-earning assets	214,063	6.58	206,799	7.13	184,046	7.89
Noninterest-earning assets	22,272		21,658		8,082	
Total assets	\$ 236,335		\$ 228,457		\$ 192,128	
Liabilities						
Deposits:						
Checking accounts	\$ 30,535	0.71	\$ 24,746	0.23	\$ 14,299	0.45
Savings accounts and money market deposit accounts ("MMDAs")	34,235	2.11	35,425	2.77	30,243	4.21
Time deposit accounts	38,863	4.22	39,005	4.82	35,315	5.84
Total deposits	103,633	2.48	99,176	2.94	79,857	4.25
Borrowings:						
Securities sold under agreements						

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to purchase ("repurchase agreements")	29,677	2.31	27,353	3.29	29,708	6.72
Advances from Federal Home Loan Banks ("FHLBs")	64,338	3.17	62,614	4.17	56,185	6.68
Federal funds purchased and commercial paper	5,163	2.39	4,309	3.71	4,758	6.81
Other	14,357	3.61	15,459	5.51	9,202	6.52
	-----		-----		-----	
Total borrowings	113,535	2.96	109,735	4.12	99,853	6.68
	-----		-----		-----	
Total interest-bearing liabilities	217,168	2.74	208,911	3.56	179,710	5.60
Noninterest-bearing liabilities	4,778		5,492		2,750	
	-----		-----		-----	
Total liabilities	221,946		214,403		182,460	
Stockholders' Equity	14,389		14,054		9,668	
	-----		-----		-----	
Total liabilities and stockholders' equity	\$ 236,335		\$ 228,457		\$ 192,128	
	=====		=====		=====	
Net interest spread		3.84		3.57		2.29
Net interest margin		3.80		3.53		2.42

(1) Nonaccrual loans were included in the average loan amounts outstanding.

(2) Includes purchased sub-prime loan portfolios as well as first mortgages originated by Washington Mutual Finance and Long Beach Mortgage.

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

	Year Ended			
	Dec. 31, 2001		Dec. 31, 2000	
	Balance	Rate	Balance	Rate

Average Balances and Weighted Average Interest Rates				
Assets				
Interest-earning assets:				
Loans (1):				

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SFR	\$ 98,494	7.01%	\$ 81,471	7.40%
Specialty mortgage finance (2)	9,054	10.32	5,352	11.11
	-----		-----	
Total SFR	107,548	7.29	86,823	7.63
Other loans	40,766	8.32	30,919	8.94
	-----		-----	
Total Loans	148,314	7.57	117,742	7.97
MBS	41,430	6.95	58,469	6.97
Investment securities and other	17,625	5.43	4,598	6.90
	-----		-----	
Total interest-earning assets	207,369	7.26	180,809	7.62
Noninterest-earning assets	18,204		6,763	
	-----		-----	
Total assets	\$ 225,573		\$ 187,572	
	=====		=====	
Liabilities				
Deposits:				
Checking accounts	\$ 23,502	0.51	\$ 14,120	0.46
Savings accounts and money market deposit accounts ("MMDAs")	34,168	3.00	29,816	4.05
Time deposit accounts	38,852	5.04	36,340	5.55
	-----		-----	
Total deposits	96,522	3.21	80,276	4.10
Borrowings:				
Securities sold under agreements to purchase ("repurchase agreements")	29,582	4.04	28,491	6.33
Advances from Federal Home Loan Banks ("FHLBs")	63,859	4.58	56,979	6.33
Federal funds purchased and commercial paper	4,806	4.11	3,442	6.52
Other	13,289	5.85	7,198	7.59
	-----		-----	
Total borrowings	111,536	4.57	96,110	6.43
	-----		-----	
Total interest-bearing liabilities	208,058	3.93	176,386	5.37
Noninterest-bearing liabilities	4,308		2,207	
	-----		-----	
Total liabilities	212,366		178,593	
Stockholders' Equity	13,207		8,979	
	-----		-----	
Total liabilities and stockholders' equity	\$ 225,573		\$ 187,572	
	=====		=====	

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Net interest spread	3.33	2.25
Net interest margin	3.32	2.38

(1) Nonaccrual loans were included in the average loan amounts outstanding.

(2) Includes purchased sub-prime loan portfolios as well as first mortgages originated by Washington Mutual Finance and Long Beach Mortgage.

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

	Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000
	-----	-----	-----
Assets			
Cash and cash equivalents	\$ 6,044	\$ 3,723	\$ 2,622
AFS securities:			
MBS	28,568	37,217	40,349
Investment securities	29,781	10,662	1,810
HTM securities:			
MBS	--	--	16,428
Investment securities	--	--	137
Loans held for sale	23,842	18,035	3,404
Loans:			
Loans held in portfolio	132,991	132,900	119,626
Allowance for loan and lease losses	(1,404)	(1,295)	(1,014)
	-----	-----	-----
Total loans held in portfolio, net of allowance for loan and lease losses	131,587	131,605	118,612
Mortgage servicing rights ("MSR")	6,241	6,721	1,017
Investment in FHLBs	3,873	3,822	3,260
Goodwill and other intangible assets	2,330	2,377	1,084
Other assets	10,240	9,476	5,993
	-----	-----	-----
Total assets	\$ 242,506	\$ 223,638	\$ 194,716
	=====	=====	=====
Liabilities			
Deposits:			
Checking accounts	\$37,736	\$25,575	\$14,500
Savings accounts and MMDAs	32,484	34,599	30,656
Time deposit accounts	36,962	39,559	34,418
	-----	-----	-----
Total deposits	107,182	99,733	79,574
Federal funds purchased and commercial paper	4,690	4,472	4,115
Securities sold under repurchase agreements	39,447	18,675	29,756
Advances from FHLBs	61,182	65,623	57,855
Other borrowings	12,678	15,682	9,930
Other liabilities	3,264	4,924	3,320
	-----	-----	-----

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Total liabilities	228,443	209,109	184,550
Stockholders' equity	14,063	14,529	10,166
	-----	-----	-----
Total liabilities and stockholders' equity	\$242,506	\$223,638	\$194,716
	=====	=====	=====
Common shares outstanding at end of period (in thousands) (1)	873,089	879,831	809,784
Book value per common share	\$ 16.45	\$ 16.86	\$ 12.84
Tangible book value per common share	14.18	14.57	11.66
Full-time equivalent employees at end of period	39,465	37,830	28,798

(1) Includes 18 million shares held in escrow that were not included in the book value per share calculations.

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

Note: The following analysis of reported and operating earnings is based upon the Company's opinion and is intended to provide the user additional information about the Company's operations. It is not intended to replace traditional financial statement disclosures in accordance with generally accepted accounting principles and may not be comparable to similarly titled measures reported by other companies.

	Quarter Ended			Year Ended	
	Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000	Dec. 31, 2001	Dec. 31, 2000

Reported Financial Results					
Net income	\$842	\$832	\$497	\$3,114	\$1,899
Net income per common share	\$0.98	\$0.97	\$0.63	\$3.65	\$2.37
Net income per diluted common share	0.97	0.94	0.62	3.59	2.36
Financial ratios on reported financial results:					
Return on average assets	1.43%	1.46%	1.03%	1.38%	1.01%
Return on average common equity	23.36	23.64	20.56	23.53	21.15
Efficiency ratio(1), excluding amortization of goodwill and other intangible assets	44.99	41.29	48.22	43.90	47.97
Efficiency ratio(1), including amortization of goodwill and other intangible assets	46.58	43.09	49.78	45.61	49.66

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Earnings from Operations, Excluding
Amortization of Goodwill and Other
Intangible Assets

Net income attributable to common stock	\$840	\$830	\$497	\$3,107	\$1,899
Total amortization of goodwill and other intangible assets	45	48	26	172	106
Income tax expense	(7)	(6)	(6)	(29)	(25)
	-----	-----	-----	-----	-----
Amortization of goodwill and other intangible assets, net of tax	38	42	20	143	81
	-----	-----	-----	-----	-----
Earnings from operations, excluding amortization of goodwill and other intangible assets	\$878	\$872	\$517	\$3,250	\$1,980
	=====	=====	=====	=====	=====
Earnings per diluted common share, excluding amortization of goodwill and other intangible assets	\$1.01	\$0.99	\$0.65	\$3.76	\$2.46
Financial ratios on earnings from operations:					
Return on average assets	1.49%	1.53%	1.08%	1.44%	1.06%
Return on average common equity	24.40	24.82	21.37	24.61	22.06

Quarter Ended Year Ended
Dec. 31, 2001 Dec. 31, 2001

Pro Forma (2)

Income before income taxes and extraordinary item	\$830	\$4,311
Amortization of goodwill	34	136
	-----	-----
Income before income taxes and extraordinary item, excluding amortization of goodwill	864	4,447
Income tax expense	(298)	(1,594)
	-----	-----
Net income before extraordinary item, excluding amortization of goodwill	566	2,853
Extraordinary item, net of taxes	307	382
Redeemable preferred stock dividends	(2)	(7)
	-----	-----
Net income attributable to common stock, excluding amortization of goodwill	\$871	\$3,228
	=====	=====
Earnings per diluted common share, excluding amortization of goodwill	\$1.00	\$3.73

(1) Includes extraordinary item for 2001 periods.

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- (2) Represents pro forma impact to quarter-to-date and year-to-date December 31, 2001 net income assuming application of the recently issued business combinations accounting standard, which eliminates the amortization of most goodwill from net income.

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Washington Mutual, Inc.
Selected Financial Information
(unaudited)

	Dec. 31, 2001	Dec. 31, 2000

Capital Adequacy		
Stockholders' equity/total assets	5.80%	5.22%
Stockholders' equity(1)/total assets(1)	5.89	5.24
Tangible common equity(1) (2)	5.14	4.79
Estimated total risk-based capital(3)	12.42	11.07

(1) Excludes unrealized net gain/loss on available-for-sale securities and derivatives.

(2) Excludes goodwill and other intangible assets.

(3) Estimate of what WMI's total risk-based capital ratio would be if it was a bank holding company that complies with Federal Reserve Board capital requirements.

	Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000

Retail Checking Accounts(4)			
WMB and WMBfsb	1,182,385	1,158,646	1,104,947
WMB, FA	4,667,806	4,501,229	3,744,195

Total retail checking accounts	5,850,191	5,659,875	4,849,142
=====			

Retail Checking Account Activity(4)

Net accounts opened during the quarter:

WMB and WMBfsb	23,739	19,891	7,656
WMB, FA	166,577	177,438	98,384

Net new retail checking accounts	190,316	197,329	106,040
=====			

(4) Retail checking accounts exclude commercial business accounts. The information provided refers to the number of accounts, not dollar volume.

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

	Quarter Ended		
	Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000
Loan Volume			
Single-family residential ("SFR"):			
Adjustable rate ("ARMs")	\$ 12,891	\$ 9,120	\$ 8,767
Fixed rate	39,280	30,781	2,861
Specialty mortgage finance (1)	2,654	3,186	1,913
<hr style="border-top: 1px dashed black;"/>			
Total SFR loan volume	54,825	43,087	13,541
SFR construction:			
Builder (2)	186	144	272
Custom (3)	118	142	142
Consumer	2,836	2,779	2,014
Commercial business	501	573	806
Commercial real estate:			
Multi-family	561	424	411
Other commercial real estate	89	70	124
<hr style="border-top: 1px dashed black;"/>			
Total loan volume	\$ 59,116	\$ 47,219	\$ 17,310
<hr style="border-top: 3px double black;"/>			
Loan Volume by Channel			
Originated	\$ 35,138	\$ 26,791	\$ 15,666
Purchased/Correspondent	23,978	20,428	1,644
<hr style="border-top: 1px dashed black;"/>			
Total loan volume by channel	\$ 59,116	\$ 47,219	\$ 17,310
<hr style="border-top: 3px double black;"/>			
Refinancing Activity (4)			
SFR:			
ARMs	\$ 10,623	\$ 6,937	\$ 3,825
Fixed rate	27,265	18,806	787
SFR construction	7	7	6
Commercial real estate	463	364	222
<hr style="border-top: 1px dashed black;"/>			
Total refinances	\$ 38,358	\$ 26,114	\$ 4,840
<hr style="border-top: 3px double black;"/>			
SFR Loan Originations (5)			
Short-term ARMs:			
Treasury indices	\$ 5,606	\$ 5,875	\$ 6,452
COFI	429	501	1,434
Other	48	60	2
<hr style="border-top: 1px dashed black;"/>			
Total short-term ARMs	6,083	6,436	7,888
Medium-term ARMs	6,383	2,457	435
Fixed-rate mortgages	16,840	12,301	2,664
<hr style="border-top: 1px dashed black;"/>			
Total SFR loan originations	\$ 29,306	\$ 21,194	\$ 10,987
<hr style="border-top: 3px double black;"/>			

(1) Includes purchased sub-prime loan portfolios as well as first mortgages originated by Washington Mutual Finance and Long Beach

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Mortgage.

- (2) Includes residential builder construction loans to borrowers who are in the business of acquiring land and building homes for resale.
- (3) Includes custom construction loans to the intended occupant of a house to finance the house's construction.
- (4) Includes loan refinancings entered into by both new and pre-existing loan customers.
- (5) Does not include purchased and correspondent SFR loans and specialty mortgage finance loans.

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	Year Ended	
	Dec. 31, 2001	Dec. 31, 2000

Loan Volume		
Single-family residential ("SFR"):		
Adjustable rate ("ARMs")	\$ 37,224	\$ 37,286
Fixed rate	107,538	6,631
Specialty mortgage finance (1)	11,059	8,501

Total SFR loan volume	155,821	52,418
SFR construction:		
Builder (2)	2,244	1,210
Custom (3)	630	639
Consumer	10,068	7,346
Commercial business	2,650	2,695
Commercial real estate:		
Multi-family	2,053	1,601
Other commercial real estate	570	358

Total loan volume	\$ 174,036	\$ 66,267
=====		

Loan Volume by Channel		
Originated	\$ 111,128	\$ 59,263
Purchased/Correspondent	62,908	7,004

Total loan volume by channel	\$ 174,036	\$ 66,267
=====		

Refinancing Activity (4)		
SFR:		
ARMs	\$ 27,300	\$ 13,299
Fixed rate	70,255	1,554
SFR construction	31	22
Commercial real estate	1,580	1,020

Total refinances	\$ 99,166	\$ 15,895
=====		

SFR Loan Originations (5)
Short-term ARMs:

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Treasury indices	\$ 22,298	\$ 25,596
COFI	1,863	6,036
Other	112	18

Total short-term ARMs	24,273	31,650
Medium-term ARMs	12,012	3,932
Fixed-rate mortgages	51,227	6,415

Total SFR loan originations	\$ 87,512	\$ 41,997
=====		

- (1) Includes purchased sub-prime loan portfolios as well as first mortgages originated by Washington Mutual Finance and Long Beach Mortgage.
- (2) Includes residential builder construction loans to borrowers who are in the business of acquiring land and building homes for resale.
- (3) Includes custom construction loans to the intended occupant of a house to finance the house's construction.
- (4) Includes loan refinancings entered into by both new and pre-existing loan customers.
- (5) Does not include purchased and correspondent SFR loans and specialty mortgage finance loans.

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

	Change from Sept. 30, 2001 to Dec. 31, 2001	Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000

Loans by Property Type and MBS				
Loans held in portfolio:				
SFR	\$ (152)	\$ 82,021	\$ 82,173	\$ 80,181
Specialty mortgage finance	625	9,821	9,196	6,783

Total SFR loans	473	91,842	91,369	86,964
SFR construction:				
Builder	(180)	2,127	2,307	1,040
Custom	37	475	438	391
Consumer	295	13,048	12,753	10,478
Commercial business	105	5,390	5,285	2,274
Commercial real estate:				
Multi-family	(555)	15,608	16,163	15,657
Other commercial real estate	(84)	4,501	4,585	2,822

Total loans held in portfolio	91	132,991	132,900	119,626
Less: allowance for				

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loan and lease losses (109)	(1,404)	(1,295)	(1,014)
Loans securitized and retained as MBS (3,322)	22,212	25,534	34,769

Total net loans held in portfolio and loans securitized and retained as MBS (3,340)	153,799	157,139	153,381
Loans held for sale 5,807	23,842	18,035	3,404

Total net loans and loans securitized and retained as MBS 2,467	177,641	175,174	156,785
Purchased MBS (5,327)	6,356	11,683	22,008

Total net loans and MBS \$ (2,860)	\$ 183,997	\$ 186,857	\$ 178,793
=====			

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

	Sept. 30, 2001 to Dec. 31, 2001	Dec. 31, 2000 to Dec. 31, 2001

Rollforward of Loans Held for Sale		
Balance, beginning of period	\$ 18,035	\$ 3,404
Loans added through acquisitions	--	10,385
Loans originated and purchased	48,391	128,419
Loans transferred from MBS	3,345	3,345
Loans transferred to loans held in portfolio	--	(1,210)
Loans sold or securitized	(44,813)	(117,195)
Loan payments and other	(1,116)	(3,306)

Change in loans	5,807	20,438

Balance, end of period	\$ 23,842	\$ 23,842
=====		
Rollforward of Loans Held in Portfolio		
Balance, beginning of period	\$ 132,900	\$ 119,626
Loans added through acquisitions	--	12,334
Loans originated and purchased	10,725	45,617
Loans transferred from loans held for sale	--	1,210
Loans securitized	(428)	(1,132)
Loan payments and other	(10,206)	(44,664)

Change in loans	91	13,365

Balance, end of period	\$ 132,991	\$ 132,991
=====		

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Rollforward of Mortgage Servicing Rights ("MSR")		
Balance, beginning of period	\$ 6,721	\$ 1,017
SFR:		
Additions through acquisitions	--	4,818
Additions	1,013	3,323
Amortization	(381)	(1,006)
Impairment adjustment	(1,057)	(1,749)
Sales	(59)	(174)
Net change in commercial real estate MSR	4	12

Balance, end of period	\$ 6,241	\$ 6,241
=====		

Rollforward of Loan Servicing Portfolio with MSR		
Balance, beginning of period	\$ 371,677	\$ 79,335
SFR:		
Additions through acquisitions	--	255,434
Additions	45,596	143,235
Sales	(2,414)	(6,538)
Loan payments and other	(36,790)	(94,251)
Net change in commercial real estate loan servicing portfolio	314	1,168

Balance, end of period	\$ 378,383	\$ 378,383
=====		

	Dec. 31, 2001
	Balance

Total Servicing Portfolio	
Loan servicing portfolio with MSR	\$ 378,383
Loan servicing portfolio without MSR	4,117
Servicing on retained MBS without MSR	8,155
Servicing on owned loans	144,333

Total servicing portfolio	\$ 534,988
=====	

	Dec. 31, 2001	

	Unpaid Principal	Weighted Average
	Balance	Servicing Fee

Total Servicing Portfolio,		
Excluding Retained MBS without MSR	(in basis points, annualized)	
and Owned Loans		
Government	\$ 61,541	52
Agency	242,075	45
Private	69,996	51
Long Beach	8,888	50

Total servicing portfolio,		
excluding retained MBS without MSR		
and owned loans	\$ 382,500	47
=====		

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Selected Financial Information (dollars in millions) (unaudited)

	Change from Sept. 30, to Dec. 31, 2001	Dec. 31, 2001	% of total	Sept. 30, 2001	% of total	Dec. 31, 2000	% of total

Real Estate Loans and MBS(1)							
Short-term ARMs:							
COFI	(3,442)	\$32,994	21%	\$36,436	23%	\$42,558	27%
Treasury indices	(3,384)	34,163	22	37,547	23	44,752	28
Other	2,563	13,491 (2)	9	10,928 (2)	7	8,081 (2)	5

Total short- term ARMs	(4,263)	80,648	52	84,911	53	95,391	60
Medium-term ARMs	6,879	41,585	26	34,706	22	28,992	18
Fixed-rate loans	(1,755)	27,685	18	29,440	18	12,836	8
Fixed-rate MBS	(4,187)	6,579	4	10,766	7	22,581	14

Total real estate loans and MBS	(3,326)	\$156,497	100%	\$159,823	100%	\$159,800	100%
=====							

(1) Does not include specialty mortgage finance loans.

(2) The balance included the following amount of securities retained which bear COFI to LIBOR basis risk (dollars in billions):

Dec. 31, 2001: \$ 2.9
Sept. 30, 2001: 2.8
Dec. 31, 2000: 2.7

	Quarter Ended			Year Ended	
	Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000	Dec. 31, 2001	Dec. 31, 2000

SFR Mortgage Banking					
Income					
SFR loan servicing income	\$ 448	\$ 425	\$ 85	\$ 1,375	\$ 295
Amortization of MSR	(381)	(293)	(33)	(1,006)	(121)
Impairment of MSR	(1,057)	(553)	(9)	(1,749)	(9)
Other SFR loan servicing expense, net	(52)	(33)	(9)	(141)	(31)

Net SFR loan servicing income (expense)	(1,042)	(454)	34	(1,521)	134
Business and financial hedges:					
Gain from mortgage loans	287	275	64	963	262
Gain from sale of originated MBS	16	5	2	93	2
Gain (loss) from					

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sale of other AFS securities	381	262	10	643	10
Pre-tax effect of extraordinary gain	496	125	-	621	-

Total SFR mortgage banking income	\$ 138	\$ 213	\$ 110	\$ 799	\$ 408
=====					

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

	Dec. 31, 2001		Dec. 31, 2000	
	Balance	Term(1)	Balance	Term(1)
		(in months)		(in months)

Deposits, Borrowings and Derivatives Outstanding				
Deposits:				
Noninterest-bearing checking accounts, savings accounts, MMDAs and time deposit accounts	\$ 22,441	N/A	\$ 8,755	N/A
Interest-bearing checking accounts, savings accounts and MMDAs	47,779	N/A	36,401	N/A
Interest-bearing time deposit accounts	36,962	10	34,418	7

Total deposits	107,182		79,574	
Borrowings:				
Adjustable(2)	48,014	2	57,219	1
Short-term fixed	49,569	1	30,457	2
Long-term fixed	20,414	72	13,980	48

Total borrowings	117,997		101,656	

Total deposits and borrowings	\$ 225,179		\$ 181,230	
=====				

	Dec. 31, 2001			Dec. 31, 2000		
	Notional Amount	Fair Value	Term (1)	Notional Amount	Fair Value	Term (1)
			(in months)			(in months)

Derivatives:						
WM pay rate swaps:						
Fixed rate	\$ 12,905	\$ (9)	34	\$ 11,008	\$ (46)	9
Variable rate	3,627	224	2	2,890	140	2

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Total swaps	16,532	215		13,898	94	
Caps\Corridors\ Swaptions	6,335	119	14	8,286	16	5

Total derivatives	\$ 22,867	\$ 334		\$ 22,184	\$ 110	
=====						

(1) Terms used are remaining term for deposits, caps, corridors and swaptions and term to reprice for borrowings and swaps.

(2) Adjustable-rate borrowings included notional values of \$ 2.3 billion and \$13.2 billion of embedded purchased interest rate floors at December 31, 2001 and December 31, 2000. At December 31, 2001 and December 31, 2000, \$ 1.8 billion and \$800 million, respectively, of these contracts were effective. Contractual start dates for the remaining floors begin September 15, 2002. Once effective, the floors reprice every three months.

Adjustable-rate borrowings included notional values of \$ 696 million and \$724 million of embedded purchased interest rate caps at December 31, 2001 and December 31, 2000. At December 31, 2001 and December 31, 2000, these interest rate caps were active. However, no contracts had strike rates that were in effect.

Adjustable-rate borrowings included notional values of \$ 5.9 billion of embedded interest rate swaptions (options to enter into pay-fixed swaps) at December 31, 2001 and none at December 31, 2000. These options are exercisable upon maturity. Maturity dates range from June 6, 2003 to September 2, 2003.

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

	Quarter Ended				
	Dec. 31, 2001	Sept. 30, 2001	June 30, 2001	Mar. 31, 2001	Dec. 31, 2000

Allowance for Loan and Lease Losses					
Balance, beginning of quarter	\$ 1,295	\$ 1,170	\$ 1,158	\$ 1,014	\$ 1,012
Allowance acquired through business combinations/other	6	-	(5)	120	-
Provision for loan and lease losses	200	200	92	82	53
	1,501	1,370	1,245	1,216	1,065

Loans charged off:					
SFR	(3)	(6)	(14)	(6)	(5)
Specialty mortgage finance	(10)	(4)	(5)	(7)	(3)
	(13)	(10)	(19)	(13)	(8)
Total SFR charge offs	(13)	(10)	(19)	(13)	(8)
Consumer	(57)	(48)	(50)	(45)	(45)
Commercial business	(38)	(19)	(12)	(4)	(3)

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Commercial real estate:					
Other commercial real estate	-	(5)	(3)	(3)	-

Total loans charged off	(108)	(82)	(84)	(65)	(56)
Recoveries of loans previously charged off:					
SFR	-	-	1	1	-
Consumer	5	6	6	6	5
Commercial business	5	1	1	-	-
Commercial real estate:					
Other commercial real estate	1	-	1	-	-

Total recoveries of loans previously charged off	11	7	9	7	5

Net charge offs	(97)	(75)	(75)	(58)	(51)

Balance, end of quarter	\$ 1,404	\$ 1,295	\$ 1,170	\$ 1,158	\$ 1,014
=====					
Net charge offs (annualized) as a percentage of average loans	0.25%	0.20%	0.20%	0.17%	0.16%

	Dec. 31, 2001	Sept. 30, 2001	June 30, 2001	Mar. 31, 2001	Dec. 31, 2000

Allowance for loan and lease losses as a percentage of:					
Nonaccrual loans	65%	72%	86%	94%	117%
Nonperforming assets	59	64	75	81	99
Total loans held in portfolio	1.06	0.97	0.89	0.87	0.85

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

	Dec. 31, 2001	Sept. 30, 2001	Dec. 31, 2000

Nonperforming Assets ("NPAs")			
Nonaccrual loans:			
SFR	\$1,041	\$801	\$509
Specialty mortgage finance	415	356	179

Total SFR nonaccrual loans	1,456	1,157	688
SFR construction:			
Builder	26	18	16
Custom	10	8	2
Consumer	148	130	117
Commercial business	159	126	12
Commercial real estate:			

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Multi-family	56	51	10
Other commercial real estate	298	321	21

Total nonaccrual loans	2,153	1,811	866
Foreclosed assets:			
SFR	107	110	97
Specialty mortgage finance	69	55	24

Total SFR foreclosed assets	176	165	121
SFR construction:			
Builder	4	4	-
Custom	1	-	-
Consumer	20	25	22
Commercial business	10	9	-
Commercial real estate:			
Multi-family	-	1	1
Other commercial real estate	17	17	9

Foreclosed assets	228	221	153

Total NPAs	\$2,381	\$2,032	\$1,019
=====			
NPAs as a percentage of:			
Total loans held in portfolio	1.79%	1.53%	0.85%
Total assets	0.98	0.91	0.52

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

WASHINGTON MUTUAL, INC.

By: /s/ Fay L. Chapman

Fay L. Chapman
Senior Executive Vice President

Date: January 15, 2002

