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Committee
Gerald W. McEntee
William Lucy
Edward J. Keller
Kathy J. Sackman
Henry C. Scheff

EMPLOYEES PENSION PLAN

March 31, 2008

Re: "Vote No" at Washington Mutual

Dear Washington Mutual Shareholder:

I am writing to you as Chairman of the AFSCME Employees Pension Plan to ask you to **withhold your support from Washington Mutual's ("WaMu's") Human Resources Committee members** at the annual meeting on April 15. We urge you to send a message to Committee Chairman **James Stever** and the other Committee members -- **Stephen Frank**, **Charles Lillis**, **Phillip Matthews** and **Margaret Osmer McQuade --** that you believe the Committee acted contrary to the best interests of shareholders by breaking the link between executive pay and performance and shielding executives from the impact of WaMu's sub-prime losses.

We believe that a strong link between pay and performance is a fundamental principle of good corporate governance and creates the appropriate incentive structure for top executives that aligns the compensation program with shareholder value creation. We believe that it is especially objectionable when a compensation committee takes steps to circumvent an objective and measurable pay standard.

According to company disclosures, the Human Resources Committee approved the exclusion of extraordinary charges—the 2007 fallout from WaMu's exposure to the sub-prime crisis—from the performance calculations for the 2007 cash bonus and restricted stock awards. Likewise, the performance measures to be used to evaluate executives' performance for 2008 bonuses will be calculated without factoring in sub-prime losses.

WaMu shareholders experienced a 70 percent loss in stock price for 2007, and the company reported a $1.6 billion fourth quarter 2007 sub-prime write down. It has stated that it expects its first quarter 2008 provision for loan losses to be in the range of $1.8 to $2.0 billion and quarterly loan loss provisions to remain elevated through the end of 2008. Faced with the performance for 2007, the Human Resources Committee decided to exclude sub-prime losses from performance measures used in calculating 2007 bonuses and restricted stock award payouts. The exclusion of losses from the 2007 bonus plan raised President Stephen Rotella's cash incentive payout to $912,800 from $324,800—a nearly three-fold increase—and increased Chairman and CEO Kerry Killinger's 2007 restricted stock award to 46,644 shares from 16,597.

American Federation of State, County and Municipal Employees, AFL-CIO
TEL (202) 775-8142 **FAX** (202) 785-4606 1625 L Street, N.W., Washington, D.C. 20036-5687

In announcing the exclusion of extraordinary charges from 2007 bonus and restricted stock award calculations, the Committee stated that it did so "because the Extraordinary Charges were not part of the Company's business plan when the 2007 Bonus Plan was established and they masked management's achievements in controlling Noninterest Expense in the Company's operations."[1] While losses and write downs are generally not part of any management's "business plan," we fail to see why they should be excluded from calculations used to determine executive bonuses when income and expense metrics are selected as performance criteria.

And faced with likely ongoing dismal performance, the Human Resources Committee decided that performance targets to be used to evaluate executives' performance for 2008 bonuses will be calculated "excluding the effects of loan loss provisions other than related to our credit card business and expenses related to foreclosed real estate assets." In other words, the executive bonuses for 2008 will be shielded from WaMu's sub-prime losses. We find this approach difficult to understand, since sub-prime credit losses are the biggest problem the bank is facing. What's more, they're a problem for which current management is responsible. We believe that bonuses should be used to reward executives when they enhance shareholder value, not oversee its destruction.

We note that Chairman and CEO Kerry Killinger volunteered not to take his bonus for 2007. This in no way absolves the Human Resources Committee from its responsibility for creating appropriate performance-linked incentive structures for the top management team. The other named executives still took their bonuses, which totaled more than $1.5 million. Nor are we persuaded that this change in incentive was needed as a retention mechanism. Compensation that is truly performance-based provides the strongest tool for creating robust accountability for a management team.

AFSCME is the nation's largest public service employees union representing more than 1.5 million members. These members participate in public pension systems across the country that hold approximately 3 percent of WaMu's outstanding shares. In addition, the AFSCME Employees Pension Plan is a long-term shareholder that manages $850 million in assets for its participants, who are staff members of AFSCME.

We have serious misgivings about the judgment of directors who approve a plan that protects the company's executives against missing their bonus targets by removing the impact of the sub-prime loan losses. Moving the goal line in this way undermines the concept of pay for performance in our company, which has suffered a severe decline in shareholder value. Please WITHHOLD your support from WaMu directors **James Stever, Stephen Frank**, **Charles Lillis, Phillip Matthews** and **Margaret Osmer McQuade**.

[1] Washington Mutual 8-K filed on 1/22/08.

If you have any questions, please feel free to contact Richard Ferlauto at (202) 429-1275.

Sincerely,

GERALD W. McENTEE
Chairman

This is NOT a proxy solicitation. We are not asking for your proxy card. Executed proxy cards should be returned according to WaMu instructions.

GM:jm