

CONFIDENTIAL



**Washington
Mutual**

\$750,000,000

Washington Mutual Preferred Funding (Cayman) I Ltd.

**7.25% Perpetual Non-cumulative Preferred Securities
Automatically Exchangeable in Specified Circumstances into
Depository Shares representing Preferred Stock of Washington Mutual, Inc.**

Washington Mutual Preferred Funding (Cayman) I Ltd., a Cayman Islands exempted company limited by shares ("WaMu Cayman"), will invest the proceeds of its 7.25% Perpetual Non-cumulative Preferred Securities, Series A-1, liquidation preference \$100,000 per security (the "Series A-1 WaMu Cayman Preferred Securities"), and its 7.25% Perpetual Non-cumulative Preferred Securities, Series A-2, liquidation preference \$10,000 per security (the "Series A-2 WaMu Cayman Preferred Securities" and, together with the Series A-1 WaMu Cayman Preferred Securities, the "WaMu Cayman Preferred Securities") offered hereby in a like amount of 7.25% Perpetual Non-cumulative Preferred Securities, liquidation preference \$1,000 per security (the "Fixed Rate Company Preferred Securities"), of Washington Mutual Preferred Funding LLC, a Delaware limited liability company (the "Company"). The terms of the Series A-1 WaMu Cayman Preferred Securities and the Series A-2 WaMu Cayman Preferred Securities are identical except for their per security liquidation preference. WaMu Cayman will have no material assets other than the Fixed Rate Company Preferred Securities. The financial entitlements of each WaMu Cayman Preferred Security will be substantially the same as the financial entitlements of a like amount of Fixed Rate Company Preferred Securities, with the consequence that dividends and the redemption price on the WaMu Cayman Preferred Securities will be payable on the same dates and in the same amounts as the corresponding dividends and redemption price, as applicable, on a like amount of Fixed Rate Company Preferred Securities. The Company's initial material assets will consist of indirect interests in mortgages and mortgage-related assets originated by Washington Mutual Bank as described herein.

Dividends on the Fixed Rate Company Preferred Securities will be payable if, when and as declared by the Company's Board of Managers out of legally available funds, on a non-cumulative basis at an annual rate of 7.25% on the liquidation preference per security, quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on June 15, 2006 (each, a "Dividend Payment Date"), or the next Business Day if any such day is not a Business Day.

If the Office of Thrift Supervision (together with any successor regulator, the "OTS") so directs following the occurrence of an Exchange Event as described herein, each WaMu Cayman Preferred Security will be automatically exchanged for depository shares representing a like amount of Washington Mutual, Inc.'s ("WMI") Series J Perpetual Non-cumulative Fixed Rate Preferred Stock.

See "Risk Factors" beginning on page 18 for a description of the risk factors you should consider before you invest in the securities offered hereby.

(Continued on next page)

Offering price: \$100,000.00 per Series A-1 WaMu Cayman Preferred Security
\$ 10,000.00 per Series A-2 WaMu Cayman Preferred Security

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE SERIES A-1 WAMU CAYMAN PREFERRED SECURITIES ARE BEING OFFERED AND SOLD ONLY IN THE UNITED STATES AND ONLY TO U.S. PERSONS THAT ARE BOTH "QUALIFIED INSTITUTIONAL BUYERS" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND "QUALIFIED PURCHASERS" (WITHIN THE MEANING OF SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT")) IN RELIANCE ON AN EXEMPTION FROM REGISTRATION PURSUANT TO RULE 144A. THE SERIES A-2 WAMU CAYMAN PREFERRED SECURITIES ARE BEING OFFERED AND SOLD ONLY TO NON-U.S. PERSONS IN TRANSACTIONS OUTSIDE THE UNITED STATES IN RELIANCE ON AN EXEMPTION FROM REGISTRATION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. PROSPECTIVE PURCHASERS OF SERIES A-1 WAMU CAYMAN PREFERRED SECURITIES ARE HEREBY NOTIFIED THAT THE SELLER OF THE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE SECURITIES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "NOTICE TO INVESTORS."

The Initial Purchasers expect to deliver the Series A-1 WaMu Cayman Preferred Securities through the facilities of The Depository Trust Company and the Series A-2 WaMu Cayman Preferred Securities through the facilities of Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, as participants in The Depository Trust Company, in each case, against payment in New York, New York on or about March 7, 2006.

Goldman, Sachs & Co.

Sole Global Coordinator and Sole Structuring Coordinator

Citigroup

Credit Suisse

HSBC

Morgan Stanley
Senior Co-Manager

UBS Investment Bank

Offering Circular dated February 24, 2006.

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The Fixed Rate Company Preferred Securities will not be redeemable at the option of the Company prior to the Dividend Payment Date in March 2011, except upon the occurrence of a Tax Event, an Investment Company Act Event or a Regulatory Capital Event (each as described herein). Upon the occurrence of a Tax Event, an Investment Company Act Event or a Regulatory Capital Event, the Company may redeem the Fixed Rate Company Preferred Securities in whole but not in part. On or after the Dividend Payment Date in March 2011, the Company may redeem the Fixed Rate Company Preferred Securities in whole or in part. Any redemption will be subject to the prior approval of the OTS and will be at a redemption price equal to the liquidation preference per Fixed Rate Company Preferred Security, plus declared but unpaid dividends, if any, plus a U.S. Treasury-based "make whole" amount if the redemption occurs prior to the Dividend Payment Date in March 2011.

The WaMu Cayman Preferred Securities will be issued only in book-entry form. Each individual purchaser or group of affiliated purchasers that acquires Series A-1 WaMu Cayman Preferred Securities in the initial offering must acquire at least three Series A-1 WaMu Cayman Preferred Securities having an aggregate liquidation preference of \$300,000.

The Initial Purchasers are offering the Series A-2 WaMu Preferred Securities, which are being offered outside the United States to non-U.S. persons in reliance upon Regulation S under the Securities Act, through their respective selling agents.

Application will be made to list the Series A-2 WaMu Cayman Preferred Securities on the Euro MTF market of the Luxembourg Stock Exchange. The Series A-1 WaMu Cayman Preferred Securities will not be listed on any securities exchange or automated dealer quotation system.

The securities offered hereby are not insured or guaranteed by the U.S. Federal Deposit Insurance Corporation.

OFFERING CIRCULAR SUMMARY

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this offering circular, in particular, the information under the headings "Description of the WaMu Cayman Preferred Securities" and "Description of the Fixed Rate Company Preferred Securities," which describe the terms and conditions of the securities offered hereby.

Introduction

The 7.25% Perpetual Non-cumulative Preferred Securities, Series A-1, liquidation preference \$100,000 per security (the "Series A-1 WaMu Cayman Preferred Securities"), and the 7.25% Perpetual Non-cumulative Preferred Securities, Series A-2, liquidation preference \$10,000 per security (the "Series A-2 WaMu Cayman Preferred Securities" and, together with the Series A-1 WaMu Cayman Preferred Securities, the "WaMu Cayman Preferred Securities"), are being issued by Washington Mutual Preferred Funding (Cayman) I Ltd. ("WaMu Cayman") in a financing transaction that raises capital for Washington Mutual Bank ("WMB"). WMB is a subsidiary of Washington Mutual, Inc. ("WMI"). WMI and its affiliates are referred to herein as the "WMI Group".

WaMu Cayman will invest the proceeds of the WaMu Cayman Preferred Securities in a like amount of 7.25% Perpetual Non-cumulative Preferred Securities, liquidation preference \$1,000 per security (the "Fixed Rate Company Preferred Securities"), of Washington Mutual Preferred Funding LLC, a Delaware limited liability company (the "Company"). WaMu Cayman will have no material assets other than the Fixed Rate Company Preferred Securities. The financial entitlements of each WaMu Cayman Preferred Security will be substantially the same as the financial entitlements of a like amount of Fixed Rate Company Preferred Securities, with the consequence that dividends and the redemption price on each WaMu Cayman Preferred Security will be payable on the same dates and in the same amounts as the corresponding dividends and redemption price, as applicable, on a like amount of Fixed Rate Company Preferred Securities. The Company's initial material assets will consist of direct or indirect interests in mortgages or mortgage-related assets originated by WMB as described under "The Company — Business of the Company — Assets of the Company" and "The Asset Trust."

The terms of the Series A-1 WaMu Cayman Preferred Securities and the Series A-2 WaMu Cayman Preferred Securities are identical except for their per security liquidation preference. The Series A-1 WaMu Cayman Preferred Securities are being offered in reliance upon Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act") only in the United States and to persons who are "qualified institutional buyers" within the meaning of 144A and "qualified purchasers" within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). The Series A-2 WaMu Cayman Preferred Securities are being offered and sold in reliance upon Regulation S under the Securities Act only to non-U.S. persons in transactions outside the United States. Resales of Series A-1 WaMu Cayman Preferred Securities to non-U.S. persons and of Series A-2 WaMu Cayman Preferred Securities in the United States or to U.S. persons are subject to restrictions as described under "Notice to Investors — Exchanges Between Rule 144A Global Security Evidencing Series A-1 WaMu Cayman Preferred Securities and Regulation S Global Security Evidencing Series A-2 WaMu Cayman Preferred Securities," in each case subject to the certification requirements described under "Book-Entry Issuance."

By a separate offering circular dated the same date as this offering circular, Washington Mutual Preferred Funding Trust I, a Delaware statutory trust established by the Company as grantor ("WaMu Delaware"), is offering \$1,250,000,000 of its Perpetual Exchangeable Non-cumulative Trust Securities (the "Trust Securities"). WaMu Delaware will invest the proceeds of the Trust Securities in a like amount of the Company's Perpetual Non-cumulative Fixed-to-Floating Rate Preferred Securities (the "Fixed-to-Floating Rate Company Preferred Securities")

and, together with the Fixed Rate Company Preferred Securities, the "Company Preferred Securities"). The terms of the Fixed-to-Floating Rate Company Preferred Securities are substantially identical to the Fixed Rate Company Preferred Securities except for the dividend rate. The Trust Securities are being offered and sold only in the United States and only to U.S. persons that are both qualified institutional buyers and qualified purchasers in reliance on the exemption from registration under the Securities Act pursuant to Rule 144A. They are not being offered by this offering circular. The WaMu Cayman Preferred Securities are not exchangeable for Trust Securities, or *vice versa*.

WMB has asked for confirmation from the Office of Thrift Supervision (together with any successor regulator, the "OTS") that the Company Preferred Securities constitute core capital of WMB under the OTS' applicable regulatory capital regulations and, upon receipt of such confirmation, intends to treat the Company Preferred Securities accordingly.

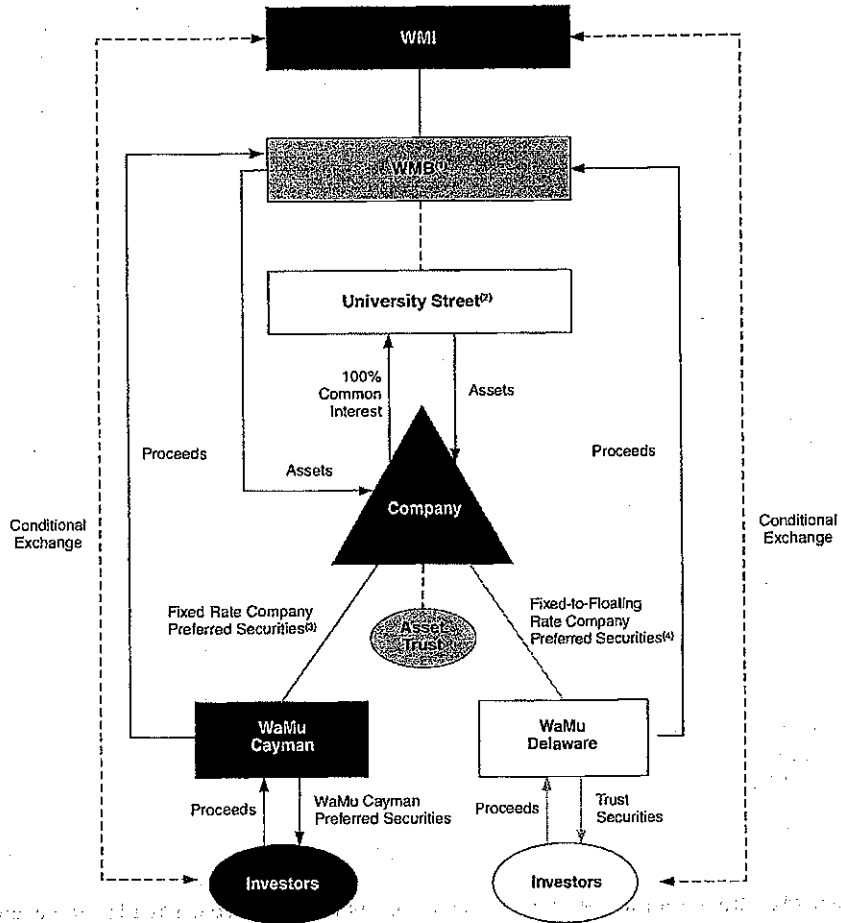
If the OTS so directs following the occurrence of an Exchange Event, each WaMu Cayman Preferred Security will be automatically exchanged for a like amount of Fixed Rate Depository Shares each representing 1/1000th of a share of WMI's Series J Perpetual Non-cumulative Fixed Rate Preferred Stock, no par value and liquidation preference \$1,000,000 per share ("*Fixed Rate WMI Preferred Stock*"), as described below in this Summary under "— The Offering — Conditional Exchange." Upon a Conditional Exchange, the Trust Securities will also be automatically exchanged, but for depository shares representing a different series of WMI's preferred stock, having substantially equivalent terms (with certain exceptions) as to dividends, liquidation preference and redemption preference as the Fixed-to-Floating Rate Company Preferred Securities.

This offering circular uses the term "*like amount*" in describing the financial entitlements and voting rights, as applicable, of the WaMu Cayman Preferred Securities as compared to the Fixed Rate Company Preferred Securities and in describing the amount of Fixed Rate Depository Shares, each representing a 1/1000th interest in one share of Fixed Rate WMI Preferred Stock for which the WaMu Cayman Preferred Securities will be exchanged upon the occurrence of a Conditional Exchange. The term "*like amount*" means:

- when describing the financial entitlements or voting rights, as applicable, of WaMu Cayman Preferred Securities as compared to Fixed Rate Company Preferred Securities, a number of Fixed Rate Company Preferred Securities that have the same aggregate liquidation preference as the WaMu Cayman Preferred Securities to which the reference is being made (e.g., 1,000 Fixed Rate Company Preferred Securities with an aggregate liquidation preference of \$1,000,000 are a "like amount" for ten Series A-1 WaMu Cayman Preferred Securities or 100 Series A-2 WaMu Cayman Preferred Securities, each having an aggregate liquidation preference of \$1,000,000); and
- when describing the number of depository shares for Fixed Rate WMI Preferred Stock with which WaMu Cayman Preferred Securities will be exchanged upon a Conditional Exchange, a number of Fixed Rate Depository Shares, each representing a 1/1000th interest in one share of Fixed Rate WMI Preferred Stock, having a liquidation preference equal to the liquidation preference of the WaMu Cayman Preferred Securities that are being exchanged (e.g., 10,000 Fixed Rate Depository Shares representing Fixed Rate WMI Preferred Stock with an aggregate liquidation preference of \$10,000,000 are a "like amount" for 100 Series A-1 WaMu Cayman Preferred Securities or 1,000 Series A-2 WaMu Cayman Preferred Securities, each having an aggregate liquidation preference of \$10,000,000).

The offering of the WaMu Cayman Preferred Securities and the related issuance of the Fixed Rate Company Preferred Securities are referred to herein as the "*Offering*".

The following diagram outlines the relationship among WMI, WMB, University Street, the Company, the Asset Trust, WaMu Cayman, WaMu Delaware, purchasers of the WaMu Cayman Preferred Securities and purchasers of the Trust Securities:



(1) New American Capital, Inc., not shown here, is WMB's direct parent.
 (2) Marion Holdings, Inc., not shown here, is University Street's direct parent.
 (3) Transferred by WMB to WaMu Cayman.
 (4) Transferred by WMB to WaMu Delaware.

WaMu Cayman

Washington Mutual Preferred Funding (Cayman) I Ltd. is a Cayman Islands exempted company limited by shares, incorporated on February 23, 2006 for the purposes set forth below in "WaMu Cayman." All of WaMu Cayman's ordinary shares (the "*WaMu Cayman Ordinary Shares*") will be held in trust for the benefit of a Cayman Islands charity. WaMu Cayman will not issue any securities other than the WaMu Cayman Ordinary Shares, and the WaMu Cayman Preferred Securities offered hereby. WaMu Cayman will be prohibited from issuing other equity securities or any debt securities. The Fixed Rate Company Preferred Securities will be the only material assets of WaMu Cayman. WaMu Cayman will be managed by a Board of Directors consisting of five directors, three of whom will be appointed by such Cayman Islands charitable trust and two of whom will be persons who are also members of the Company's Board of Managers. Of the two WaMu Cayman directors who are also members of the Company's Board of Managers, one will be the same individual who is the Company's Independent Manager.

Subject to the limitations and assumptions described under "Certain Tax Considerations — United States Federal Income Tax Consequences," for United States Federal income tax purposes, WaMu Cayman intends to be treated as a corporation, and for the holders of the WaMu Cayman Preferred Securities to be treated as holders of stock in such corporation.

The Company

Washington Mutual Preferred Funding LLC is a Delaware limited liability company formed on February 3, 2006 for the purpose of (i) issuing the Fixed Rate Company Preferred Securities to WaMu Cayman, the Fixed-to-Floating Rate Company Preferred Securities to WaMu Delaware, the common securities of the Company (the "*Company Common Securities*") to University Street, Inc., an indirect subsidiary of WMB ("*University Street*"), and additional Parity Equity Securities or Junior Equity Securities subject to certain limitations described in this offering circular (ii) acquiring and holding Eligible Investments and (iii) performing functions necessary or incidental thereto.

The Fixed-to-Floating Rate Company Preferred Securities rank *pari passu* with the Fixed Rate Company Preferred Securities as to dividends and upon liquidation of the Company. The terms of the Fixed-to-Floating Rate Company Preferred Securities are substantially identical to the terms of the Fixed Rate Company Preferred Securities other than with respect to the rate applicable to dividends thereon. The Fixed-to-Floating Rate Company Preferred Securities will, if, when and as declared by the Company's Board of Managers, pay dividends at an annual rate of 6.534% until the Dividend Payment Date on March 15, 2011 and an annual rate equal to three-month LIBOR plus 1.4825% for the Dividend Period starting on such Dividend Payment Date and each Dividend Period thereafter.

University Street will own all of the Company Common Securities. The Eligible Investments owned by the Company from time to time will generate net income for payment by the Company to WaMu Cayman as dividends on the Fixed Rate Company Preferred Securities (and consequently for payment as dividends by WaMu Cayman to holders of the WaMu Cayman Preferred Securities), to WaMu Delaware as dividends on the Fixed-to-Floating Rate Company Preferred Securities (and consequently for pass through by WaMu Delaware to the holders of the Trust Securities) and to University Street as dividends on the Company Common Securities.

Subject to the limitations and assumptions described under "Certain Tax Considerations — United States Federal Income Tax Consequences," the Company intends to be treated as a partnership (other than a publicly traded partnership taxable as a corporation) for United States Federal income tax purposes and will receive the opinion of Mayer, Brown, Rowe & Maw LLP to the effect that, for United States Federal income tax purposes, the Company will not be treated as an association taxable as a corporation or as a publicly traded partnership taxable as a corporation.

The Company will be managed by a Board of Managers. The Company's Board of Managers will have three members, one of whom is not, and has not been during the preceding five years, an officer or employee of WMI or any affiliate of WMI, other than a financing subsidiary (the "Independent Manager").

Initial Conveyances

In connection with the Offering, WMB will convey a portfolio of first lien, closed-end, fixed rate home equity loans ("HELs") to the Company in exchange for 100% of the Company Preferred Securities. Concurrently with such transfer by WMB, University Street will convey a portfolio of HELs to the Company in exchange for 100% of the Company Common Securities. The portfolios conveyed by WMB and University Street to the Company will consist of approximately \$5,389,459,150 of HELs in the aggregate. The Company will convey 100% of the HELs that it owns to the Asset Trust in exchange for the Class A Trust Certificate of the Asset Trust. WMB will then sell the Fixed Rate Company Preferred Securities and the Fixed-to-Floating Rate Company Preferred Securities for cash to WaMu Cayman and WaMu Delaware, respectively.

University Street

University Street, Inc. is a Washington corporation. It has elected to be treated as a real estate investment trust for United States Federal income tax purposes. University Street will hold 100% of the Company Common Securities which represent 100% of the voting rights in the Company (subject to the limited rights of holders of the Company Preferred Securities described herein).

The Asset Trust

Washington Mutual Home Equity Trust I is a Delaware statutory trust formed pursuant to a trust agreement, to be entered into on or before the closing date, between the Company, as depositor, and Deutsche Bank Trust Company Delaware, as Delaware trustee (the "Delaware Trustee"). The Pooling and Servicing Agreement among the Company, as depositor, WMB, as Servicer, Deutsche Bank Trust Company Delaware, as Delaware Trustee, and Deutsche Bank National Trust Company, as Trustee (the "Pooling and Servicing Agreement"), will restate the trust agreement and will be the governing instrument of the Asset Trust. The Asset Trust will make an election to be treated as a real estate mortgage investment conduit ("REMIC") for United States Federal income tax purposes.

The initial assets of the Asset Trust will consist of the portfolio of HELs to be conveyed by the Company to the Asset Trust in connection with the Offering. The HELs were originated by WMB primarily through its retail branches between September 2001 and September 2005. As of January 31, 2006, the HELs to be transferred into the Asset Trust had an aggregate unpaid principal balance of approximately \$5,389,459,150.

WMI

With a history dating back to 1889, Washington Mutual, Inc., a Washington corporation, is a retailer of financial services to consumers and small businesses. Based on its consolidated assets at September 30, 2005, WMI was the largest thrift holding company in the United States and the seventh largest among all U.S.-based bank and thrift holding companies. As of September 30, 2005, WMI, together with its subsidiaries, had total assets of approximately \$333.6 billion, total liabilities of approximately \$311.0 billion and total stockholders' equity of approximately \$22.6 billion. As of September 30, 2005, WMI and its subsidiaries also had total deposits of approximately \$190.4 billion. WMI's common stock is listed on the New York Stock

Exchange under the symbol "WM". The principal business offices of WMI are located at 1201 Third Avenue, Seattle, Washington 98101 and its telephone number is 206-461-2000.

WMB

Washington Mutual Bank (formerly known as Washington Mutual Bank, FA) is a federally chartered savings association, chartered and operating under the United States Home Owners' Loan Act of 1933, as amended. WMB engages in mortgage banking, consumer banking and small business banking. WMB, as a federally chartered association, has the authority to make various types of loans, including loans secured by homes and commercial real estate, secured and unsecured consumer loans, and secured and unsecured commercial loans. As a federal savings association, WMB is subject to regulation and examination by the OTS, its primary regulator. WMB is an indirect wholly-owned subsidiary of WMI.

Prior to 2004, WMB had two sister depository institutions which were both owned directly by WMI. WMB has since acquired both of these sister institutions. One of these institutions, Washington Mutual Bank fsb, a federal savings bank, became a wholly-owned subsidiary of WMB on February 1, 2004. The other institution, Washington Mutual Bank, a savings bank chartered under the laws of the state of Washington, converted into a federally chartered savings bank and then was merged into WMB on January 1, 2005.

Company Preferred Securities, *provided* that (i) after giving effect to such issuance, the *pro forma* net book value of the Company's assets (after giving effect to the acquisition of any New Assets in connection with the issuance of such Parity Equity Securities) will equal or exceed 1.5 times the sum of the aggregate liquidation preference of the preferred securities of the Company then outstanding and any such Parity Equity Securities that the Company proposes to issue, (ii) after giving effect to such issuance, the Company's *pro forma* funds from continuing operations, or "FFO", for the four fiscal quarters beginning with the fiscal quarter in which such Parity Equity Securities are proposed to be issued (calculated (A) assuming that such proposed Parity Equity Securities are issued and that, if any Parity Equity Securities (including the Parity Equity Securities that the Company proposes to issue) bear dividends based on a floating rate, the applicable dividend rate will not change during such four fiscal quarters from the rate in effect on the applicable date of determination and (B) as adjusted to reflect any New Assets) equals or exceeds 150% of the amount that would be required to pay full annual dividends on all preferred securities of the Company then outstanding and any such Parity Equity Securities that the Company proposes to issue and (iii) the Company is not otherwise in breach of any of its covenants set forth in the LLC Agreement. See "Description of the Fixed Rate Company Preferred Securities — Ranking."

In the Exchange Agreement, WMI will covenant in favor of the holders of the WaMu Cayman Preferred Securities and the Trust Securities that, if full dividends on (i) the Company Preferred Securities, (ii) the WaMu Cayman Preferred Securities or (iii) the Trust Securities for any Dividend Period are not paid, then WMI will not declare or pay dividends with respect to, or redeem, purchase or acquire, any of its equity capital securities during the next succeeding Dividend Period, except dividends in connection with a shareholders' rights plan, if any, or dividends in connection with benefits plans.

Conditional Exchange

If the OTS so directs following the occurrence of an Exchange Event, each WaMu Cayman Preferred Security will be automatically exchanged for a like amount of Fixed Rate Depositary Shares representing 1/1000th of a share of WMI's Series J Perpetual Non-cumulative Fixed Rate Preferred Stock (the "Fixed Rate Depositary Shares").

"Exchange Event" means (i) WMB becoming "undercapitalized" under the OTS' "prompt corrective action" regulations, (ii) WMB being placed into conservatorship or receivership or (iii) the OTS, in its sole discretion, directing such exchange in anticipation of WMB becoming "undercapitalized" in the near term or taking supervisory action

that limits the payment of dividends, as applicable, by WMB, and in connection therewith, directs such exchange.

The Fixed Rate WMI Preferred Stock will have substantially equivalent terms as to dividends, redemption and liquidation preference as the Fixed Rate Company Preferred Securities, except that the Fixed Rate WMI Preferred Stock: (i) will not have the benefit of the covenants described under "Description of the Fixed Rate Company Preferred Securities — Voting Rights and Covenants;" (ii) will not be listed on any securities exchange or automated dealer quotation system; (iii) will be redeemable prior to the Dividend Payment Date occurring on March 15, 2011 only upon the occurrence of a Regulatory Capital Event (as described herein); (iv) Additional Amounts will not be payable with respect to the Fixed Rate WMI Preferred Stock; and (v) if WMI fails to pay, or declare and set aside for payment, full dividends on the Fixed Rate WMI Preferred Stock for six Dividend Periods, the authorized number of WMI's directors will increase by two, and the holders of Fixed Rate WMI Preferred Stock, voting together with the holders of any other equity capital securities of WMI having similar voting rights, including the Fixed-to-Floating Rate WMI Preferred Stock, will have the right to elect two directors in addition to the directors then in office at the next annual meeting of shareholders. The Fixed Rate WMI Preferred Stock will be subject to the Replacement Capital Covenant described under "— Redemption/Replacement Capital Covenant" above.

WMI will covenant in the Exchange Agreement in favor of the holders of the WaMu Cayman Preferred Securities that it will not issue any preferred stock that would rank senior to the Fixed Rate WMI Preferred Stock upon its issuance. Each share of Fixed Rate WMI Preferred Stock will, upon issuance, rank at least *pari passu* with the most senior preferred stock of WMI, if any, then outstanding.

Voting Rights and Certain Covenants

Except as otherwise set forth below, the holders of the Fixed Rate Company Preferred Securities will not have voting rights.

However, the LLC Agreement will provide that, except with the consent or affirmative vote of the holders of at least two-thirds of the Fixed Rate Company Preferred Securities and the Fixed-to-Floating Rate Company Preferred Securities, voting together as a single class, the Company will not:

- effect a consolidation, merger or share exchange with or into another entity other than an entity controlled by, or under common control with, WMI;
- issue any securities of the Company ranking senior to the Company Preferred Securities in respect of pay-