



Permanent Subcommittee on Investigations
EXHIBIT #59a


INCENTIVE PLAN
LONG BEACH MORTGAGE PRODUCTION

2004 PAYOUT MATRIX

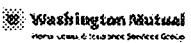
COMMISSION TIERS				
Tier Number	Tier Description	Per Unit Commission Broker Sourced Loans	Basis Point Commission Broker Sourced Loans	Basis Point Commission Correspondent Sourced Loans
1	1 - 6 units or \$1 - \$899,999	\$0	40	0
2	7 - 12 units or \$900,000 - \$2,499,999	\$30	50	0
3	13 - 26 units or \$2,500,000 - \$4,999,999	\$30	55	35
4	27+ units or \$5,000,000 +	\$30	60	35


Washington Mutual
Member FDIC Insurance Services Group

 **INCENTIVE PLAN**
LONG BEACH MORTGAGE PRODUCTION

2004 Account Executive Incentive Plan Changes
BUSINESS EXPENSE ALLOWANCE

- New for 2004, paid semi-monthly, in arrears (same as commissions)
- All employees receive an allowance - higher producers receive a higher business expense allowance
- The allowance, based on the previous quarter's average tier achievement, is as follows (per semi-monthly payout):
 - Tier 1 \$100
 - Tier 2 \$150
 - Tier 3 \$200
 - Tier 4 \$250
- Tier achievement equals last quarter's average. In determining the average, 0.49 is rounded down, 0.50 or greater is rounded up. Example follows:
 - QUARTER 1
 - Month 1=tier 4
 - Month 2=tier 4
 - Month 3=tier 3
 - 11 divided by 3=3.67, rounds up to tier 4 average achievement for Q1.
- Quarter 2 semi-monthly business expense allowance = \$250 per semi-monthly payout


Washington Mutual
Member of the Sun Life Insurance Group



CONTINGENT COMPENSATION

Key Changes

- New program for 2004 - "Long Term Cash Incentive Program" - replaces restricted stock program.
- Award recipients receive units that convert to cash over a three year period
- Value of the units tied to the value of WAMU stock
- Award pays out 1/3 each year for 3 years similar to the previous restricted stock vesting schedule
- Taxes are similar to the restricted stock program – employee is responsible for taxes at the time of the payouts (with restricted stock it was at the time of vesting)
- The Contingent Compensation Replacement Option (CCRO) program will be discontinued

2004 Contingent Compensation Qualification levels:

- **Gold Tier:** AE's who are ranked in either the top 5% in volume or units will receive 10 basis points (0.0010) on 2004 Total Volume
- **Silver Tier:** AE's who are ranked in either the top 15% in volume or units (excluding those who qualified in the Gold Tier) will receive 7.5 basis pts (0.00075) on 2004 Total Volume
- **Bronze Tier:** AE's who are ranked in either the top 25% in volume or units (excluding those who qualified in the Gold or Silver Tiers) will receive 5 basis pts (0.0005) on 2004 Total Volume

• AE's who qualify in both volume and units only receive one award. The AE will be eligible for the highest tier they qualify for.



CONTINGENT COMPENSATION, continued

Example

- If the Account Executive's 2004 volume is \$72 million, ranking him/her in the top 25% in volume, he/she would be eligible for a contingent compensation award of \$36,000 (\$72M times 5 bps).
- An average stock price for a period prior to award date is used to convert the award amount into units. For example, if the average is \$40, the number of units would be 900.
- The 900 units would be paid out in thirds over three years.
- The units are converted back to cash at the time of the payout based on the average stock price at time of payout. For example if the average stock price at the time of the first payout is \$41, the first award payout = $300 \times \$41 = \$12,300$.





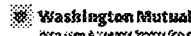
2004 Account Executive Incentive Plan Changes

PRESIDENT'S CLUB

Key Changes:

- Top 40 Account Executives based on points will attend
- Earn points, as follows:
 - 3 points will be awarded for each unit funded (for first mortgages only)
 - 2 points will be awarded for each purchase unit funded (for first mortgages only)
 - 2 points will be awarded for each \$100,000 funded (for all funded volume)

- Additional 3 AE spots based on manager discretion





2004 Account Executive Incentive Plan Changes

SALES ASSISTANTS / ASSOCIATES

Key Changes:

- The title of Sales Associate or Sr. Sales Associate will be used for full-production qualified
- The title of Sales Assistant will be used for non-production qualified
- The company pays for the base salary, overtime and benefits for Sales Associates
 - AEs can elect to share their basis point commission with their Sales Associate(s)-can be 0
- The company pays for the base salary, overtime, benefits and incentive for Sales Assistants
 - Sales Assistants earn 0.5 basis points on their AE's production
 - AEs that elect to have a Sales Assistant on a non-production qualified basis will have a modified commission that is 6.0 basis points lower than standard
- AEs can have a maximum of one Sales Assistant, but as many Sales Associates as they qualify for

What Has Not Changed:

- All Sales Assistants/Associates must be full time employees
- The qualification requirements remain the same
- The mid-year qualification requirements remain the same

