

WASHINGTON FEDERAL INC  
Form DEF 14A  
December 16, 2005

## SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

Washington Federal, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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425 PIKE STREET

SEATTLE, WASHINGTON 98101-2334

(206) 624-7930

December 16, 2005

Dear Stockholder:

You are invited to attend our Annual Meeting of Stockholders to be held on Wednesday, January 18, 2006 at 2:00 p.m. at Benaroya Hall, 3rd & Union, Seattle, Washington.

We hope you can attend this meeting in person, but whether or not you plan to attend, it would be very helpful if you would sign the enclosed proxy card and return it in the envelope provided. Please do this immediately so we can **save your company the time and expense of contacting you again**. Your vote is important regardless of the number of shares you own. Voting by proxy will not prevent you from voting in person if you attend the meeting, but will assure that your vote will be counted if you are unable to attend.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Roy M. Whitehead

*Vice Chairman, President and*

*Chief Executive Officer*

425 PIKE STREET

SEATTLE, WASHINGTON 98101-2334

(206) 624-7930

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JANUARY 18, 2006**

**NOTICE IS HEREBY GIVEN** that an Annual Meeting of Stockholders of Washington Federal, Inc. ( Washington Federal ) will be held at Benaroya Hall, 3rd & Union, Seattle, Washington, on Wednesday, January 18, 2006, at 2:00 p.m., Pacific Time, for the following purposes:

1. To elect three directors for a three-year term and one director for a one-year term and until their successors are elected and qualified;
2. To ratify the appointment of Deloitte & Touche LLP as Washington Federal s independent registered public accountants for fiscal 2006; and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors of Washington Federal has fixed November 25, 2005 as the Record Date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting. Only those stockholders of record as of the close of business on that date will be entitled to vote at the Annual Meeting or at any such adjournment.

By Order of the Board of Directors

Edwin C. Hedlund

*Executive Vice President and*

*Secretary*

December 16, 2005

Seattle, Washington

**YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER YOU OWN. EVEN IF YOU PLAN TO BE PRESENT, YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY IN THE ENVELOPE PROVIDED. IF YOU ATTEND THIS MEETING, YOU MAY VOTE EITHER IN PERSON OR BY YOUR PROXY. ANY PROXY GIVEN MAY BE REVOKED BY YOU IN WRITING OR IN PERSON AT ANY TIME PRIOR TO THE EXERCISE THEREOF.**

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**WASHINGTON FEDERAL, INC.**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**January 18, 2006**

This Proxy Statement is furnished to the holders of the common stock, \$1.00 par value per share ( **Common Stock** ), of Washington Federal, Inc. ( **Washington Federal** or the **Company** ), the parent holding company for Washington Federal Savings, a federally-chartered savings association, in connection with the solicitation of proxies by the Board of Directors of the Company, to be used at the Annual Meeting of Stockholders to be held at Benaroya Hall, 3rd & Union, Seattle, Washington, on Wednesday, January 18, 2006, at 2:00 p.m., and at any adjournment thereof (the **Annual Meeting** ), for the purposes set forth in the Notice of Annual Meeting of Stockholders. This Proxy Statement is first being mailed to stockholders on or about December 16, 2005.

The proxy solicited hereby, if properly signed and returned and not revoked prior to its use, will be voted in accordance with the instructions given thereon. If no instructions are so specified, the proxy will be voted for the persons nominated to be directors by the Board of Directors, for the ratification of the appointment of Deloitte & Touche LLP as independent registered public accountants for fiscal 2006 and, upon the transaction of such other business as may properly come before the Annual Meeting, in accordance with the best judgment of the persons appointed as Proxies. Any stockholder giving a proxy has the power to revoke it at any time before it is exercised by: (i) filing written notice thereof with the Secretary of Washington Federal (Edwin C. Hedlund, Washington Federal, Inc., 425 Pike Street, Seattle, Washington 98101); (ii) submitting a duly executed proxy bearing a later date; or (iii) appearing at the meeting and notifying the Secretary of his or her intention to vote in person. Proxies solicited hereby may be exercised only at the Annual Meeting and any adjournment thereof and will not be used for any other meeting.

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

**Voting Securities**

Only stockholders of record at the close of business on November 25, 2005 (the **Voting Record Date** ) will be entitled to vote at the Annual Meeting. On the Voting Record Date, 87,002,064 shares of Common Stock were issued and out -

standing and the Company had no other class of equity securities issued and outstanding. Each share of Common Stock is entitled to one vote at the Annual Meeting on matters other than the election of directors, for which cumulative voting is permitted, as discussed below under Information with Respect to Nominees for Director, Directors Whose Terms Continue and Executive Officers.

### **Vote Required**

The election of the Company's directors requires a plurality of the votes represented in person or by proxy at the Annual Meeting. The proposal to ratify the appointment of Deloitte & Touche LLP as independent registered public accountants and any other business that properly may come before the Annual Meeting require that the votes cast in favor of such proposals exceed the votes cast against such proposals.

### **Effect of an Abstention and Broker Non-Votes**

A stockholder who abstains from voting on any or all proposals will be included in the number of stockholders present at the Annual Meeting for the purpose of determining the presence of a quorum. Abstentions will not be counted either in favor of or against the election of the nominees or any other proposal. Consequently, abstentions will have no effect on the vote required to approve the nominees for director or the other proposals being considered at the Annual Meeting.

Under rules applicable to broker-dealers, banks, brokers and other nominees may vote shares held by them for a customer on matters that are determined to be routine, even though the bank, broker or other nominee has not received instructions from the customer. The proposals to elect directors and ratify the appointment of the independent registered public accountants are considered discretionary items upon which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions. Consequently, there will be no broker non-votes.

### **Principal Holders of Voting Securities**

The following table sets forth information as of October 1, 2005 with respect to: (i) any person or entity known by Washington Federal to be the beneficial owner of 5% or more of the issued and outstanding Common Stock; and (ii) ownership of the Common Stock by all directors and executive officers of Washington Federal as a group.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial	
	Ownership(1)	Percent of Class
Perkins, Wolf McDonnell & Co. 310 South Michigan Ave, Suit 2600  Chicago, IL 60604-3696	4,975,000(2)	5.72%
Barclays Global Investors. 54 Lombard Street  London, England EC3P3AH	4,939,000(3)	5.68%
All directors and executive officers as a group (14 persons)	1,332,616(4)	1.53%(5)

- (1) Pursuant to rules promulgated by the Securities and Exchange Commission ( SEC ) under the Securities Exchange Act of 1934, as amended ( Exchange Act ), a person is considered to beneficially own shares of Common Stock if he or she has or shares: (i) voting power, which includes the power to vote, or direct the voting of the shares; or (ii) investment power, which includes the power to dispose or direct the disposition of the shares.
- (2) Perkins, Wolf McDonnell & Co. has sole power to dispose and vote 4,975,000 shares.
- (3) Barclays Global Investors has sole power to dispose and vote 4,939,000 shares.
- (4) Includes ownership of options to purchase Common Stock that may be exercised by all executive officers as a group prior to December 31, 2005 aggregating 211,206 shares. Also includes an aggregate of 55,136 shares held by the Washington Federal Savings Profit Sharing Retirement and Employee Stock Ownership Plan (the Retirement Plan ) for the benefit of executive officers of Washington Federal. Directors, unless current or former employees of Washington Federal, do not participate in the Retirement Plan. The Retirement Plan is a qualified, defined contribution profit sharing and employee stock ownership plan maintained for all eligible employees of Washington Federal that invests primarily in U.S. Government and federal agency securities, certificates of deposit and similar instruments issued by Washington Federal Savings and other financial institutions. As an alternative to the aforementioned investments, employees have the option of directing 401(k) contributions and earnings thereon to a variety of mutual funds. The shares of Common Stock of Washington Federal held by the Retirement Plan are voted by the trustees of such plan at their discretion, but the disposition of such shares can be directed only by the employee to whose account the shares are allocated. The trustees of the Retirement Plan are Linda Brower, Mike Bush and Robert Zirk, all of whom are employees of Washington Federal Savings.
- (5) The percentage of outstanding shares of Common Stock is based on the 86,933,294 shares of Common Stock issued and outstanding on October 1, 2005, plus options to purchase 211,206 shares of Common Stock that are exercisable by current and former executive officers as a group prior to December 31, 2005.



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**INFORMATION WITH RESPECT TO NOMINEES FOR DIRECTOR, DIRECTORS WHOSE TERMS CONTINUE AND EXECUTIVE OFFICERS**

**General**

The Restated Articles of Incorporation of Washington Federal provide that the Board of Directors shall be divided into three classes as nearly equal in number as possible, and that the members of each class shall be elected for terms of three years and until their successors are elected and qualified, with one of the three classes of directors to be elected each year. The number of directors currently authorized by Washington Federal's Bylaws is ten.

Pursuant to Washington Federal's Restated Articles of Incorporation, at each election of directors every stockholder entitled to vote has the right to vote, in person or by proxy, the number of shares owned by him or her for as many persons as there are directors to be elected, or to cumulate his or her votes by giving one candidate as many votes as the number of such directors to be elected multiplied by the number of his or her shares shall equal, or by distributing such votes on the same principle among any number of candidates. In the event that cumulative voting is in effect, it is the intention of the persons named in the accompanying proxy to vote cumulatively for the election as directors the nominees listed in the table that follows.

At the Annual Meeting, stockholders of Washington Federal will be asked to elect three directors of Washington Federal for a three-year and one director for a one-year term and until their successors are elected and qualified. The three nominees for election as directors to a three-year term are John F. Clearman, H. Dennis Halvorson and Roy M. Whitehead. The nominee for election as director to a one-year term is Thomas J. Kelley. Mr. Kelley was appointed as a member of the Board in March of 2005, to join the class of directors with terms expiring in 2006. All nominees were selected by the Nominating Committee of the Board of Directors and currently serve as directors of Washington Federal. There are no arrangements or understandings between the persons named and any other person pursuant to which such person was selected as a nominee for election as a director at the Annual Meeting, and no director or nominee for director is related to any other director or executive officer of Washington Federal by blood, marriage or adoption.

If any person named as nominee should be unable or unwilling to stand for election at the time of the Annual Meeting, the Proxies will nominate and vote for any replacement nominee or nominees recommended by the Board of Directors of Washington Federal. Alternatively, under such circumstances, the Board of Directors of Washington Federal may reduce the number of directors of Washington

Federal. Washington Federal knows of no reason why any of the nominees may not be able to serve as director if elected.

### Information with Respect to Nominees for Director and Continuing Directors

The following tables set forth information relating to continuing directors of Washington Federal and the nominees for election as directors.

#### Nominee for One-Year Term Expiring In 2007

Name	Age	Positions with Washington Federal and Principal Occupation During Past Five Years	Director Since(1)	Common Stock Owned Directly or Indirectly as of October 1, 2005(2)(3)	
				No.	Percentage
Thomas J. Kelley	57	Director; Faculty at Albers School of Business, Seattle University since September 2002. Former Moscow Office Managing Partner and Country Managing Partner - Audit and Business Advisory Services at ZAO Arthur Andersen, Moscow, Russia from 1997 to 2002.	2005	4,335	0.00%

#### Nominees for Three-Year Term Expiring In 2009

Name	Age	Positions with Washington Federal and Principal Occupation During Past Five Years	Director Since(1)	Common Stock Owned Directly or Indirectly as of October 1, 2005(2)(3)	
				No.	Percentage
John F. Clearman	68	Director; retired, former Chief Financial Officer of Milliman USA Inc.; former President and Chief Executive Officer of N.C. Machinery Co.; Director of Esterline Corporation.	1996	15,640	0.02%
H. Dennis Halvorson	66	Director; retired, former President and Chief Executive Officer of United Bank, a Savings Bank.	1996	23,242	0.03%
Roy M. Whitehead	53	Vice Chairman, President and Chief Executive Officer of Washington Federal.	1999	199,085(4)	0.23%

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT**

**THE NOMINEES BE ELECTED AS DIRECTORS.**

**Directors with Terms Expiring In 2007**

Name	Age	Positions with Washington	Director Since(1)	Common Stock Owned Directly or Indirectly as of October 1, 2005(2)(3)	
		Federal and Principal		No.	Percentage
		Occupation During Past Five Years			
Derek L. Chinn	57	Director; retired since September 2003, former Chairman, President and Chief Executive Officer of United Savings and Loan Bank, 2001-2003; Executive Vice President of United Savings and Loan Bank 1993-2001.	2003	256,277	0.29%
W. Alden Harris	72	Director; retired since December 1992, former Executive Vice President of Washington Federal.	1967	84,421	0.10%
Guy C. Pinkerton	71	Chairman; retired since October 2002, former President and Chief Executive Officer of Washington Federal.	1991	436,656	0.50%

**Directors with Terms Expiring In 2008**

Name	Age	Positions with Washington	Director Since(1)	Common Stock Owned Directly or Indirectly as of October 1, 2005(2)(3)	
		Federal and Principal		No.	Percentage
		Occupation During Past Five Years			
Anna C. Johnson	54	Director; Senior Partner of Scan East West Travel, a travel agency.	1995	7,559	0.01%
Thomas F. Kenney	54	Director; Vice President of Finance and Principal Financial Officer of Hagggen, Inc., a retail grocer, 1996-present.	2003	4,042	0.00%
Charles R. Richmond	66	Director; Director of Real Estate of Washington Federal since December 2000, former Executive Vice President and Secretary of Washington Federal.	1995	65,009(5)	0.07%

- (1) Includes tenure as a director of Washington Federal and its predecessors.
- (2) Pursuant to rules promulgated by the SEC under the Exchange Act, a person is considered to beneficially own shares of Common Stock if he or she has or shares: (i) voting power, which includes the power to vote or direct the voting of the shares; or (ii) investment power, which includes the power to dispose or direct the disposition of the shares.

- (3) Based on information furnished by the respective directors. The percentage of outstanding shares of Common Stock is based on the 86,933,294 shares of Common Stock issued and outstanding on October 1, 2005, plus options to purchase shares of Common Stock that are exercisable by a director prior to December 31, 2005.
- (4) Mr. Whitehead's ownership includes 16,714 shares of unvested restricted, options to purchase 94,663 shares of Common Stock exercisable prior to December 31, 2005, and 17,738 shares of Common Stock which are held pursuant to the Retirement Plan.
- (5) Mr. Richmond's ownership includes options to purchase 4,616 shares of Common Stock exercisable prior to December 31, 2005.

**Certain Executive Officers Who are Not Directors**

The following table sets forth information concerning the current executive officers of Washington Federal who are not directors and who are listed in the Summary Compensation Table under "Executive Compensation" below.

Name	Age	Positions with Washington Federal and Principal Occupation During Past Five Years	Common Stock Owned Directly or Indirectly as of October 1, 2005(1)(2)	
			No.	Percentage
Brent J. Beardall	34	Senior Vice President and Chief Financial Officer since October 2003; Vice President Finance and Controller from October 2002 to October 2003; and Controller from February 2001 until October 2003. Former Audit Manager with Deloitte & Touche from September 1998 until January 2001.	27,414(3)	0.03%
Linda S. Brower	52	Executive Vice President since October 2003; Senior Vice President from January 2003 to October 2003. Former Executive Vice President US Bank from August 1998 until November 2002.	19,128(4)	0.02%
Edwin C. Hedlund	49	Executive Vice President since July 1999, Secretary since February 2001.	113,741(5)	0.13%

Name	Age	Positions with	Common Stock Owned	
		Washington Federal and Principal Occupation During Past Five Years	Directly or Indirectly as of October 1, 2005(1)(2)	
			No.	Percentage
Jack B. Jacobson	55	Executive Vice President and Chief Lending Officer since October 2001; Senior Vice President from October 2000 to October 2001.	76,067(6)	0.09%

- (1) Pursuant to rules promulgated by the SEC under the Exchange Act, a person is considered to beneficially own shares of Common Stock if he or she has or shares: (i) voting power, which includes the power to vote or direct the voting of the shares; or (ii) investment power, which includes the power to dispose or direct the disposition of the shares.
- (2) Based on information furnished by the respective officers. The percentage of outstanding shares of Common Stock is based upon the 86,933,294 shares of Common Stock issued and outstanding on October 1, 2005, plus options to purchase shares of Common Stock that are exercisable by an executive officer prior to December 31, 2005.
- (3) Mr. Beardall's ownership includes 7,800 shares of unvested restricted stock, options to purchase 14,613 shares of Common Stock exercisable prior to December 31, 2005 and 2,865 shares of stock held in the Retirement Plan.
- (4) Ms. Brower's ownership includes 7,800 shares of unvested restricted stock, options to purchase 5,156 shares of Common Stock exercisable prior to December 31, 2005 and 2,237 shares of stock held in the Retirement Plan.
- (5) Mr. Hedlund's ownership includes 8,357 shares of unvested restricted stock, options to purchase 53,477 shares of Common Stock exercisable prior to December 31, 2005 and 20,664 shares of stock held in the Retirement Plan.
- (6) Mr. Jacobson's ownership includes 9,107 shares of unvested restricted stock, options to purchase 38,681 shares of Common Stock exercisable prior to December 31, 2005 and 11,632 shares of stock held in the Retirement Plan.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, Washington Federal's directors and executive officers and any persons holding 10% or more of the outstanding Common Stock must report their ownership of Washington Federal's securities and any changes in that ownership to the SEC by specific dates. Washington Federal believes that during the fiscal year ended September 30, 2005 all of these filing

requirements were satisfied by its directors and executive officers. In making the foregoing statement, Washington Federal has relied in part on representations of its directors and executive officers and copies of the reports that they have filed with the SEC.

### **The Board of Directors and Its Committees**

The Board of Directors of Washington Federal held a total of ten meetings during the last fiscal year. No incumbent director attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors held during his or her tenure in office during the last fiscal year or the total number of all meetings held by all committees of the Board of Directors on which he or she served during such year. Washington Federal paid its directors a \$1,200 monthly retainer plus \$1,000 for each meeting attended during the last year. The chairman of the Audit Committee is paid an additional \$200 per month. Messrs. Hanson, Mersereau and Reed, former directors who currently serve as directors emeriti, also receive the \$1,200 monthly retainer. Directors were paid \$500 (committee chairmen were paid \$900) for each committee meeting attended during the last year, other than short meetings held in conjunction with regularly scheduled board meetings. Although Washington Federal does not have a formal policy regarding attendance by directors at annual meetings of stockholders, directors are encouraged to attend such meetings. All directors of Washington Federal attended last year's annual meeting of stockholders.

The Board of Directors has established various committees, including an Executive Committee, an Audit Committee, a Nominating Committee and a Personnel and Stock Compensation Committee. The Board of Directors has affirmatively determined that a majority of the Washington Federal directors are independent. The current independent directors are Ms. Johnson and Messrs. Chinn, Clearman, Halvorson, Harris, Kelley and Kenney. The Board of Directors also has affirmatively determined that each member of the Audit Committee, Personnel and Stock Compensation Committee and the Nominating Committee of the Board of Directors is independent within the meaning of applicable laws and regulations and the listing requirements of the Nasdaq Stock Market, Inc.

The Board of Directors selects certain members to serve on its Executive Committee. The present Executive Committee consists of Messrs. Pinkerton (Chairman), Clearman, Harris and Whitehead. The Executive Committee is authorized to exercise all the authority of the Board of Directors in the management of Washington Federal between board meetings unless otherwise provided by the Bylaws of Washington Federal. The Executive Committee met once during the last fiscal year.

The Board of Directors has a standing Audit Committee with a written charter. The Audit Committee consists of Messrs. Clearman (Chairman), Kelley and Kenney. The Board has determined that Mr. Clearman is an audit committee financial expert, as defined by SEC regulation. The Audit Committee met on four occasions during the last fiscal year. The Audit Committee's primary responsibilities include review of all financial reports, oversight of the internal audit function, appointment of independent auditors, pre-approval of all services performed by the independent registered public accountants and review of all related party transactions.

#### **Report of the Audit Committee**

*The following Report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating this Proxy Statement into any filing under the Securities Act of 1933 ( Securities Act ), or under the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Securities Act or the Exchange Act.*

The Audit Committee has reviewed and discussed the audited financial statements with management. The Audit Committee has discussed with the independent registered public accountants the matters required to be discussed by Statement of Auditing Standards No. 61, Communication with Audit Committees, as may be modified or supplemented. The Audit Committee has received the written disclosures and the letter from the independent registered public accountants required by Independence Standards Board Standard No. 1, as may be modified or supplemented, and has discussed with the independent registered public accountants their independence. Based on the review and discussions referred to above in this report, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year for filing with the SEC.

AUDIT COMMITTEE

John F. Clearman, Chairman

Thomas J. Kelley

Thomas F. Kenney



The Board of Directors has a standing Personnel and Stock Compensation Committee (the Committee). The Committee consists of Messrs. Harris (Chairman), Chinn and Halvorson and Ms. Johnson. No member of the Committee has served as an officer or an employee of Washington Federal or Washington Federal Savings during the past five years. The Committee studies personnel and compensation recommendations made by the Chief Executive Officer and makes recommendations to the Board of Directors. Further, the Committee is authorized to act under Washington Federal's stock benefit plans to grant stock options, stock appreciation rights and restricted shares. The Committee met twice during the last fiscal year.

The Board of Directors has appointed three of its members to serve as a Nominating Committee in connection with the election of directors. For the present Annual Meeting, the Board of Directors appointed Ms. Johnson (Chairman) and Messrs. Clearman and Harris to serve on the Nominating Committee. The Nominating Committee met once during the last fiscal year. The primary responsibilities of the Nominating Committee are to evaluate and make recommendations to the Board of Directors for the election of directors. The Nominating Committee operates pursuant to a written charter approved by the Board of Directors, which is available at Washington Federal's website at [www.washingtonfederal.com](http://www.washingtonfederal.com).

### **Selection of Nominees for the Board**

The Nominating Committee considers candidates for director suggested by its members and other directors of Washington Federal, as well as management and stockholders. The Nominating Committee also may solicit prospective nominees. Nominees for election as director also may be obtained in connection with acquisitions by Washington Federal. A stockholder who desires to recommend a prospective nominee for the Board of Directors should notify Washington Federal's Secretary or any member of the Nominating Committee in writing with whatever supporting material the stockholder considers appropriate. The Nominating Committee also considers whether to nominate any person nominated pursuant to the provision of Washington Federal's Bylaws relating to stockholder nominations, which is described under - Stockholder Nominations below. The Nominating Committee has the authority to retain a third-party search firm to identify or evaluate, or assist in identifying and evaluating, potential nominees if it so desires, although it has not done so to date.

### **Director Qualifications**

In making recommendations for nominees to the Board of Directors, the Nominating Committee reviews and considers the qualifications, strengths and

abilities of the potential candidates for nomination, including new candidates that may be identified from time to time through the Company's internal search and review procedures or as a result of stockholder recommendations. In deciding whether to recommend the re-nomination of incumbent directors whose term is expiring at an upcoming meeting or the nomination of new directors who previously served as officers of Washington Federal, the Nominating Committee considers their prior performance as directors and officers of the Company in addition to the candidates' other qualifications. For new candidates, the review process may require additional evaluation and consideration.

The Nominating Committee works with the Board of Directors on an ongoing basis in identifying the particular qualities and abilities that Washington Federal seeks in its directors generally, and the mix of experience, expertise and attributes, that are sought or required for the Board as a whole. Desirable personal qualities include integrity, business acumen and industry knowledge. All candidates for nomination are evaluated against these target qualities and attributes, as well as the Board of Directors' particular needs at the time.

### **Stockholder Nominations**

Pursuant to Article IV, Section 4.15 of Washington Federal's Bylaws, stockholders of Washington Federal may nominate persons for election to the Board of Directors by submitting such written nominations to the Secretary of Washington Federal at least ninety (90) days prior to the anniversary date of the mailing of proxy materials by Washington Federal in connection with the immediately preceding Annual Meeting of Stockholders of Washington Federal. Such stockholder's notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of Washington Federal entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; and (e) the consent of each nominee to serve as a director of Washington Federal, if elected. If a nomination is made in accordance with applicable requirements, then ballots will be provided for use by stockholders at the stockholder meeting bearing the name of such nominee or nominees. No nominations for election as a director at the Annual Meeting were submitted to Washington Federal in accordance with the foregoing requirements.

**Communications with the Board of Directors**

Stockholders who wish to communicate with the Board of Directors may do so by sending written communications to the following address: Board of Directors-Stockholder Communications, c/o Secretary, 425 Pike Street, Seattle, Washington 98101. The Corporate Secretary will forward such communications to the director or directors to whom they are addressed.

**Code of Conduct and Ethics**

Washington Federal maintains a Director and Employee Code of Ethics that covers all directors, officers and employees of Washington Federal and its subsidiaries. The Code of Ethics requires, among other things, that the directors, officers and employees exhibit and promote the highest standards of honest and ethical conduct; avoid conflicts of interest; comply with laws, rules and regulations; and otherwise act in the best interest of Washington Federal. In addition, Washington Federal maintains a separate Code of Ethics for Senior Financial Officers that imposes specific standards of conduct on persons with financial reporting responsibilities at Washington Federal. Each senior financial officer of Washington Federal is required to annually certify in writing his or her compliance during the prior year with the Code of Ethics for Senior Financial Officers. A copy of the Director and Employee Code of Ethics and Code of Ethics for Senior Financial Officers can be viewed on Washington Federal's website at [www.washingtonfederal.com](http://www.washingtonfederal.com).

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth a summary of certain information concerning the compensation awarded or paid by or on behalf of Washington Federal for services rendered in all capacities during the last three fiscal years to the Chief Executive Officer and the top four other executives of Washington Federal whose total compensation during the last fiscal year exceeded \$100,000 (the Named Executives ).

Name and Principal Position During Fiscal 2005	Fiscal Year	Annual Compensation			Long-Term Compensation			
		Salary(1)	Bonus(2)	Other Annual Compensation(3)	Awards		Payouts	
					Restricted Stock Awards(4)	Options(#)	LTIP Payouts	All Other Compensation(5)
Roy M. Whitehead Vice-Chairman, President and Chief Executive Officer	2005	\$ 360,600	\$ 24,815	0	0	0	0	\$51,135
	2004	323,325	0	0	7,000(6)	40,000	0	63,090
	2003	312,450	32,387	0	7,000(6)	0	0	34,188
Brent J. Beardall Senior Vice President and Chief Financial Officer	2005	\$ 133,500	\$ 8,684	0	5,000(7)	0	0	\$16,303
	2004	114,750	0	0	3,500(7)	15,000	0	13,186
	2003	97,500	9,855	0	0	0	0	10,560
Linda S. Brower Executive Vice President	2005	\$ 136,500	\$ 9,014	0	5,000(8)	0	0	\$19,019
	2004	127,800	0	0	3,500(8)	15,000	0	14,737
	2003	84,037	1,613	0	0	14,000	0	6,076
Edwin C. Hedlund Executive Vice President and Secretary	2005	\$ 206,700	\$ 14,058	0	0			
	2004	199,350	0	0				
	2003	194,850	20,115	0				