

WASHINGTON FEDERAL INC
Form DEF 14A
December 11, 2009

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.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

425 PIKE STREET

SEATTLE, WASHINGTON 98101-2334

(206) 624-7930

December 11, 2009

Dear Stockholder:

You are invited to attend our Annual Meeting of Stockholders to be held on Wednesday, January 20, 2010 at 2:00 p.m., Pacific Time, at The Seattle Sheraton Hotel, 6th & Pike, Seattle, Washington.

We hope that you will attend the meeting in person, but even if you are planning to come, we strongly encourage you to designate the proxies named on the proxy card to vote your shares. This will ensure that your common stock is represented at the meeting. The proxy statement explains more about proxy voting. Please read it carefully. We look forward to your participation.

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

Sincerely,

Roy M. Whitehead

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 20, 2010

NOTICE IS HEREBY GIVEN that an Annual Meeting of Stockholders of Washington Federal, Inc. (Washington Federal) will be held at The Seattle Sheraton Hotel, 6th & Pike, Seattle, Washington, on Wednesday, January 20, 2010, at 2:00 p.m., Pacific Time, for the following purposes:

1. To elect three directors for a three-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 2010; and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The proposal for the election of directors relates solely to the election of three (3) directors nominated by the Board of Directors and does not include any other matters relating to the election of directors, including, without limitation, the election of directors nominated by any stockholder of the Company.

The Board of Directors of Washington Federal has fixed November 27, 2009 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 11, 2009

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.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JANUARY 20, 2010

This Proxy Statement relating to the 2010 Annual Meeting of Stockholders and the Annual Report to Stockholders for the year ended September 30, 2009 are available for viewing, printing and downloading at www.washingtonfederal.com.

WASHINGTON FEDERAL, INC.

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

January 20, 2010

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 The Seattle Sheraton Hotel, 6th & Pike, Seattle, Washington, on Wednesday January 20, 2010, at 2:00 p.m., Pacific Time, 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 11, 2009.

The proxy solicited hereby, if properly signed and returned and not revoked prior to its use, will be voted in accordance with the instructions provided. If no instructions are 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 2010 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. Other than the matters listed on the attached Notice of Annual Meeting of Stockholders, the Board of Directors knows of no additional matters that will be presented for consideration at the Annual Meeting.

Any stockholder giving a proxy has the power to revoke it at any time before it is exercised by: (i) filing written notice 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 Annual Meeting and notifying the Secretary of his or her intention to vote in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Proxies solicited hereby may be exercised only at the Annual Meeting and any adjournment thereof and will not be used for any other meeting.

The Company's fiscal year end is September 30. All references to 2009 and 2008 represent amounts as of September 30, 2009 and September 30, 2008, or activity for the fiscal years then ended, respectively.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Voting Securities

Only stockholders of record at the close of business on November 27, 2009 (the Voting Record Date) will be entitled to vote at the Annual Meeting. On the Voting Record Date, 112,379,300 shares of Common Stock were issued and outstanding 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. A majority of the votes entitled to be cast by stockholders on a matter represented in person or by proxy is necessary to constitute a quorum.

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 and broker non-votes 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.

Banks, brokers or other nominees who hold shares of our common stock for a beneficial owner have the discretion to vote on routine proposals when they have not received voting instructions from the beneficial owner of the shares at least ten days prior to the Annual Meeting. A broker non-vote occurs when a bank, broker or other nominee does not receive voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting.

If you are a beneficial owner and you do not provide the bank, broker or other nominee that holds your shares with voting instructions, the bank, broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Banks, brokers and other nominees have the discretion to vote on routine matters, such as the ratification of the selection of our independent registered public accounting firm (Proposal 2), but do not have discretion to vote on non-routine matters

such as the election of directors (Proposal 1). Therefore, if you do not provide voting instructions to your bank, broker or other nominee, your bank, broker or other nominee may only vote your shares on Proposal 2 and any other routine matters properly presented for a vote at the Annual Meeting. A broker non-vote will not affect the outcome of the vote on either Proposal 1 or Proposal 2.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of October 1, 2009 with respect to: any person or entity known by Washington Federal to be the beneficial owner of 5% or more of the issued and outstanding Common Stock.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percentage Ownership</u>
Fidelity Management & Research 82 Devonshire Street Boston, Massachusetts	7,744,830(2)	6.90%
Perkins Investment Management LLC 311 S. Wacker Dr. Suite 6000 Chicago, Illinois	6,389,283(3)	5.69%

- (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. Shares of Common Stock subject to options currently exercisable or exercisable within 60 days after October 1, 2009 are considered outstanding for the purpose of computing the percentage ownership of the person holding such options, but are not considered outstanding when computing the percentage ownership of each other person. Except as indicated in the footnotes to this table, each stockholder named in the table has sole voting and investment power for the shares shown as beneficially owned by them.
- (2) As disclosed on form 13F filed with the SEC, Fidelity Management & Research has sole power to vote 7,744,830 shares and sole power to dispose of 7,744,830 shares.
- (3) As disclosed on form 13F filed with the SEC, Perkins Investment Management LLC has sole power to vote 6,389,283 shares and sole power to dispose of 6,389,283 shares.

The following table sets forth information regarding the beneficial ownership by shares of Common Stock by each of the (i) directors, (ii) executive officers named in the Summary Compensation Table, and (iii) all directors and executive officers as a group.

Name	Title	Number of Shares of Common Stock Owned Directly or Indirectly as of October 1, 2009(1)(2)	Percentage Ownership
Derek L. Chinn	Director	224,777	*
Thomas J. Kelley	Director	11,185	*
Barbara L. Smith	Director	3,000	*
Anna C. Johnson	Director	15,190	*
Thomas F. Kenney	Director	12,442	*
Charles R. Richmond	Director	59,670(3)	*
John F. Clearman	Director	15,640	*
James J. Doud, Jr.	Director	9,927	*
H. Dennis Halvorson	Director	23,246	*
Roy M. Whitehead	Chairman, President and Chief Executive Officer	233,169(4)	*
Brent J. Beardall	Executive Vice President and Chief Financial Officer	72,746(5)	*
Linda S. Brower	Executive Vice President	64,055(6)	*
Edwin C. Hedlund	Executive Vice President and Secretary	143,650(7)	*
Jack B. Jacobson	Executive Vice President	108,686(8)	*
All Directors and Executive Officers as a group (16 persons)		1,014,649(9)	*

* Less than one percent

(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. Shares of Common Stock subject to options currently exercisable or exercisable within 60 days after October 1, 2009 are considered outstanding for the purpose of computing the percentage ownership of the person holding such options, but are not considered outstanding when computing the percentage ownership of each other person. Except as indicated in the footnotes to this table, each stockholder named in the table below has sole voting and investment power for the shares shown as beneficially owned by them. Unless otherwise specified, the address for each director or executive officer is care of the Company at its principal office.

- (2) Based on information furnished by the respective directors and executive officers. The percentage of outstanding shares of Common Stock is based on the 112,250,748 shares of Common Stock issued and outstanding on October 1, 2009, plus options to purchase shares of Common Stock that are exercisable by a director prior to November 29, 2009.
- (3) Mr. Richmond's ownership includes options to purchase 20,492 shares of Common Stock.
- (4) Mr. Whitehead's ownership includes 23,000 shares of unvested restricted Common Stock, options to purchase 104,747 shares of Common Stock and 17,738 shares of Common Stock that are held in the Retirement Plan.
- (5) Mr. Beardall's ownership includes 14,143 shares of unvested restricted Common Stock, options to purchase 38,109 shares of Common Stock, and 9,198 shares of Common Stock held in the Retirement Plan.
- (6) Ms. Brower's ownership includes 14,143 shares of unvested restricted Common Stock, options to purchase 29,044 shares of Common Stock, and 7,776 shares of Common Stock held in the Retirement Plan. As noted previously, Ms. Brower, as trustee of the Retirement Plan, may be deemed to beneficially own the shares held by the Plan that are not included in the table other than to the extent of Ms. Brower's interest in the Retirement Plan.
- (7) Mr. Hedlund's ownership includes 11,500 shares of unvested restricted Common Stock, options to purchase 65,107 shares of Common Stock, and 26,943 shares of Common Stock held in the Retirement Plan.
- (8) Mr. Jacobson's ownership includes 11,500 shares of unvested restricted Common Stock, options to purchase 51,322 shares of Common Stock, and 19,610 shares of Common Stock held in the Retirement Plan.
- (9) The percentage of outstanding shares of Common Stock is based on the shares of Common Stock issued and outstanding on October 1, 2009, plus options to purchase 308,821 shares of Common Stock that are exercisable by current and former executive officers as a group prior to November 29, 2009. Includes an aggregate of 81,764 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 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 vested balances 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.

PROPOSAL ONE: ELECTION OF DIRECTOR NOMINEES

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 term and until their successors are elected and qualified. The Board of Directors, upon the recommendation of the Nominating Committee, has nominated Derek L. Chinn, Thomas J. Kelley and Barbara L. Smith to a three-year term. Each of the nominees 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.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS

A VOTE *FOR* THE DIRECTOR NOMINEES LISTED BELOW

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.

Nominees for Three-Year Term Expiring In 2013

Name	Age	Positions with Washington		Director Since
		Federal and Principal		
		Occupation During Past Five Years		
Derek L. Chinn	61	Director; retired since September 2003, former Chairman, President and Chief Executive Officer of United Savings and Loan Bank.		2003
Thomas J. Kelley	61	Director; Faculty at Albers School of Business, Seattle University since September 2002. Former Moscow Office Managing Partner Arthur Andersen.		2005
Barbara L. Smith	60	Director; Owner Barbara Smith Consulting.		2007

Directors with Terms Expiring In 2011

Name	Age	Positions with Washington		Director Since
		Federal and Principal		
		Occupation During Past Five Years		
Anna C. Johnson	58	Director; Senior Partner of Scan East West Travel, a travel agency.		1995
Thomas F. Kenney	58	Director; Vice President of Finance and Principal Financial Officer of Haggen, Inc., a retail grocer, 1996 – present.		2003
Charles R. Richmond	70	Director; Director of Real Estate of Washington Federal since December 2002, former Executive Vice President and Secretary of Washington Federal.		1995

Directors with Terms Expiring In 2012**Positions with Washington****Federal and Principal****Occupation During Past**

Name	Age	Five Years	Director Since
John F. Clearman	72	Director; retired, former Chief Financial Officer of Milliman USA Inc.; former President and Chief Executive Officer of N.C. Machinery Co.	1996
James J. Doud, Jr.	71	Director; Business Consultant, former Executive Vice President and Chief Operating Officer of Matthew G. Norton Co.	2008
H. Dennis Halvorson	70	Director; retired, former President and Chief Executive Officer of United Bank, a Savings Bank.	1996
Roy M. Whitehead	57	Chairman, President and Chief Executive Officer of Washington Federal.	1999

Executive Officers

The following table sets forth information concerning the current executive officers of Washington Federal. Executive officers of the Company are elected by the Board of Directors on an annual basis and serve until their successors have been duly elected and qualified.

Positions with Washington**Federal and Principal****Occupation During Past
Five Years**

Name	Age	Five Years
Brent J. Beardall	38	Executive Vice President and Chief Financial Officer since October 2007; Senior Vice President and Chief Financial Officer from October 2003 to October 2007.
Linda S. Brower	56	Executive Vice President since 2003.
Rick J. Collette	62	Executive Vice President since February 2008; Executive Vice President with First Mutual Bank from February 2001 to February 2008
Edwin C. Hedlund	53	Executive Vice President and Secretary since 1999.
Jack B. Jacobson	59	Executive Vice President since 2001.
Mark A. Schoonover	51	Executive Vice President and Chief Credit Officer since March 2008; Senior Vice President & Chief Credit Officer from October 2007 to March 2008; Chief Credit Officer with Cobalt Mortgage from January 2006 to August 2007; and Senior Vice President with Washington Mutual from April 1999 to August 2005.

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, 2009 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.

CORPORATE GOVERNANCE

The Board of Directors and Its Committees

The Board of Directors of Washington Federal held a total of thirteen 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. Although Washington Federal does not have a formal policy regarding attendance by directors at annual meetings of stockholders, directors are expected to attend such meetings. At the 2009 Annual Meeting all directors were present.

The Board of Directors has established various committees, including an Executive Committee, an Audit Committee, a Nominating Committee, a Compliance Committee and a Compensation Committee. The Board of Directors has affirmatively determined that a majority of the Washington Federal directors are independent pursuant to the listing requirements of the Nasdaq Stock Market LLC (NASDAQ). The current independent directors are Mr. Halvorson, our Lead Independent Director, Ms. Johnson, Ms. Smith and Messrs. Chinn, Clearman, Doud, Kelley and Kenney. The Lead Independent Director coordinates the activities of the non-management directors and acts as the principal liaison between the independent directors of the Board and the Chairman of the Board. The independent directors held two regularly scheduled executive sessions during the past fiscal year. The Board of Directors also has affirmatively determined that each member of the Audit Committee, 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 NASDAQ.

The Board of Directors selects certain members to serve on its Executive Committee. The present Executive Committee consists of Messrs. Whitehead, Chairman, Clearman, Halvorson and Richmond. 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 did not meet during the last fiscal year.

The Board of Directors has a standing Audit Committee with a written charter. A copy of the Audit Committee Charter is available on Washington Federal's website at www.washingtonfederal.com. The Audit Committee consists of Messrs. Clearman, Chairman, Kelley and Kenney. The Board has determined that Chairman Clearman as well as Messrs. Kenney and Kelley are audit committee financial experts, as defined by SEC regulation. The Audit Committee met on seven 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.

The Board of Directors has a standing Compensation Committee consisting of Mr. Halvorson, Chairman, Mr. Chinn, Ms. Johnson and Ms. Smith. No member of the Compensation Committee has served as an officer or an employee of Washington Federal or Washington Federal Savings during the past five years. The Compensation Committee studies personnel and compensation recommendations made by the Chief Executive Officer and makes recommendations to the Board of Directors. Further, the Compensation Committee is authorized to act under Washington Federal's stock benefit plans to grant stock options and restricted shares. The Compensation Committee met twice during the last fiscal year. The Compensation Committee does not have a written charter.

The Board of Directors has appointed three of its members to serve as a Nominating Committee in connection with the election of directors. The Nominating Committee has a written charter which is available on Washington Federal's website at www.washingtonfederal.com. For the present Annual Meeting, the Board of Directors appointed Ms. Johnson, Chairman, and Messrs. Clearman, Chinn and Doud 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 Board of Directors has appointed three of its members to serve as a Compliance Committee. The Board of Directors appointed Mr. Kelley, Chairman, Mr. Richmond and Ms. Smith to serve on the Compliance Committee. The Compliance Committee met once during the last fiscal year. The primary responsibility of the Compliance Committee is to ensure compliance with all applicable laws and regulations.

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. In addition, nominees for election as director 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 an incumbent director 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. The Secretary of the Company will promptly forward any such nominations to the Nominating Committee. 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. Once the Nominating Committee receives the nomination of a candidate and the candidate has complied with the minimum procedural requirements set forth in the Company's Bylaws, such candidacy will be evaluated and a recommendation with respect to such candidate will be delivered to the Board of Directors. 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

The Board of Directors provides to every stockholder the ability to communicate with the Board of Directors as a whole and with individual directors on the Board of Directors. Stockholders who wish to do so may send written communications to the following address: Board of Directors-Stockholder Communications, c/o Corporate 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, including its Chief Executive Officer and Chief Financial Officer, 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.

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 for the fiscal year ended September 30, 2009 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 and Rule 2-07 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

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

Washington Federal's Board of Directors approves all policies that govern executive compensation, which are then administered by the Compensation Committee, including the following activities:

Establishing and reviewing executive base salaries;

Overseeing Washington Federal's annual incentive compensation plan;

Overseeing Washington Federal's long-term equity-based compensation plans;

Approving all bonuses and awards distributed under these plans; and

Reviewing all compensation decisions for executive officers with the Board of Directors, including those for the Chief Executive Officer and the other officers named in the Summary Compensation Table on page 23 (referred to as the "Named Executive Officers").

On behalf of the Board of Directors, the Compensation Committee seeks to assure that compensation paid to the named executive officers is fair, reasonable and competitive, and is linked to protecting and increasing stockholder value.

Executive Compensation Philosophy

Maintaining an effective executive compensation and benefits program is deemed important to advancing the financial performance of Washington Federal. The following core principles are used to guide decisions regarding these programs:

The interests of executives should be aligned with those of the Company's stockholders through potential stock ownership;

Rewards should be linked to company-wide and individual performance;

Incentives are to be provided to promote the achievement of successful annual results as a step toward fulfilling long-term operating goals and strategic objectives;

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The structure of executive officers' compensation should align with short-term and long-term goals and objectives;

Executive compensation must be sufficient to ensure that the Company is able to attract, retain and motivate top performing executive officers; and

Executive compensation should be perceived to be fair by all parties with interests in the Company's success.

The Board of Directors and its Compensation Committee of Washington Federal believe that implementing an executive compensation and benefits program that is

focused on achieving these core principles will benefit the Company, and ultimately its stockholders, by helping attract and retain highly qualified and industry-experienced executives.

To balance objectives, the Board of Directors and its Compensation Committee have determined that the Company's executive compensation program should use the following elements:

Base salary, to provide a fixed compensation level sufficient to attract and retain qualified executives;

An annual incentive compensation plan, to reward short-term performance against specific financial targets;

A long-term equity incentive compensation program to link management incentives to stockholder return;

Retirement benefits to provide security and to reward executive officers for their contribution to the Company's success over the course of their careers; and

Other benefits, including perquisites, necessary to maintain a healthy, motivated leadership team and to enable the productivity of executive officers.

Role of the Compensation Committee