

WASHINGTON FEDERAL INC
Form S-4
August 10, 2007
Table of Contents

As filed with the Securities and Exchange Commission on August 10, 2007

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

WASHINGTON FEDERAL, INC.

(Exact name of Registrant as specified in its charter)

Washington (State or other jurisdiction of incorporation or organization)	6035 (Primary Standard Industrial Classification Code No.) 425 Pike Street	91-1661606 (I.R.S. Employer Identification No.)
--	--	--

Seattle, Washington 98101

(206) 624-7930

(Address, including zip code and telephone number, including area code, of Registrant's principal executive offices)

Roy M. Whitehead

President and Chief Executive Officer

Washington Federal, Inc.

425 Pike Street

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Seattle, Washington 98101

(Name, address, including zip code, and telephone number, including area code, of agent for service)

with a copy to:

Norman B. Antin, Esq.

Robert J. Diercks, Esq.

Jeffrey D. Haas, Esq.

Foster Pepper PLLC

Patton Boggs LLP

1111 Third Avenue, Suite 3400

2550 M Street, NW

Seattle, Washington 98101

Washington, DC 20037

Approximate date of commencement of proposed sale to the public: Upon consummation of the merger described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share or Unit(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, par value \$1.00 per share	3,973,852	N/A	\$81,919,521	\$2,515

- (1) Based upon an estimate of the maximum number of shares of common stock of Washington Federal, Inc. (Washington Federal) to be issued pursuant to the Agreement and Plan of Merger, dated as of July 2, 2007, between Washington Federal and First Mutual Bancshares, Inc. (First Mutual), based on (i) 6,695,622 shares of First Mutual stock outstanding, (ii) an assumed exchange ratio of 1.187 shares of Washington Federal common stock for each share of First Mutual common stock (which assumes an average closing price of \$22.78 per share of Washington Federal common stock) and (iii) the exchange and cancellation of 50% (3,347,811 shares) of such outstanding shares of First Mutual common stock for Washington Federal common stock at such exchange ratio.
- (2) Pursuant to Rules 475(c) and 457(f) under the Securities Act of 1933, as amended, the registration fee is based on the average of the high and low prices for a share of common stock of First Mutual as reported by the Nasdaq Stock Market on August 7, 2007 (\$25.75) multiplied by the number of shares of common stock of First Mutual to be exchanged in the merger (6,695,622) less the amount of cash to be paid by Washington Federal for such shares in the merger (\$90,492,746).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Information contained in this document is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

DATED AUGUST 10, 2007, SUBJECT TO COMPLETION

FIRST MUTUAL BANCSHARES, INC.

400 108th Avenue, N.E.

Bellevue, Washington 98004

(425) 455-7300

, 2007

Dear First Mutual shareholders:

You are cordially invited to attend a special meeting of shareholders of First Mutual Bancshares, Inc. to be held at .m., Pacific Time, on , 2007 at . At the special meeting, you will be asked to consider and vote upon a proposal to approve an agreement and plan of merger pursuant to which First Mutual will be merged with and into Washington Federal, Inc.

If the merger agreement is approved and the merger is subsequently completed, each outstanding share of First Mutual common stock will be converted into the right to receive:

a cash amount equal to \$180,985,491 divided by the number of shares of First Mutual common stock outstanding immediately prior to the closing of the merger, which is referred to as the per share cash consideration ; or

a number of whole shares of common stock of Washington Federal, Inc., determined by dividing the per share cash consideration by the average closing price of Washington Federal common stock during a specified period preceding the merger, plus cash in lieu of any fractional share interest.

As of , 2007, there were 6,695,622 shares of First Mutual common stock outstanding, which would calculate to a per share cash consideration of approximately \$27.03.

You will have the opportunity to elect to receive all cash, all stock or a combination of cash and stock for your shares of First Mutual common stock. However, the form of consideration that you choose is subject to allocation procedures set forth in the merger agreement which are intended to ensure that 50% of the aggregate value of the merger consideration is paid in the form of shares of Washington Federal common stock, with the remaining merger consideration to be paid in cash.

In addition, under certain circumstances, Washington Federal may, in its sole discretion, elect to revise the merger consideration so that each outstanding share of First Mutual common stock will be converted into the right to receive solely the cash consideration regardless of the election of stock or cash consideration by First Mutual shareholders.

The Washington Federal common stock is traded on the Nasdaq Global Select Market under the symbol WFSL. On , 2007, the closing sale price of a share of Washington Federal common stock was \$.

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The merger cannot be completed unless the holders of two-thirds of the outstanding shares of First Mutual common stock vote in favor of approval of the merger agreement at the special meeting.

Based on our reasons for the merger described in the accompanying document, including the fairness opinion issued by our financial advisor, Keefe, Bruyette & Woods, Inc., our board of directors believes that the merger is fair to you and in your best interests. **Accordingly, our board of directors unanimously recommends that you vote FOR approval of the merger agreement.**

The accompanying document gives you detailed information about the special meeting, the merger and related matters. **We urge you to read this entire document carefully, including the considerations discussed under Risk Factors, beginning on page 16, and the annexes to the accompanying document, which include the merger agreement.**

Your vote is very important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card or by following the instructions to vote via the Internet or by telephone indicated on the proxy card.

We appreciate your continuing loyalty and support, and we look forward to seeing you at the special meeting.

Sincerely,

John R. Valaas

President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Washington Federal common stock to be issued in the merger or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense. The shares of Washington Federal common stock are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by any federal or state governmental agency.

This proxy statement/prospectus is dated _____, 2007 and was first mailed to shareholders of First Mutual on or about _____, 2007

Table of Contents

FIRST MUTUAL BANCSHARES, INC. 400 108th Avenue, N.E.

Bellevue, Washington 98004

(206) 455-7300

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS To Be Held on _____, 2007

To the shareholders of First Mutual Bancshares, Inc.:

We will hold a special meeting of shareholders of First Mutual Bancshares, Inc. at _____ .m., Pacific Time, on _____, 2007, at _____, for the following purposes:

1. to consider and vote upon a proposal to approve an agreement and plan of merger, dated as of July 2, 2007, between Washington Federal, Inc. and First Mutual, as described in the attached document;
2. to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement; and
3. to transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

We have fixed the close of business on _____, 2007 as the record date for the determination of shareholders entitled to notice of and to vote at the special meeting. Only holders of First Mutual common stock of record at the close of business on that date will be entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting.

Our board of directors has determined that the merger agreement is in the best interests of First Mutual and its shareholders and unanimously recommends that shareholders vote FOR approval of the merger agreement.

Holders of First Mutual common stock have the right to dissent from the merger and assert dissenters' rights, provided the proper procedures of Chapter 23B.13 of the Washington Business Corporation Act are followed. A copy of Chapter 23B.13 of the Washington Business Corporation Act is attached as Annex C to the proxy statement/prospectus that accompanies this notice.

Your vote is very important. Whether or not you plan to attend the special meeting or vote via the Internet or by telephone, please promptly complete, sign, date and return your proxy card in the enclosed envelope.

By Order of the Board of Directors

John R. Valaas

President and Chief Executive Officer

Bellevue, Washington

_____, 2007

Table of Contents

REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about Washington Federal and First Mutual from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document but not otherwise accompanying this document by requesting them in writing or by telephone from Washington Federal or First Mutual as follows:

Washington Federal, Inc.	First Mutual Bancshares, Inc.
425 Pike Street	400 108th Avenue, N.E.
Seattle, Washington 98101	Bellevue, Washington 98004
Attention: Edwin C. Hedlund	Attention: Janine Berryman Janine.Berryman@firstmutual.com
(206) 624-7930	(425) 455-7300

You will not be charged for any of these documents that you request. If you would like to request documents, please do so by _____, 2007 in order to receive them before the special meeting.

For additional information regarding where you can find information about Washington Federal and First Mutual, please see [Where You Can Find More Information](#) beginning on page 69.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>REFERENCES TO ADDITIONAL INFORMATION</u>	i
<u>QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND MERGER</u>	1
<u>SUMMARY</u>	4
<u>SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA</u>	12
<u>UNAUDITED COMPARATIVE PER SHARE DATA</u>	15
<u>RISK FACTORS</u>	16
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	18
<u>GENERAL INFORMATION</u>	19
<u>THE SPECIAL MEETING</u>	19
<u>Time, Date and Place</u>	19
<u>Matters to be Considered</u>	19
<u>Shares Outstanding and Entitled to Vote; Record Date</u>	20
<u>How to Vote Your Shares</u>	20
<u>Votes Required</u>	20
<u>Solicitation of Proxies</u>	21
<u>Recommendation of the First Mutual Board of Directors</u>	21
<u>THE MERGER (PROPOSAL ONE)</u>	22
<u>General</u>	22
<u>Background of the Merger</u>	22
<u>First Mutual's Reasons for the Merger</u>	25
<u>Washington Federal's Reasons for the Merger</u>	26
<u>Opinion of First Mutual's Financial Advisor</u>	26
<u>Merger Consideration and Election and Exchange Procedures</u>	32
<u>Procedures for Exchanging of First Mutual Common Stock Certificates</u>	35
<u>Payment and Termination of First Mutual Stock Options</u>	35
<u>Conditions to the Merger</u>	36
<u>Regulatory Approvals</u>	37
<u>Business Pending the Merger</u>	39
<u>Board of Directors' Covenant to Recommend the Merger Agreement</u>	41
<u>No Solicitation</u>	42
<u>Representations and Warranties of the Parties</u>	43
<u>Effective Time of the Merger</u>	44
<u>Amendment of the Merger Agreement</u>	44
<u>Termination of the Merger Agreement</u>	44
<u>Termination Fee</u>	45
<u>Interests of Certain Persons in the Merger</u>	46
<u>Certain Employee Matters</u>	48
<u>Resale of Washington Federal Common Stock</u>	49
<u>Material Federal Income Tax Consequences</u>	50
<u>Accounting Treatment of the Merger</u>	53
<u>Expenses of the Merger</u>	53
<u>Listing of the Washington Federal Common Stock</u>	53
<u>Shareholder Agreements</u>	53
<u>Dissenters' Rights</u>	54
<u>MARKET FOR COMMON STOCK AND DIVIDENDS</u>	58
<u>INFORMATION ABOUT WASHINGTON FEDERAL</u>	59
<u>General</u>	59
<u>Management and Additional Information</u>	59

Table of Contents

<u>INFORMATION ABOUT FIRST MUTUAL</u>	60
<u>General</u>	60
<u>Management and Additional Information</u>	60
<u>CERTAIN BENEFICIAL OWNERSHIP OF FIRST MUTUAL COMMON STOCK</u>	61
<u>DESCRIPTION OF WASHINGTON FEDERAL CAPITAL STOCK</u>	62
<u>Washington Federal Common Stock</u>	62
<u>Washington Federal Preferred Stock</u>	62
<u>Transfer Agent</u>	63
<u>COMPARISON OF THE RIGHTS OF SHAREHOLDERS</u>	63
<u>Authorized Capital Stock</u>	63
<u>Issuance of Capital Stock</u>	64
<u>Voting Rights</u>	64
<u>Number and Election of Directors</u>	64
<u>Removal of Directors</u>	65
<u>Vacancies of Directors</u>	65
<u>Indemnification and Limitation of Liability</u>	65
<u>Amendments to Articles of Incorporation and Bylaws</u>	66
<u>Notice of Shareholder Meetings</u>	66
<u>Special Meetings of Shareholders</u>	67
<u>Shareholder Nominations and Shareholder Proposals</u>	67
<u>Transactions With Interested Persons</u>	67
<u>Shareholders' Right of Dissent and Appraisal</u>	68
<u>ADJOURNMENT OF THE SPECIAL MEETING (PROPOSAL TWO)</u>	68
<u>LEGAL OPINION</u>	68
<u>EXPERTS</u>	69
<u>PROPOSALS FOR THE 2008 ANNUAL MEETING</u>	69
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	69
ANNEX A <u>Agreement and Plan of Merger, dated as of July 2, 2007, between Washington Federal, Inc. and First Mutual Bancshares, Inc.</u>	A-1
ANNEX B <u>Opinion of Keefe, Bruyette & Woods, Inc.</u>	B-1
ANNEX C <u>Chapter 23B.13 of the Washington Business Corporation Act</u>	C-1

Table of Contents

QUESTIONS AND ANSWERS

ABOUT THE SPECIAL MEETING AND MERGER

Q: What do I need to do now?

A: After you have carefully read this document, indicate on your proxy card how you want your shares to be voted. Then sign, date and mail your proxy card in the enclosed prepaid return envelope as soon as possible. Alternatively, you may vote by following the Internet and telephone voting instructions indicated on the proxy card. This will enable your shares to be represented and voted at the special meeting.

Q: Why is my vote important?

A: The merger agreement must be approved by the holders of two-thirds of the outstanding shares of First Mutual common stock. If you do not vote, it will have the same effect as a vote against the merger agreement.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker or other nominee will not be able to vote shares held by it in street name on your behalf without instructions from you. You should instruct your broker or other nominee to vote your shares, following the directions your broker or other nominee provides.

Q: What if I fail to instruct my broker?

A: If you fail to instruct your broker or other nominee to vote your shares, it will have the same effect as a vote against the merger agreement.

Q: Can I attend the meeting and vote my shares in person?

A: Yes. All shareholders are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If your shares are held in street name, then you are not the shareholder of record and you must bring a legal proxy from your broker, bank or other nominee confirming that you are the beneficial owner of the shares in order to vote in person at the special meeting.

Q: Can I change my vote?

A: Yes. There are three ways you can change your vote after you have sent in your proxy card:

you may send a written notice to the secretary of First Mutual stating that you would like to revoke your proxy before the special meeting;

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you may complete and submit a new proxy card, and any earlier proxies will be revoked automatically or, if you submitted your proxy via the Internet or by telephone, you can change your vote by submitting a proxy at a later date, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

you may attend the special meeting and vote in person, and any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker or other nominee to vote your shares, you must follow directions you receive from your broker or other nominee to change your vote.

Q: Can I elect the type of consideration that I will receive in the merger?

A: Yes. Subject to the allocation procedures described in this document, you may elect to receive one of the following options in exchange for your First Mutual common stock: all cash, all Washington Federal

Table of Contents

common stock, or a portion in cash and a portion in Washington Federal common stock in amounts you select. Whether you receive the consideration you have selected will depend upon the election you make and the effect, if any, of the allocation procedures that are discussed in this document.

Q: How do I elect to receive cash, shares of Washington Federal common stock or a combination of cash and stock for my shares of First Mutual common stock?

A: A form for making an election will be sent to you separately on or about the date this document is mailed. You should complete the election form indicating the form of merger consideration you would like to receive, whether all cash, all Washington Federal common stock, or a combination of cash and stock in amounts determined by you. For your election to be effective, your election form must be sent to and received by Mellon Investor Services, the exchange agent, on or before 5:00 p.m., Pacific Time, on the date of the special meeting, or _____, 2007. **Please do not send your election form together with your proxy card.** Instead, use the separate postage-paid envelope specifically provided for the election form. If you do not make a timely election you will be allocated Washington Federal common stock and/or cash depending on the elections made by other shareholders and the average share price of Washington Federal's common stock.

Q: Will I receive the form of consideration I elect to receive?

A: Not necessarily. The allocation procedures described in this document on page 34 and set forth in the merger agreement are intended to ensure that 50% of the aggregate merger consideration paid by Washington Federal to holders of First Mutual common stock will be Washington Federal common stock, with the remaining 50% of the aggregate consideration to be paid in cash. First Mutual shareholders will have the opportunity to elect all cash, all Washington Federal common stock or a portion in cash and a portion in Washington Federal common stock. There is no assurance that you will receive the form of consideration you elect with respect to the First Mutual common stock you hold. If there is an oversubscription of either cash or Washington Federal common stock, then Washington Federal will cause the exchange agent to allocate the aggregate consideration to First Mutual shareholders according to the procedures set forth in this document such that 50% of the aggregate consideration is paid in cash and 50% is paid in Washington Federal common stock. If the average closing price of Washington Federal's common stock during the 10 trading day period ending five business days prior to closing the merger is less than \$22.75, Washington Federal may, in its sole discretion, elect to revise the merger consideration so that each outstanding share of First Mutual common stock will be converted into the right to receive solely the cash consideration regardless of the election of stock or cash consideration by First Mutual shareholders.

Q: If my shares are held in street name by my broker, will my broker automatically make an election with respect to the consideration to be received by me in exchange for my shares of First Mutual common stock?

A: No. Your broker or other nominee will not be able to make an election with respect to shares held by it in street name on your behalf without instructions from you. You should instruct your broker or other nominee on which election to make, following the directions your broker or other nominee provides.

Q: What if I fail to instruct my broker to complete the election form?

A: If you fail to instruct your broker or other nominee on which election to make, you will be treated as if you did not make an election with respect to the consideration to be received by you in exchange for your shares of First Mutual common stock. Such shares will be treated as no-election shares and will be subject to the allocation procedures described in this document.

Q: Will I be able to change my election after the First Mutual shareholder meeting?

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A: No. If you delivered an election form indicating the form of consideration you wish to receive in the merger, you will not be able to change that election after 5:00 p.m., Pacific Time, on the date of the First Mutual shareholder meeting.

Table of Contents

Q: Should I send in my stock certificates now?

A: No. You should not send in your stock certificates at this time. Instructions for surrendering your First Mutual common stock certificates in exchange for the merger consideration will be sent to you after we complete the merger.

Q: Where will my shares of Washington Federal common stock be listed?

A: We intend to apply to have the shares of Washington Federal common stock to be issued in the merger approved for quotation on the Nasdaq Global Select Market. Washington Federal's common stock currently trades on the Nasdaq Global Select Market under the symbol WFSL.

Q: May I resell my stock acquired in the merger?

A: The Washington Federal common stock issued pursuant to the merger will be freely transferable under the Securities Act of 1933, except for shares issued to any First Mutual shareholder who may be deemed to be an affiliate of Washington Federal for purposes of Rule 144 promulgated under the Securities Act of 1933 or an affiliate of First Mutual for purposes of Rule 145 promulgated under the Securities Act of 1933.

Q: When do you expect to complete the merger?

A: We expect to complete the merger in the fourth quarter of 2007. However, we cannot assure you when or if the merger will occur. First Mutual shareholders must first approve the merger agreement at the special meeting and the necessary regulatory approvals must be obtained.

Q: Whom should I call with questions?

A: You should contact Janine Berryman, the corporate secretary of First Mutual at (425) 455-7300 or Janine.Berryman@firstmutual.com.

Table of Contents

SUMMARY

*This summary highlights selected information from this document and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the merger agreement and the other documents to which we have referred you. See *Where You Can Find More Information* beginning on page 69. Page references are included in this summary to direct you to a more complete description of the topics.*

*Throughout this document, *First Mutual*, *we* and *our* refers to *First Mutual Bancshares, Inc.*, *Washington Federal* refers to *Washington Federal, Inc.* and *Washington Federal Savings* refers to *Washington Federal Savings and Loan Association*, *Washington Federal's* banking subsidiary. Also, we refer to the merger between *First Mutual* and *Washington Federal* as the *merger*, the subsidiary merger between *Washington Federal Savings* and *First Mutual Bank*, *First Mutual's* banking subsidiary, as the *subsidiary merger* and the agreement and plan of merger, dated as of July 2, 2007, between *First Mutual* and *Washington Federal* as the *merger agreement*.*

Parties to the Proposed Merger (Pages 59 and 60)

Washington Federal, Inc. Washington Federal is a savings and loan holding company incorporated under the laws of the State of Washington and the parent company of Washington Federal Savings, a federally chartered savings and loan association with 135 full service banking offices located in Washington, Oregon, Idaho, Arizona, Utah, Nevada, New Mexico and Texas. Washington Federal's principal asset is all of the capital stock of Washington Federal Savings. Washington Federal had total consolidated assets of approximately \$10.0 billion, total deposits of approximately \$6.0 billion and total consolidated shareholders' equity of approximately \$1.3 billion at June 30, 2007. Washington Federal's principal executive offices are located at 425 Pike Street, Seattle, Washington 98101 and its telephone number is (206) 624-7930.

First Mutual Bancshares, Inc. First Mutual is a Washington corporation and the bank holding company for First Mutual Bank, a Washington-chartered savings bank. First Mutual's only significant activity is holding the stock of First Mutual Bank and engaging in certain passive investment activities. First Mutual Bank's business consists of attracting deposits from the general public and small- to medium-size businesses as well as obtaining funds from wholesale funding sources and investing those funds primarily in commercial and residential real estate loans, business loans, construction loans, and consumer loans. First Mutual Bank's operations are conducted through 12 full-service banking centers located in Bellevue, Issaquah, Kirkland, Monroe, Redmond, Sammamish, Seattle and Woodinville, Washington. First Mutual Bank also has consumer loan offices located in Orange Park, Florida and Mt. Clemens, Michigan. First Mutual had total consolidated assets of approximately \$1.0 billion, total deposits of approximately \$760 million and total consolidated shareholders' equity of approximately \$73.7 million at June 30, 2007. First Mutual's corporate office is located at 400 108th Avenue, N.E., Bellevue, Washington 98004 and its telephone number is (425) 455-7300.

The Merger (Page 22)

We have attached the merger agreement to this document as Annex A. Please read the entire merger agreement. It is the legal document that governs the merger. We propose a merger whereby First Mutual will merge with and into Washington Federal. Immediately following the merger, the subsidiary merger is expected to be completed with First Mutual Bank merging with Washington Federal Savings, with Washington Federal Savings as the surviving entity. We expect to complete the merger and the subsidiary merger in the fourth quarter of 2007.

Table of Contents

First Mutual Shareholders will receive Whole Shares of Washington Federal Common Stock and/or Cash for each Share of First Mutual Common Stock Exchanged Pursuant to the Merger (Page 32)

If the merger of First Mutual with and into Washington Federal is completed, each outstanding share of First Mutual common stock (subject to certain exceptions) will be converted into the right to receive:

a cash amount equal to \$180,985,491 divided by the number of shares of First Mutual common stock outstanding immediately prior to the closing of the merger, which is referred to as the per share cash consideration ; or

a number of whole shares of common stock of Washington Federal determined by dividing the per share cash consideration by the average closing price of Washington Federal common stock during the 10 trading day period ending on the fifth business day prior to the effective time of the merger, plus cash in lieu of any fractional share interest taking into account all shares delivered by the holder in exchange for stock.

As of , 2007, there were 6,695,622 shares of First Mutual common stock outstanding, which would calculate to a per share cash consideration of approximately \$27.03. You will have the opportunity to elect all stock, all cash or a combination of stock and cash to be received for all shares of First Mutual common stock held by you, subject to the allocation procedures set forth in the merger agreement which are intended to ensure that 50% of the aggregate value of the merger consideration is paid in the form of shares of Washington Federal common stock, with the remaining 50% of the aggregate merger consideration to be paid in cash.

If the average closing price of Washington Federal s common stock during the 10 trading day period ending five business days prior to closing the merger is less than \$22.75, then Washington Federal may, in its sole discretion, elect to revise the merger consideration so that each outstanding share of First Mutual common stock will be converted into the right to receive solely the cash consideration regardless of the election of stock or cash consideration by First Mutual shareholders.

When and How to Choose the Method of Payment for Your Shares (Page 32)

Shares of First Mutual common stock will be exchanged for either shares of Washington Federal common stock, cash or a combination of stock and cash, as chosen by you, subject to the election and allocation procedures discussed herein and described in detail in the merger agreement. A form for making an election will be sent to you separately on or about the date this document is mailed. The election form permits you:

to elect to receive a cash amount equal to \$180,985,491 divided by the number of shares of First Mutual common stock outstanding immediately prior to the closing of the merger, which is referred to as the per share cash consideration (as of , 2007, there were 6,695,622 shares of First Mutual common stock outstanding, which would calculate to a per share cash consideration of approximately \$27.03), for all shares of First Mutual common stock held by you;

to elect to receive a number of whole shares of common stock of Washington Federal, in exchange for all shares of First Mutual common stock held by you, determined by dividing the per share cash consideration by the average closing price of Washington Federal common stock during the 10 trading day period ending on the fifth business day prior to the effective time of the merger, plus cash in lieu of any fractional share interest;

to elect to receive the stock consideration with respect to some of your shares of First Mutual common stock and the cash consideration with respect to your remaining shares of First Mutual common stock; or

to indicate that you make no election with respect to the consideration to be received by you in exchange for your shares of First Mutual common stock.

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In order to make an effective election, you should complete the election form and return it in the envelope provided. The election form must be received by the designated exchange agent by 5:00 p.m., Pacific

Table of Contents

Time, on the date of the special meeting, or _____, 2007. After the First Mutual shareholder meeting you will not be able to change your election and you will be bound to the election you have made, subject to the allocation procedures described in this document.

Your choice will be honored to the extent possible, but because of the overall limitation on the amount of cash and shares of Washington Federal common stock available, whether you receive the amount of cash or stock you request will depend in part on how many other First Mutual shareholders submit elections and how many choose to receive cash and how many choose to receive stock. Because 50% of the aggregate value of the merger consideration must be paid in the form of shares of Washington Federal common stock, with the remaining 50% of the aggregate merger consideration to be paid in cash, First Mutual shareholders may not receive exactly the form of consideration that they elect and may receive a pro rata amount of cash and Washington Federal common stock.

Washington Federal will not issue fractional shares. Instead, First Mutual shareholders who receive Washington Federal common stock will receive the value of any fractional share interest in cash, based on the average closing sales prices of a share of Washington Federal common stock during a specified period preceding consummation of the merger.

Promptly following the effective date of the merger, the record holder of your shares will be sent a notice of the effectiveness of the merger and a letter of transmittal. The letter of transmittal should be completed and returned to the designated exchange agent along with your stock certificates representing shares of First Mutual common stock. After the letter of transmittal has been received and processed, you will be sent the cash and/or Washington Federal common stock to which you are entitled. If you hold shares in street name, you will receive information from your broker or other holder of record advising you of the process for receiving the cash and/or Washington Federal common stock to which you are entitled.

You will need to surrender your First Mutual common stock certificates to receive the appropriate merger consideration, but you should not send us any certificates now. You will receive detailed instructions on how to exchange your shares along with your letter of transmittal after the merger is completed.

Comparative Per Share Market Price Information (Page 58)

Shares of Washington Federal common stock currently trade on the Nasdaq Global Select Market under the symbol WFSL. Shares of First Mutual common stock trade on the Nasdaq Global Market under the symbol FMSB. The following table sets forth the closing sale prices of Washington Federal common stock and First Mutual common stock as reported on the Nasdaq Stock Market on July 2, 2007, the last trading-day before we announced the merger, and on _____, 2007, the last practicable trading-day before the distribution of this document.

The following table also includes the equivalent price per share of First Mutual common stock on July 2, 2007 and _____, 2007, which were determined by multiplying the closing price of the Washington Federal common stock on those dates by an assumed exchange ratio of _____ shares of Washington Federal common stock for each share of First Mutual common stock. These amounts represent the number of shares of Washington Federal common stock that First Mutual shareholders electing to receive Washington Federal common stock in the merger would receive in the merger for each share of First Mutual common stock based on the closing price of the Washington Federal common stock on July 2, 2007 and _____, 2007.

	Washington Federal Common Stock	First Mutual Common Stock	Equivalent Market Value Per Share of First Mutual(1)
At July 2, 2007	\$ 24.35	\$ 22.38	\$
At _____, 2007	\$	\$	\$

(1) The equivalent prices per share of First Mutual common stock on the indicated dates were determined by multiplying the assumed exchange ratio of _____ by the closing price per share of the Washington Federal

Table of Contents

common stock on the indicated date. The actual exchange ratio will be determined by dividing the per share cash consideration (the actual per share cash consideration will be determined by dividing \$180,985,491 by the number of shares of First Mutual common stock outstanding immediately prior to the closing of the merger) by the average closing prices of the Washington Federal common stock during the 10 trading day period ending five business days preceding the effective time of the merger.

Washington Federal cannot assure you that its stock price will continue to trade at or above the prices shown above. You should obtain current stock price quotations for the Washington Federal common stock from a newspaper, via the Internet or by calling your broker. See "The Merger Merger Consideration and Election and Exchange Procedures" beginning on page 32.

Comparative Per Share Dividend Information (Page 58)

Washington Federal and First Mutual currently pay a quarterly cash dividend to their respective shareholders. During the quarter ending June 30, 2007, Washington Federal declared a cash dividend of \$0.21 per share of Washington Federal common stock and First Mutual paid a cash dividend of \$0.09 per share of First Mutual common stock. Washington Federal intends to continue to pay a quarterly cash dividend to its shareholders. Pursuant to the merger agreement, First Mutual may continue to declare and pay regular quarterly dividends at a rate not in excess of \$0.09 per share on the First Mutual common stock with record dates and payment dates consistent with the prior year during the period prior to consummation of the merger.

The Tax Consequences of the Merger for First Mutual Shareholders Will Be Dependent on the Merger Consideration Received (Page 50)

Washington Federal and First Mutual have received an opinion of counsel to the effect that, based on certain facts, representations and assumptions, the merger will be treated as a reorganization for federal income tax purposes. Accordingly, you generally will not recognize any gain or loss on the conversion of shares of First Mutual common stock solely into shares of Washington Federal common stock. However, you generally will recognize gains if you receive cash in exchange for your shares of First Mutual common stock or instead of any fractional share of Washington Federal common stock that you would otherwise be entitled to receive. The parties' obligation to complete the merger is conditioned on their receipt of the same opinion, dated as of the effective date of the merger, regarding the federal income tax treatment of the merger.

Tax matters are complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed herein. Accordingly, we strongly urge you to consult your own tax advisor for a full understanding of the tax consequences to you of the merger.

First Mutual's Financial Advisor Believes that the Merger Consideration is Fair to First Mutual Shareholders (Page 26)

Among other factors considered in deciding to approve the merger, the First Mutual board of directors received the opinion of its financial advisor, Keefe, Bruyette & Woods, that, as of June 27, 2007 (the date on which the First Mutual board of directors approved the merger agreement), the merger consideration was fair to the holders of First Mutual common stock from a financial point of view. This opinion was subsequently confirmed in writing as of the date of this document. The opinion dated as of the date of this document is included as Annex B. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Keefe, Bruyette & Woods in providing its opinion. Keefe, Bruyette & Woods' opinion is directed to the First Mutual board of directors and does not constitute a recommendation to any shareholder as to any matters relating to the merger. First Mutual agreed to pay Keefe, Bruyette & Woods, a cash fee equal to 1% of the market value of all merger consideration paid to shareholders of First Mutual, minus \$125,000, which amounts to a fee of approximately \$1.8 million, for its fairness opinion and other financial advisory services, \$28,928 of which has been paid as of the date of mailing of this document.

Table of Contents

Our Board of Directors Recommends Approval of the Merger (Page 21)

Based on First Mutual's reasons for the merger described herein, including the fairness opinion of Keefe, Bruyette & Woods, the First Mutual board of directors believes that the merger is fair to you and in your best interests and unanimously recommends that you vote FOR approval of the merger agreement.

Date, Time and Location of the Special Meeting (Page 19)

The special meeting will be held at _____ m., Pacific Time, on _____, _____, 2007, at _____. At the special meeting, First Mutual shareholders will be asked to approve the merger agreement, to approve a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement and to act on any other matters that may properly come before the special meeting.

Record Date and Voting Rights for the Special Meeting (Page 20)

You are entitled to vote at the special meeting if you owned shares of First Mutual common stock as of the close of business on _____, 2007. You will have one vote at the special meeting for each share of First Mutual common stock that you owned on that date.

Shareholders of record may vote by mail, telephone, via the Internet or by attending the special meeting and voting in person. Each proxy returned to First Mutual (and not revoked) by a holder of First Mutual common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted FOR approval of the merger agreement and FOR the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

Approval of the Merger Agreement Requires a Two-Thirds Vote by First Mutual Shareholders

The affirmative vote of the holders of two-thirds of the outstanding shares of First Mutual common stock is necessary to approve the merger agreement on behalf of First Mutual.

Management of First Mutual Owns Shares Which May Be Voted at the Special Meeting (Pages 53 and 61)

The directors and executive officers of First Mutual, who collectively own approximately 35.5% of the outstanding shares of First Mutual common stock as of the record date for the special meeting, have entered into shareholder agreements with Washington Federal pursuant to which they have agreed to vote all of their shares in favor of the merger agreement.

Washington Federal and First Mutual Must Meet Several Conditions to Complete the Merger (Page 36)

Completion of the merger depends on meeting a number of conditions, including the following:

shareholders of First Mutual must approve the merger agreement;

Washington Federal and First Mutual must receive all required regulatory approvals for the merger and the subsidiary merger, and any waiting periods required by law must have passed;

there must be no law, injunction or order enacted or issued preventing completion of the merger;

the Washington Federal common stock to be issued in the merger must have been approved for trading on the Nasdaq Global Select Market (or on any securities exchange on which the Washington Federal common stock may then be listed);

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Washington Federal and First Mutual must receive a legal opinion confirming the tax-free nature of the merger, unless Washington Federal has elected to revise the merger consideration to be all cash as permitted under certain circumstances;

Table of Contents

the representations and warranties of each of Washington Federal and First Mutual in the merger agreement must be accurate, subject to exceptions that would not have a material adverse effect on Washington Federal or First Mutual, respectively;

Washington Federal and First Mutual must have complied in all material respects with their respective obligations in the merger agreement; and

dissenting shares shall not represent 10% or more of the outstanding First Mutual common stock.

Unless prohibited by law, either Washington Federal or First Mutual could elect to waive a condition that has not been satisfied and complete the merger anyway. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied, or waived where permissible, or that the merger will be completed.

Washington Federal and First Mutual Must Obtain Regulatory Approvals to Complete the Merger (Page 37)

To complete the merger, the parties need the prior approval of or waiver from the Office of Thrift Supervision and the Federal Reserve Bank of San Francisco and notification to the Washington State Department of Financial Institutions. The U.S. Department of Justice is able to provide input into the approval process of federal banking agencies and will have between 15 and 30 days following any approval of a federal banking agency to challenge the approval on antitrust grounds. Washington Federal and First Mutual have filed all necessary applications with the applicable regulatory agencies. Washington Federal and First Mutual cannot predict, however, whether the required regulatory approvals will be obtained or whether any such approvals will have conditions which would be detrimental to Washington Federal following completion of the merger.

Washington Federal and First Mutual may Terminate the Merger Agreement (Page 44)

Washington Federal and First Mutual can mutually agree at any time to terminate the merger agreement before completing the merger, even if shareholders of First Mutual have already voted to approve it.

Either company also can terminate the merger agreement:

if any required regulatory approvals for consummation of the merger is not obtained;

if the merger is not completed by March 31, 2008;

if the shareholders of First Mutual do not approve the merger agreement; or

if the other company breaches any of its representations, warranties or obligations under the merger agreement in a manner which would be reasonably expected to have a material adverse effect on it and the breach cannot be or has not been cured within 30 days of notice of the breach.

In addition, Washington Federal may terminate the merger agreement at any time prior to the special meeting if the board of directors of First Mutual withdraws or modifies its recommendation to the First Mutual shareholders that the merger agreement be approved in any way which is adverse to Washington Federal, or breaches its covenants requiring the calling and holding of a meeting of shareholders to consider the merger agreement and prohibiting the solicitation of other offers. Washington Federal also may terminate the merger agreement if a third party commences a tender offer or exchange offer for 15% or more of the outstanding First Mutual common stock and the board of directors of First Mutual recommends that First Mutual shareholders tender their shares in the offer or otherwise fails to recommend that they reject the offer within a specified period.

Washington Federal and First Mutual may Amend and Extend the Merger Agreement (Page 44)

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The parties may amend the merger agreement at any time before the merger actually takes place, and may agree to extend the time within which any action required by the merger agreement is to take place. No amendment may be made after the special meeting which by law requires further approval by the shareholders of First Mutual without obtaining such approval.

Table of Contents

First Mutual's Directors and Executive Officers Have Some Interests in the Merger that Are in Addition to or Different Than Your Interests (Page 46)

First Mutual's directors and executive officers have interests in the merger as individuals which are in addition to, or different from, their interests as shareholders of First Mutual. These interests include, among other things:

existing employment agreements between First Mutual Bank and each of John R. Valaas, Scott B. Harlan and Joseph P. Zavaglia, each of whom is an executive officer of First Mutual. These agreements generally provide that upon a change in control of First Mutual Bank and termination of the executive officer's employment within 730 days of such change in control, the executive officer will be paid an amount equal to his base salary for a period of 35 months. Under Mr. Valaas' employment agreement, he is entitled to receive an aggregate payment of \$1,093,375 upon a change in control of First Mutual Bank and his termination. Mr. Valaas, however, has voluntarily agreed to forego an amount equal to \$247,488 due to him under his employment agreement in order to satisfy the oral commitments to pay bonuses made to two officers, as discussed below. Pursuant to the terms of their employment agreement, Messrs. Valaas, Harlan and Zavaglia will receive an aggregate payment of approximately \$846,262, \$612,500 and \$612,500, respectively, upon any termination of employment;

existing employment agreement among First Mutual, First Mutual Bank and Roger A. Mandery, an executive officer of First Mutual. Under the terms of this employment agreement, Mr. Mandery is entitled to receive a retention bonus payment of \$83,333 paid on the last day of each month for the term of the agreement. The term of this employment agreement with Mr. Mandery is from June 1, 2007 to August 31, 2007. The aggregate amount of retention bonus payments payable under the employment agreement to Mr. Mandery is \$250,000, of which \$166,666 has been paid;

existing bonus retention agreements between First Mutual Bank and three officers of First Mutual Bank. The bonus agreements generally provide that if the officer continues to be employed by First Mutual Bank through the completion of a sale of control of First Mutual or First Mutual Bank, then First Mutual Bank will pay the officer a specified retention bonus. First Mutual Bank also orally agreed to pay bonuses to two other officers upon a change in control of First Mutual Bank equal to the officer's annual salary. The aggregate amount of the retention bonuses payable to the five officers is approximately \$422,488;

the board of directors of First Mutual authorized a one-time payment of \$100,000 to James J. Doud, Jr., a director of First Mutual, for his agreement to serve on a committee established to review possible transactions relating to the proposed sale of First Mutual. This payment was authorized to be paid upon the announcement of a sale transaction or, if no such transaction occurs, upon completion of the committee's project. The \$100,000 payment was made to Mr. Doud on July 9, 2007;

the cash payment to the First Mutual executive officers and directors holding outstanding and unexercised stock options to acquire shares of First Mutual common stock;

the appointment of a current director of First Mutual, who is acceptable to Washington Federal, as a director of Washington Federal and Washington Federal Savings; and

Washington Federal's agreement to honor indemnification obligations of First Mutual for a period of six years, as well as, to purchase liability insurance for First Mutual's directors and officers for three years following the merger, subject to the terms of the merger agreement.

The board of directors of First Mutual was aware of the foregoing interests and considered them, among other matters, in approving the merger agreement and the merger.

First Mutual is Prohibited from Soliciting Other Offers (Page 42)

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First Mutual has agreed that, while the merger is pending, it will not initiate or, subject to some limited exceptions, engage in discussions with any third party other than Washington Federal regarding extraordinary transactions such as a merger, business combination or sale of a material amount of assets or capital stock.

Table of Contents

Accounting Treatment of the Merger (Page 53)

The merger will be accounted for under the purchase method of accounting under generally accepted accounting principles, or GAAP.

Shareholders of Washington Federal and First Mutual Have Different Rights (Page 63)

Washington Federal and First Mutual are both incorporated under the laws of the State of Washington. Any differences, therefore, in the rights of holders of Washington Federal common stock and First Mutual common stock arise primarily from differences in their respective amended and restated articles of incorporation and bylaws. Upon consummation of the merger, shareholders of First Mutual who receive shares of Washington Federal common stock in exchange for their shares of First Mutual common stock will become shareholders of Washington Federal and their rights as shareholders of Washington Federal will be governed by Washington Federal's amended and restated articles of incorporation and bylaws and the Washington Business Corporation Act. The rights of shareholders of Washington Federal differ in certain respects from the rights of shareholders of First Mutual.

Termination Fee (Page 45)

First Mutual must pay Washington Federal a termination fee of \$7.5 million if the merger agreement is terminated under specified circumstances.

First Mutual's Shareholders Have Dissenters' Rights (Page 54)

Under Washington law, holders of First Mutual common stock have the right to dissent from the merger and, if the merger is consummated and all requirements of Washington law are satisfied by holders seeking to exercise dissenters' rights, to receive payment equal to the fair value of their shares of First Mutual common stock, determined in the manner set forth under Washington law. The procedures which must be followed in connection with the exercise of dissenters' rights by dissenting shareholders are described under The Merger Dissenters' Rights and in Chapter 23B.13 of the Washington Business Corporation Act, a copy of which is attached as Annex C to this document. A shareholder seeking to exercise dissenters' rights must deliver to First Mutual, before the shareholder vote on the merger agreement at the special meeting, a written objection to the merger stating that he or she intends to demand payment for his or her shares through the exercise of his or her statutory appraisal rights and must not vote his or her shares in favor of approval of the merger agreement. Failure to take any required step in connection with the exercise of such rights may result in termination or waiver thereof.

The Shares of Washington Federal Common Stock to be Issued in the Merger will be listed on Nasdaq (Page 53)

Pursuant to the merger agreement, the shares of Washington Federal common stock issued in connection with the merger will be listed on the Nasdaq Global Select Market or on any securities exchange on which the Washington Federal common stock may then be listed.

Table of Contents**SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA**

The following tables present (1) selected consolidated historical financial data of Washington Federal, (2) selected consolidated historical financial data of First Mutual and (3) selected unaudited pro forma consolidated financial data of Washington Federal reflecting the merger.

Selected Consolidated Historical Financial Data of Washington Federal

Set forth below are highlights derived from Washington Federal's audited consolidated financial statements as of and for the years ended September 30, 2002 through 2006 and Washington Federal's unaudited interim consolidated financial data as of and for the nine months ended June 30, 2007 and 2006. The results of operations for the nine months ended June 30, 2007 are not necessarily indicative of the results of operations for the full year or any other interim period. In the opinion of Washington Federal's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with Washington Federal's consolidated financial statements and related notes included in Washington Federal's Annual Report on Form 10-K for the year ended September 30, 2006 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, which are incorporated by reference in this document and from which this information is derived. See [Where You Can Find More Information](#) on page 69.

	At or For the						
	Nine Months Ended June 30,		At or For the Year Ended September 30,				
	2007 (1)	2006	2006	2005	2004	2003 (2)	2002
	(In thousands, except per share data)						
Balance Sheet Summary:							
Total assets	\$ 9,986,125	\$ 8,803,135	\$ 9,069,020	\$ 8,234,450	\$ 7,169,205	\$ 7,535,975	\$ 7,392,441
Cash and cash equivalents	70,360	65,741	45,722	637,791	708,361	1,437,208	975,153
Available for sale securities	1,421,570	1,423,233	1,451,038	1,077,856	899,525	781,798	890,751
Loans receivable, net	7,970,312	6,815,713	7,078,443	6,008,932	5,093,443	4,817,508	5,047,964
Customer accounts	5,954,956	5,283,959	5,311,726	5,031,505	4,610,358	4,577,598	4,521,922
Federal Home Loan Bank advances and other borrowings	2,617,867	2,200,000	2,370,000	1,885,000	1,300,000	1,750,000	1,750,000
Stockholders' equity	1,295,416	1,219,225	1,262,720	1,187,308	1,120,188	1,055,596	960,718
Stockholders' equity per share	14.83	13.97	14.46	13.66	12.94	12.26	11.36
Average equity to average assets	13.53%	14.30%	14.19%	15.00%	14.66%	13.53%	12.80%
Return on average stockholders' equity	10.49	11.89	11.77	12.63	12.12	14.61	16.35
Return on average assets	1.42	1.70	1.67	1.90	1.78	1.98	2.09
Efficiency ratio	22.96	19.60	19.66	19.16	18.57	16.87	17.51
Non-performing assets to total assets	0.12	0.07	0.08	0.09	0.21	0.36	0.46
Income Statement Data:							
Interest income	\$ 456,097	\$ 388,103	\$ 529,883	\$ 461,901	\$ 413,772	\$ 449,295	\$ 511,802
Interest expense	262,096	194,959	273,361	195,260	169,753	194,884	234,941
Net interest income	194,001	193,144	256,522	266,641	244,019	254,411	276,861
Provision for loan losses	1,200	185	535	(134)	(231)	1,500	7,000
Net interest income after provision for loan losses	192,801	192,959	255,987	266,775	244,250	252,911	269,861
Non-interest income	11,794	10,980	16,252	7,852	5,726	16,571	10,163
Non-interest expense	47,224	39,980	53,579	52,319	46,264	45,759	50,828
Income before taxes	157,371	163,959	218,660	222,308	203,712	223,723	229,196
Income tax	56,239	56,136	75,558	76,419	71,844	78,724	80,812
Net income	101,132	107,823	143,102	145,889	131,868	144,999	148,384
Per Share Data:							
Basic earnings per share	\$ 1.16	\$ 1.24	\$ 1.64	\$ 1.68	\$ 1.53	\$ 1.72	\$ 1.76
Diluted earnings per share	1.15	1.23	1.64	1.67	1.51	1.71	1.74
Dividends per share	0.62	0.61	0.81	0.78	0.75	0.71	0.68

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Weighted shares outstanding	Basic	87,364,179	87,099,995	87,147,033	86,711,608	86,302,945	84,289,900	84,524,811
Weighted shares outstanding	Diluted	87,602,549	87,428,766	87,471,474	87,478,708	87,130,787	84,981,561	85,333,024

- (1) On February 13, 2007, Washington Federal acquired First Federal Banc of the Southwest, Inc., based in Roswell, New Mexico, with assets of \$576,750,000 and liabilities of \$480,033,000.
- (2) On August 31, 2003, Washington Federal acquired United Savings and Loan Bank, based in Seattle, Washington, with assets of \$343,626,000 and liabilities of \$276,872,000.

Table of Contents**Selected Consolidated Historical Financial Data of First Mutual**

Set forth below are highlights derived from First Mutual's audited consolidated financial statements as of and for the years ended December 31, 2002 through 2006 and First Mutual's unaudited interim consolidated financial data as of and for the six months ended June 30, 2007 and 2006. The results of operations for the six months ended June 30, 2007 are not necessarily indicative of the results of operations for the full year or any other interim period. In the opinion of First Mutual's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with First Mutual's consolidated financial statements and related notes included in First Mutual's Annual Report on Form 10-K for the year ended December 31, 2006 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, which are incorporated by reference in this document and from which this information is derived. See "Where You Can Find More Information" on page 69.

At or For the**Six Months Ended**

	June 30,		At or For the Year Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
	(In thousands, except per share data)						
Balance Sheet Summary:							
Total assets	\$ 1,029,029	\$ 1,103,173	\$ 1,079,263	\$ 1,086,165	\$ 1,003,783	\$ 860,844	\$ 745,295
Cash and cash equivalents	21,381	21,002	25,362	25,781	13,845	7,427	14,972
Available for sale securities	4,181	97,139	89,728	114,450	124,225	77,624	58,380
Held for trading securities	54,696						
Loans receivable, net	857,099	898,917	883,703	867,997	799,342	715,304	614,620
Customer accounts	759,785	760,344	805,795	760,721	675,369	583,891	497,370
Federal Home Loan Bank advances and other borrowings	168,068	252,932	176,532	230,305	235,807	194,143	184,394
Stockholders' equity	73,739	63,701	70,021	60,027	59,447	50,827	44,284
Stockholders' equity per share	11.01	9.58	10.49	9.07	8.99	7.82	6.89
Average equity to average assets	6.82%	5.65%	6.01%	5.97%	5.91%	5.92%	6.76%
Return on average stockholders' equity	12.41	17.52	16.98	16.56	16.76	17.63	15.71
Return on average assets	0.85	0.99	1.01	0.99	0.98	1.04	