

Edgar Filing: First Financial Northwest, Inc. - Form DEFA14A

First Financial Northwest, Inc.  
Form DEFA14A  
May 02, 2012

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-12

FIRST FINANCIAL NORTHWEST, 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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:  
N/A
- (2) Aggregate number of securities to which transactions applies:  
N/A
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:  
N/A
- (4) Proposed maximum aggregate value of transaction:  
N/A
- (5) Total fee paid:  
N/A
- Fee paid previously with preliminary materials:  
N/A
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount previously paid:  
N/A
- (2) Form, schedule or registration statement no.:

(3)	Filing party:	N/A
(4)	Date filed:	N/A

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The Company mailed the following letter to its shareholders on May 2, 2012.

May 2, 2012

Dear Shareholders:

Please vote ONLY the enclosed “WHITE” proxy and please do NOT sign or return ANY “green” proxy that you receive from Mr. Stilwell.

We are concerned that Mr. Stilwell is not being honest with you.

- He wants you to believe we are paying Mr. Karpiak, our chairman, millions of dollars annually and continually giving him raises, even though we believe he knows better. As we have showed you, this is simply not true.
- He wants you to believe we won't pay dividends. This is simply not true. We are not permitted by our regulators to pay a dividend. We intend to pay cash dividends just as soon as permitted to do so, and we are making substantial progress toward that goal.
- He would lead you to believe that we would not sell the Company. This is simply not true. But would you sell your company at a time when the company's earnings and prospects are improving and the prices being paid for similar companies are at historic lows? Mr. Stilwell promises to have “our bank sold to the highest bidder” and “to get the best price in a sale as quickly as possible” in a market where buyers simply are not willing to pay a reasonable price. Such action would be irresponsible and not in the best interests of our shareholders.
- He would lead you to believe that we are careless with your investment and waste money everywhere. This is simply not true. Mr. Stilwell is wasting money running a contest to elect Spencer Schneider to a board seat we gave him and he quit after only five weeks and after attending only one meeting.

In our first two letters to you we talked about the difficulties we've overcome and what we've done. A brief summary of what we've done is outlined below.

- Dramatically reduced nonperforming assets, and they continue to decline
- Significantly reduced the amount of the riskier loans in our portfolio
- Returned the Company to profitability in spite of difficult economic conditions
- Added directors to the Board with extensive banking experience
- Worked with the regulators to have the Bank's Order removed



- Meetings with our investment banking firm to keep us apprised of market conditions and methods to maximize shareholder value

We believe there is still work to be done but that we have made significant progress during the past year in spite of difficult market conditions. We need your support to continue this progress.

**YOUR BOARD RECOMMENDS SHAREHOLDERS VOTE  
ON THE WHITE PROXY CARD.**

Your vote is very important, no matter how many or how few shares you own. Every single vote counts. Please use the enclosed WHITE proxy card to vote TODAY — by telephone, by Internet, or by signing, dating and returning your WHITE proxy card in the postage-paid envelope provided.

Thank you for your continued support.

**TIME IS SHORT, AND YOUR VOTE IS IMPORTANT!**

We encourage you to vote by telephone or by Internet to ensure that your shares are represented at the Annual Meeting.

We urge you NOT to sign any green proxy card sent to you by the Stilwell Group. If you have already done so, you may change your vote by using the enclosed WHITE proxy card, as only the latest-dated proxy card counts.

Sincerely,

/s/Victor Karpiak  
Victor Karpiak  
Chairman and CEO

/s/Daniel L. Stevens  
Daniel L. Stevens  
Director

/s/Gary F. Kohlwes, Ed.D.  
Gary F. Kohlwes, Ed.D.  
Director

/s/Robert L. Anderson  
Robert L. Anderson  
Director

/s/Gerald Edlund  
Gerald Edlund  
Director

/s/M. Scott Gaspard  
M. Scott Gaspard  
Director

/s/Gary F. Faull  
Gary F. Faull  
Director

/s/Joann E. Lee, C.P.A.  
Joann E. Lee, C.P.A.  
Director

## Important Information

The Company, its directors, executive officers and certain of its employees are participants in the solicitation of proxies from the Company's shareholders in connection with the matters to be considered at the Company's 2012 Annual Meeting. On April 11, 2012, the Company filed a definitive proxy statement (as it may be amended, the "Proxy Statement") with the U.S. Securities and Exchange Commission (the "SEC") in connection with the solicitation of proxies from the Company's shareholders. **INVESTORS AND SHAREHOLDERS ARE STRONGLY ENCOURAGED TO READ THE PROXY STATEMENT AND ACCOMPANYING PROXY CARD AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY AS THEY CONTAIN IMPORTANT INFORMATION.** Detailed information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, is set forth in the Proxy Statement, including Annex A thereto. Shareholders can obtain the Proxy Statement, any amendments or supplements to the Proxy Statement and other documents filed by the Company with the SEC for no charge at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies will also be available at no charge at <http://www.snl.com/irweblinkx/GenPage.aspx?IID=4087275&GKP=203202>.

## Forward-looking statements:

Certain matters discussed in this letter may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to, among other things, expectations of the business environment in which the Company operates, projections of future performance, perceived opportunities in the market, potential future credit experience, and statements regarding the Company's mission and vision. These forward-looking statements are based upon current management expectations and may, therefore, involve risks and uncertainties. The Company's actual results, performance, or achievements may differ materially from those suggested, expressed, or implied by forward-looking statements as a result of a wide variety or range of factors including, but not limited to, interest rate fluctuations; economic conditions in the Company's primary market area; demand for construction/land development, residential, commercial real estate, consumer, and other types of loans; success of new products; competitive conditions between banks and non-bank financial service providers; regulatory and accounting changes; technological factors affecting operations; pricing of products and services; and other risks detailed in the Company's reports filed with the Securities and Exchange Commission. Accordingly, these factors should be considered in evaluating forward-looking statements, and undue reliance should not be placed on such statements. The Company undertakes no responsibility to update or revise any forward-looking statement.

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of Annual Meeting of Shareholders, a Proxy Statement for the annual meeting of shareholders, and the 2011 Annual Report to Shareholders.

Please sign exactly as name appears hereon.

When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

IF YOU WISH TO PROVIDE YOUR INSTRUCTIONS TO VOTE BY TELEPHONE OR INTERNET, PLEASE FOLLOW INSTRUCTIONS BELOW

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IF YOU ARE VOTING BY MAIL DETACH ABOVE CARD, SIGN, DATE AND MAIL IN POSTAGE PAID ENVELOPE PROVIDED

FIRST FINANCIAL NORTHWEST, INC. ANNUAL MEETING, MAY 24, 2012

A telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned this proxy. Please note telephone and Internet votes must be cast prior to 3:00 a.m., Eastern Time, May 24, 2012. It is not necessary to return this proxy if you vote by telephone or internet.

VOTE BY INTERNET  
<https://www.proxyvotenow.com/ffnw>

VOTE BY TELEPHONE  
1-866-860-0408

VOTE BY MAIL

Have this proxy card available when you visit the secure voting site and follow the simple instructions. You may elect to receive an e-mail confirmation of your vote.

Call toll free on a touch-tone phone, 24 hours a day, seven days a week. Mark, date and sign this proxy card and mail promptly in the postage-paid envelope. Do not return the card if you call and follow the simple instructions.

Have this proxy card available when you vote by telephone or by Internet.

Please note that the last vote received, whether by telephone, internet or by mail, will be the vote counted.

This proxy may be revoked at any time before it is voted by: (1) notifying the Secretary of First Financial in writing before the annual meeting that this proxy has been revoked; (2) duly executing a new proxy relating to the same shares with a later date, and submitting such proxy to the Secretary of First Financial at or before the annual meeting; or (3) attending the annual meeting and voting in person (although attendance at the annual meeting will not in and of itself constitute revocation of a proxy). If this proxy is properly revoked as described above, then the power of such attorneys and proxies shall be deemed terminated and of no further force and effect.

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED:

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