

Hinson Donald
Form 4
May 27, 2010

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Hinson Donald

2. Issuer Name **and** Ticker or Trading
Symbol
HERITAGE FINANCIAL CORP
/WA/ [HFWA]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
PO BOX 1578
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
05/25/2010

____ Director ____ 10% Owner
____X____ Officer (give title ____ Other (specify
below) below)
SVP and Chief Financial Officer

OLYMPIA, WA 98507

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D)	Price	
Common Stock	05/25/2010		A		1,111	A (2) 4,661	D
Common Stock	05/25/2010		A		1,000	A (4) 5,661	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Incentive Stock Option	\$ 11.35	02/26/2009		A		3,000		02/26/2010 ⁽¹⁾	02/26/2017	Common Stock	3,000
Incentive Stock Option	\$ 14.77	05/25/2010		A		4,330		05/25/2011 ⁽³⁾	05/25/2020	Common Stock	4,330

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Hinson Donald PO BOX 1578 OLYMPIA, WA 98507	SVP and Chief Financial Officer

Signatures

Donald J. Hinson	05/27/2010
**Signature of Reporting Person	Date
Kaylene Lahn for Donald J. Hinson	05/27/2010
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Grant to reporting person of option to purchase shares of common stock under the issuer's 2006 stock under the issuer's 2006 stock option plan. One third of the option is exercisable annually beginning one year after grant and expires five years after it becomes exercisable.
- (2) Represents award of restricted stock under the 2010 Omnibus Equity Plan. Vests in equal installments of 25% per year beginning 05/25/2011.
- (3) Represents incentive stock option under the 2010 Omnibus Equity Plan. Vest in equal installments of 25% per year beginning on 05/25/2011.

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(4) Represents award of restricted stock under the 2010 Omnibus Equity Plan. Vests 100% beginning 05/25/2013.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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