

Hinson Donald  
Form 4  
May 27, 2010

**FORM 4**

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

OMB APPROVAL

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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

(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  
 Officer (give title below) \_\_\_\_\_ Other (specify 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)  
 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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	05/25/2010		A		1,111	A	(2) 4,661
Common Stock	05/25/2010		A		1,000	A	(4) 5,661

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

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SEC 1474  
(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)	Amount or Number of Shares
Incentive Stock Option	\$ 11.35	02/26/2009		A	3,000	02/26/2010 <sup>(1)</sup> 02/26/2017	Common Stock	3,000
Incentive Stock Option	\$ 14.77	05/25/2010		A	4,330	05/25/2011 <sup>(3)</sup> 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 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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