

HERITAGE FINANCIAL CORP /WA/
Form 4
July 27, 2005

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 *
LEWIS MELVIN R

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)

3. Date of Earliest Transaction (Month/Day/Year)
07/26/2005

Director 10% Owner
 Officer (give title below) Other (specify below)

PO BOX 70

(Street)

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

TOPPENISH, WA 98948

(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)
				(A) or (D) Code V Amount Price			
Common Stock	07/26/2005	07/26/2005	M	500 A \$ 10.15	51,178	D	
Common Stock	07/26/2005	07/26/2005	M	1,300 A \$ 12.25	52,478	D	

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

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SEC 1474 (9-02)

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 Security (Instr. 3 and 4)
Non-Qualified Stock Option (right to buy)	\$ 10.15	07/26/2005	07/26/2005	M	500	03/27/2004 ⁽¹⁾ 03/27/2009	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 12.25	07/26/2005	07/26/2005	M	1,300	02/19/2003 ⁽²⁾ 02/19/2008	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEWIS MELVIN R PO BOX 70 TOPPENISH, WA 98948	X			

Signatures

Melvin R. Lewis 07/27/2005
 **Signature of Reporting Person Date

Edward D. Cameron for Melvin R. Lewis 07/27/2005
 **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 1998 stock option plan, in a transaction exempt from Rule 16b-3. One third of the option is exercisable annually beginning one year after grant and expires five years after it becomes exercisable.

(2) Grant to reporting person of option to purchase shares of common stock under the issuer's 2002 stock option plan, in a transaction exempt from Rule 16b-3. One third of the option is exercisable annually beginning one year after grant and expires five years after it becomes exercisable.

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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