JENSEN DARYL D

Form 4

September 12, 2007

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

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OMB APPROVAL

response...

if no longer subject to Section 16. Form 4 or Form 5

Check this box

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

obligations may continue. See Instruction

(State)

(Zin

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

1(b).

(City)

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading JENSEN DARYL D Issuer Symbol HERITAGE FINANCIAL CORP (Check all applicable) /WA/ [HFWA] X_ Director (Last) (First) (Middle) 3. Date of Earliest Transaction 10% Owner Officer (give title Other (specify (Month/Day/Year) below) PO BOX 1578 09/12/2007 (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting OLYMPIA, WA 98507 Person

(City)	(State)	Tabl	e I - Non-D	erivative	Secur	rities Acq	uired, Disposed o	f, or Beneficial	ly Owned
1.Title of	2. Transaction Date		3.	4. Securi			5. Amount of	6. Ownership	
Security	(Month/Day/Year)	Execution Date, if	Transaction	on(A) or D	ispose	d of (D)	Securities	Form: Direct	Indirect
(Instr. 3)		any	Code	(Instr. 3,	4 and	5)	Beneficially	(D) or	Beneficial
		(Month/Day/Year)	(Instr. 8)				Owned	Indirect (I)	Ownership
							Following	(Instr. 4)	(Instr. 4)
					(4)		Reported		
					(A)		Transaction(s)		
			Code V	Amount	or (D)	Price	(Instr. 3 and 4)		
Common Stock	09/12/2007	09/12/2007	M	2,048	A	\$ 11.67	129,484	D	

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

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

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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. Transactic Code (Instr. 8)	5. Number on f Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Expiration Date		7. Title and Amoun Underlying Securiti (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amou or Numb of Share
Non-qualified Stock Option (right to buy)	\$ 11.67	09/12/2007	09/12/2007	M	2,048	02/19/2003	02/19/2010	Common Stock	2,04

Reporting Owners

Reporting Owner Name / Address	Relationships						
•	Director	10% Owner	Officer Other				
JENSEN DARYL D PO BOX 1578 OLYMPIA, WA 98507	X						

Signatures

Daryl D. Jensen

09/12/2007

**Signature of Reporting Person

Edward D. Cameron for Daryl D.

Jensen

09/12/2007

**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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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