

COLUMBIA BANKING SYSTEM INC
Form DEF 14A
March 19, 2015
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934 (Amendment No.)

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-11(c) or §240.14a-12

COLUMBIA BANKING SYSTEM, 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):

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COLUMBIA BANKING SYSTEM, INC.

1301 A Street

Tacoma, Washington 98402

March 20, 2015

Dear Shareholder:

We are pleased to invite you to Columbia Banking System's Annual Meeting of Shareholders. The meeting will be at 1:00 p.m. on Wednesday, April 22, 2015 at the William W. Philip Hall at the University of Washington Tacoma, 1918 Pacific Avenue, Tacoma, Washington 98402.

At the meeting, you and the other shareholders will be asked to consider and vote on proposals with respect to (i) the election of eleven nominees for director to serve on our Board of Directors; (ii) the approval of a proposed amendment to our Amended and Restated Articles of Incorporation increasing the number of common shares authorized for issuance from 63,032,681 to 115,000,000; (iii) the approval, on an advisory basis (non-binding), of the compensation of our named executive officers, and (iv) the approval, on an advisory basis (non-binding), of the appointment of our independent registered public accounting firm for the 2015 fiscal year.

You also will have the opportunity to hear our management discuss the developments in our business and our industry in the past year and to ask questions. You will find additional information concerning Columbia Banking System and its operations, including its audited financial statements, in the enclosed Annual Report for the year ended December 31, 2014.

We hope that you can join us on April 22nd. **Whether or not you plan to attend, please take the time to vote by completing and mailing the enclosed proxy card or by voting via the Internet or telephone according to the instructions on the enclosed proxy card as soon as possible.** Your opinion and your vote are important to us. Voting by proxy will not prevent you from voting in person if you attend the meeting, but it will ensure that your vote is counted if you are unable to attend.

William T. Weyerhaeuser
Chairman

Melanie J. Dressel
President and CEO

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COLUMBIA BANKING SYSTEM, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 22, 2015

TIME	1:00 p.m. on Wednesday, April 22, 2015
PLACE	William W. Philip Hall at the University of Washington Tacoma, 1918 Pacific Avenue, Tacoma, Washington
ITEMS OF BUSINESS	<p>The purposes of the meeting are as follows:</p> <ol style="list-style-type: none">(1) To elect the eleven nominees for director named in the attached proxy statement to serve on the Board of Directors until the 2016 Annual Meeting of Shareholders or until their successors have been elected and have qualified.(2) To consider and approve a proposed amendment to Columbia's Amended and Restated Articles of Incorporation to increase the number of common shares authorized from 63,032,681 to 115,000,000.(3) To approve, on an advisory basis (non-binding), the compensation of the Company's named executive officers.(4) To approve, on an advisory basis (non-binding), the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015.(5) To transact such other business as may properly come before the meeting or any adjournment thereof.
RECORD DATE	You are entitled to vote at the annual meeting and at any adjournments or postponements thereof if you were a shareholder at the close of business on Monday, March 9, 2015.
VOTING BY PROXY	Please submit your proxy card, or vote via the Internet or telephone according to the instructions on the enclosed proxy card, as soon as possible so that your shares can be voted at the annual meeting in accordance with your instructions. For specific instructions on voting, please refer to the instructions in the proxy statement and on the enclosed proxy card.

By Order of the Board

Kumi Y. Baruffi
Corporate Secretary

Our proxy statement and the accompanying proxy card are being distributed on or about

March 20, 2015

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COLUMBIA BANKING SYSTEM, INC.

1301 A Street

Tacoma, Washington 98402-4200

(253) 305-1900

PROXY STATEMENT

Important Notice Regarding the Availability of Proxy Materials for the 2015 Shareholder Meeting:

A copy of this proxy statement and the annual report to shareholders for the year ended December 31, 2014 (the 2014 Annual Report) is available at www.columbiabank.com.

The Columbia Board of Directors (the Board) is soliciting proxies for this year s Annual Meeting of Shareholders (the Annual Meeting). This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully.

INFORMATION ABOUT THE ANNUAL MEETING

The meeting will be at 1:00 p.m. on Wednesday, April 22, 2015 at the William W. Philip Hall at the University of Washington Tacoma, 1918 Pacific Avenue, Tacoma, Washington 98402.

The Board set March 9, 2015 as the record date for the meeting (the Record Date). Shareholders who owned Columbia common stock at the close of business on that date are entitled to vote at the Annual Meeting, with each share entitled to one vote for each matter to be voted on at the meeting. There were 57,654,663 shares of Columbia common stock outstanding on the Record Date.

In this proxy statement, the terms the Company, Columbia, we, us or our refer to Columbia Banking System, Inc.

Voting materials, which include this proxy statement and a proxy card together with the 2014 Annual Report, are being mailed to shareholders on or about March 20, 2015.

COMPANY PHILOSOPHY

Our goal is to be the leading Pacific Northwest regional community bank, with a significant presence in selected markets, and to consistently increase earnings per share and shareholder value. Management believes that there continues to be opportunity for organic growth based upon branch footprint and the organization s commitment to delivering exceptional customer service and quality products, and growth through selective acquisitions. Our business strategy is to provide our customers with the financial sophistication and breadth of products of a regional banking company while retaining the appeal and service level of a community bank. We continually evaluate our existing business processes while focusing on maintaining asset quality and balanced loan and deposit portfolios, building our strong core deposit base, expanding total revenue and controlling expenses in an effort to increase our return on average equity and gain operational efficiencies. We believe that, as a result of our strong commitment to highly personalized, relationship-oriented customer service, our varied products, our strategic branch locations and the long-standing community presence of our managers, banking officers and branch personnel, we are well positioned to attract and retain new customers and to increase our market share of loans, deposits, and other financial services in the communities we serve. We are committed to increasing market share in the communities we serve by continuing to leverage our existing branch network, strategically adding new branch locations and considering business combinations that are consistent with our expansion strategy. We believe that achievement of these goals will create long-term value for our shareholders, consistent with protecting the interests of depositors.

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GENERAL INFORMATION

Why am I receiving this proxy statement and proxy card?

You are receiving this proxy statement and proxy card because you own shares of Columbia common stock. This proxy statement describes the proposals being considered at the Annual Meeting on which we would like you to vote.

When you sign a proxy card, you appoint William T. Weyerhaeuser and Melanie J. Dressel as your representatives at the Annual Meeting. Mr. Weyerhaeuser and Ms. Dressel will vote your shares at the Annual Meeting as you have instructed on such proxy card. This way, your shares will be voted even if you cannot attend the Annual Meeting.

What is being voted on at the Annual Meeting?

At the Annual Meeting you will be asked to vote on:

the election of eleven nominees to serve on the Board until the 2016 Annual Meeting of Shareholders or until their successors have been elected and have qualified;

the approval of the proposed amendment to Columbia's Amended and Restated Articles of Incorporation increasing the number of common shares, no par value, authorized for issuance from 63,032,681 to 115,000,000;

the approval, on an advisory basis (non-binding), of the compensation of Columbia's named executive officers; and

the approval, on an advisory basis (non-binding), of the appointment of Deloitte & Touche LLP (Deloitte) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015.

Who is entitled to vote?

Only shareholders who owned Columbia common stock, either directly or beneficially, as of the close of business on the Record Date are entitled to receive notice of the Annual Meeting and to vote the shares that they held on that date at the Annual Meeting, or any postponement or adjournment of the Annual Meeting.

How do I vote?

In-Person Voting. You may vote your shares either in person at the Annual Meeting or by proxy. To vote by proxy, you should mark, date, sign and mail the enclosed proxy card in the prepaid envelope provided. If your shares are registered in your own name and you attend the meeting, you may deliver your completed proxy card in person. Street name shareholders, that is, those shareholders whose shares are held in the name of and through a broker or nominee, who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

Internet Voting. For shares registered in your name, you may go to <http://www.proxyvote.com> to transmit a proxy to vote your shares by means of the Internet. You will be required to provide our number and the control number, both of which are contained on the enclosed proxy card. You will then be asked to complete an electronic proxy card. The votes represented by such proxy will be generated on the computer screen, and you will be prompted to submit or revise them as desired. We must receive votes submitted via the Internet by 11:59 p.m. ET on April 21, 2015.

Telephone Voting. You may grant a proxy to vote your shares by telephone. The telephone voting procedures are designed to authenticate your identify, to allow you to grant a proxy to vote your shares, and to confirm that your instructions have been recorded properly. To vote by telephone, call **1-800-690-6903** by 11:59 p.m. ET on April 21, 2015. Please see the instructions on the enclosed proxy card.

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For shares registered in the name of a broker or bank. Most beneficial owners, whose stock is held in street name, receive instructions for granting proxies from their banks, brokers or other agents, rather than a proxy card. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote. Your broker or nominee has enclosed a voting instruction card for you to use in directing your broker or nominee as to how to vote your shares.

A number of brokers and banks are participating in a program provided through Broadridge Financial Solutions Inc. that offers the means to grant proxies to vote shares over the telephone and Internet. If your shares are held in an account with a broker or bank participating in the Broadridge program, you may grant a proxy to vote those shares by calling the telephone number or visiting the website shown on the instruction form received from your broker or bank.

Can I revoke my proxy and/or change my vote after I return my proxy card?

Yes. You may revoke your proxy and change your vote at any time before the proxy is exercised by filing with Columbia's Secretary either a notice of revocation or another signed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the Annual Meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

What are the Board's recommendations?

The Board recommends a vote **FOR** the election of the director nominees listed in this proxy statement, **FOR** the approval to amend Columbia's Amended and Restated Articles of Incorporation to increase the authorized number of shares of common stock from 63,032,681 to 115,000,000, **FOR** the approval, on an advisory basis (non-binding), of the compensation of Columbia's named executive officers, and **FOR** the approval, on an advisory basis (non-binding), of Deloitte as the independent registered public accounting firm for the fiscal year 2015.

If you sign and return a proxy card without specific instructions as to how to vote, Mr. Weyerhaeuser and Ms. Dressel, as the persons named as proxy holders on the proxy card, will vote as recommended by the Board of Directors. If any other matters are considered at the meeting, Mr. Weyerhaeuser and Ms. Dressel will vote as recommended by the Board. If the Board does not give a recommendation, Mr. Weyerhaeuser and Ms. Dressel will have discretion to vote as they think best.

Will my shares be voted if I do not sign and return my proxy card?

If your shares are registered in your name and you do not return your signed proxy card or do not vote in person at the Annual Meeting, your shares will not be voted.

If your shares are held in street name and you do not submit voting instructions to your broker, your broker may vote your shares at this meeting on the advisory (non-binding) approval of the appointment of the independent registered public accounting firm only. If no instructions are given with respect to the election of directors, approval of the proposed amendment to our Amended and Restated Articles of Amendment or approval, on an advisory basis (non-binding), of the compensation of Columbia's named executive officers, your broker cannot vote your shares on these proposals.

How many votes are needed to hold the Annual Meeting?

A majority of Columbia's outstanding shares as of the Record Date (a quorum) must be present at the Annual Meeting in order to hold the meeting and conduct business. Shares are counted as present at the meeting if a shareholder is present and votes in person at the meeting or has properly submitted a proxy card. As of the

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Record Date for the Annual Meeting, 57,654,663 shares of Columbia common stock were outstanding and eligible to vote. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum. Broker non-votes, however, are not counted as shares present and entitled to be voted with respect to the matter on which the broker has expressly not voted. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (i) the broker has not received voting instructions from the beneficial owner and (ii) the broker lacks discretionary voting power to vote such shares.

What vote is required to elect directors?

In an uncontested election, a nominee for election to a position on the Board will be elected as a director if the votes cast **For** the nominee exceed the votes cast **Against** the nominee (known as majority voting). The term of any director who does not receive a majority of votes cast in an election held under that standard terminates on the earliest to occur of: (i) 90 days after the date election results are certified; (ii) the date the director resigns; or (iii) the date the Board fills the position. Our Bylaws provide that an election is considered contested, and will be held under a plurality standard, if there are shareholder nominees for director pursuant to the advance notice provision in Section 1.17 of our Bylaws who are not withdrawn by the advance notice deadline set forth in that section. You may vote **For**, **Against**, or **Abstain** from voting for the listed nominees. The following will not be votes cast and will have no effect on the election of any director nominee: (i) a share whose ballot is marked as abstain; (ii) a share otherwise present at the meeting but for which there is an abstention; and (iii) a share otherwise present at the meeting as to which a shareholder gives no authority or direction. Shareholders may not cumulate their votes in the election of directors.

What vote is required to amend the Amended and Restated Articles of Incorporation?

The affirmative vote **For** by a majority of those shares entitled to vote is required to approve the proposed amendment to the Amended and Restated Articles of Incorporation. You may vote **For**, **Against** or **Abstain** from amending the Amended and Restated Articles of Incorporation. If you **Abstain**, or if your shares are held in street name and you do not instruct your broker how to vote your shares, your shares will not be voted, which will have the same effect as a vote **Against**.

What vote is required to approve the advisory (non-binding) resolution on the compensation of Columbia's executive officers?

The affirmative vote **For** by a majority of those shares present in person or by proxy and voting on this matter is required on the advisory (non-binding) resolution on the compensation of Columbia's named executive officers. You may vote **For**, **Against** or **Abstain** from approving the advisory (non-binding) resolution to approve named executive officer compensation. Abstentions and broker non-votes will have no effect on the outcome of the proposal.

What vote is required to approve the advisory (non-binding) proposal on the appointment of the independent registered public accountants?

The proposal to approve, on an advisory basis (non-binding), the appointment of Deloitte as Columbia's independent registered public accounting firm will be adopted if a majority of the votes present in person or by proxy and voting on this matter are cast **For** the proposal. You may vote **For**, **Against** or **Abstain** from approving the proposal. Abstentions and broker non-votes will have no effect on the outcome of the proposal.

Can I vote on other matters?

We have not received timely notice of any shareholder proposals to be considered at the Annual Meeting, and the Board does not know of any other matters to be brought before the Annual Meeting.

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Who is soliciting my proxy and who is paying the cost of solicitation?

The Board is sending you this proxy statement in connection with its solicitation of proxies for use at the 2015 Annual Meeting. Certain directors, officers and employees of Columbia and its banking subsidiary, Columbia State Bank, or its trust company subsidiary, West Coast Trust, may solicit proxies by mail, telephone, facsimile, or in person.

We will pay for the costs of solicitation. We do not expect to pay any compensation for the solicitation of proxies, except to brokers, nominees and similar record holders for reasonable expenses in mailing proxy materials to beneficial owners of our common stock. However, management may, if it determines it necessary to obtain the requisite shareholder vote, retain the services of a proxy solicitation firm.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the Annual Meeting. We will publish final results in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission (SEC) within four business days after the Annual Meeting. After the Form 8-K is filed, you may obtain a copy by visiting our website at www.columbiabank.com, the SEC 's website at www.sec.gov, or by writing to: Columbia Banking System, Inc., Attention: Corporate Secretary, 1301 A Street, Tacoma, Washington, 98402-4200.

When are proposals and director nominations for the 2016 Annual Meeting due?

Proposals by shareholders to transact business at Columbia 's 2016 Annual Meeting must be delivered to Columbia 's Secretary no later than December 24, 2015 in order to be considered for inclusion in our proxy statement and proxy card and should contain such information as is required under our Bylaws. Such proposals will also need to comply with the SEC 's regulations regarding the inclusion of shareholder proposals in Columbia-sponsored proxy materials. In order for a shareholder proposal to be raised from the floor during next year 's annual meeting, or for a shareholder to nominate a person or persons for a director, written notice must be received by us no earlier than the 150th day and no later than the 120th day prior to the first anniversary of the 2015 Annual Meeting (meaning no earlier than November 24, 2015, and no later than December 24, 2015), and should contain such information as required under our Bylaws. However, if the date of the 2016 Annual Meeting is more than 30 days before or more than 60 days after the anniversary of the 2015 Annual Meeting, notice must be delivered no earlier than the 150th day and no later than the 120th day prior to the date of the 2016 Annual Meeting or, if the first public announcement of the 2016 Annual meeting date is less than 100 days before the meeting date, notice must be delivered no later than the 10th day following the date of the Company 's first public announcement of the 2016 Annual Meeting date.

To be in proper form, a shareholder 's notice must include the specified information concerning the proposal or director nominee as described in our Bylaws. The Company will not consider any proposal or nomination that is not timely or otherwise does not meet the Bylaw and SEC requirements for submitting a proposal or nomination.

Notice of intention to present proposals at the 2016 Annual Meeting, or to obtain a copy of the detailed procedures regarding notice requirements for proposals or director nominations, should be directed to Columbia 's Corporate Secretary, 1301 A Street, Tacoma, Washington 98402.

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As of December 31, 2014, the shareholders identified in the table below beneficially owned more than 5% of the outstanding shares of Columbia common stock. To the Company's knowledge, based on the public filings which beneficial owners of more than 5% of the outstanding shares of Columbia common stock are required to make with the SEC, there are no other beneficial owners of more than 5% of the outstanding shares of Columbia common stock as of December 31, 2014, other than those set forth below.

Name and Address	Number of Shares (1)	Percentage
Blackrock, Inc. (2)	4,819,138	8.39%
40 East 52 nd Street		
New York, NY 10022		
The Vanguard Group, Inc. (3)	3,517,827	6.12%
100 Vanguard Blvd.		
Malvern, PA 19355		

- (1) Pursuant to rules promulgated by the SEC, a person or entity is considered to beneficially own shares of common stock if the person or entity has or shares (i) voting power, meaning the power to vote or direct the voting of the shares, or (ii) investment power, meaning the power to dispose of or direct the disposition of the shares.
- (2) An amended Schedule 13G filed with the SEC on January 15, 2015 indicates that BlackRock, Inc. had sole voting power over 4,690,329 shares and sole dispositive power over 4,819,138 shares. Various persons had the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the common stock of the Company. No one person's interest in the common stock was more than five percent of the total outstanding common stock of the Company.
- (3) An amended Schedule 13G filed with the SEC on February 11, 2015 indicates that The Vanguard Group had sole voting power over 75,401 shares, sole dispositive power over 3,446,686 shares and shared dispositive power over 71,141 shares.

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The following table shows, as of January 31, 2015, the amount of Columbia common stock directly owned (unless otherwise indicated) by (a) each director and director nominee; (b) the executive officers named in the Summary Compensation Table below; and (c) all of our directors and executive officers as a group. Except as otherwise noted, we believe that the beneficial owners of the shares listed below, based on information furnished by such owners, have or share with a spouse voting and investment power with respect to the shares. Beneficial ownership is determined under the rules of the SEC and includes shares that could be acquired within 60 days through the exercise of an option or other right.

Name	Position	Number (1)	Percentage
William T. Weyerhaeuser	Chairman of the Board	245,746(2)	*
Melanie J. Dressel	Director, President and Chief Executive Officer	149,898(3)	*
David A. Dietzler	Director	4,612	
Craig D. Eerkes	Director	2,631	*
Ford Elsaesser	Director	33,573	*
Mark A. Finkelstein	Director	0	*
John P. Folsom	Director	40,638(4)	*
Frederick M. Goldberg	Director	24,344(5)	*
Thomas M. Hulbert	Director	40,015	*
Michelle M. Lantow	Director	7,500	*
David C. Lawson	Executive Vice President, Chief Human Resources Officer	6,788(6)	*
Andrew L. McDonald	Executive Vice President, Chief Credit Officer	29,825	*
S. Mae Fujita Numata	Director	6,825(7)	*
Daniel C. Regis	Director	20,500(8)	*
Hadley J. Robbins	Executive Vice President, Chief Operating Officer	7,555	*
Elizabeth W. Seaton	Director	2,000	*
Clint E. Stein	Executive Vice President, Chief Financial Officer	14,582	*
James M. Will	Director	37,537(9)	*
Directors and executive officers as a group (19 persons)		677,069	1.17%

* Represents less than 1% of outstanding common stock.

- (1) There were no shares of Columbia common stock subject to options or other rights exercisable within 60 days.
- (2) 223,249 shares are held indirectly by WBW Trust Number One, for which Mr. Weyerhaeuser is the trustee with sole voting and investment power.
- (3) Includes 51,134 shares held in Ms. Dressel's Family LLC, 2,408 shares held by a corporation owned by Ms. Dressel and her spouse, and 9,136 shares held in Ms. Dressel's 401(k).
- (4) Includes 10,600 shares held indirectly in Mr. Folsom's IRA, 950 shares held in Mrs. Folsom's IRA and 23,088 shares held in a joint account with his wife.
- (5) Includes 1,100 shares held by F.G. Family Foundation and 693 shares held in Mr. Goldberg's IRA.
- (6) Includes 42 shares held in Mr. Lawson's 401(k).
- (7) Includes 825 shares held jointly with spouse.
- (8) Includes 18,500 shares held by Regis Investments, LP, a family limited partnership, of which Mr. Regis and his wife are sole general partners.
- (9) Includes 750 shares held jointly with Mr. Will's spouse and 1,400 shares held in Mrs. Will's name.

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INFORMATION ABOUT THE DIRECTORS AND NOMINEES

Size of the Board

Our Bylaws provide that the number of directors to be elected by the shareholders will be at least five and not more than 17. Under the Bylaws, the Board has authority to decide the exact number of directors to be elected within these limits. The Board has fixed the number of directors to be elected at the Annual Meeting at eleven and has nominated the persons listed on the following pages, each of whom has consented to serve as a director if elected, for election as directors to serve until the 2016 Annual Meeting or until their successors are elected.

Director Retirement Age

Our Bylaws provide that any person who has or will attain the age of 75 prior to a meeting of shareholders may not stand for election at such meeting. As a result, Mr. Goldberg and Mr. Regis, who have each served as directors since 2003, have not been nominated for election at the Annual Meeting. Mr. Will, who was eligible to be nominated and who has served as a director since 1993, decided not to stand for reelection as a director at the Annual Meeting and is retiring from the Board effective April 22, 2015.

Replacement Nominees

If a nominee refuses or is unable to stand for election, the Board may reduce the number of seats on the Board or designate a replacement nominee. If the Board designates a substitute, shares represented by proxy will be voted **FOR** the substitute nominee. The Board presently has no knowledge that any of the nominees will refuse or be unable to serve.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

Information regarding each of the nominees is provided below, including each nominee's name, age as of the Record Date, principal occupation and public company directorships during the past five years, and the year first elected or appointed a director of Columbia, its predecessor corporation or one of its former or current subsidiaries. All of the nominees are presently directors of Columbia and Columbia Bank. There are no family relationships among any of our directors or executive officers, nor are any of the corporations or organizations referenced in the biographical information below a parent, subsidiary or affiliate of Columbia.

David A. Dietzler

Director since 2013

Mr. Dietzler, 71, served as a director of West Coast Bancorp prior to the acquisition of West Coast Bancorp by Columbia. Mr. Dietzler was managing partner of KPMG LLP's office in Portland, Oregon before retiring in 2005 after 37 years of service. He earned his MSBA from the University of North Dakota. Mr. Dietzler has extensive experience auditing public companies and working with audit committees, and gained significant expertise in SEC reporting, financial statement preparation, internal control and compliance requirements. Mr. Dietzler has been a director of Portland General Electric Company since 2006 serving as Chair of the Audit Committee and member of the nominating and corporate governance committee. Mr. Dietzler's expertise in compliance matters as well as his experience serving on multiple audit committees make him a valuable resource to the Board. Mr. Dietzler is considered one of the Board's designated audit committee financial experts.

Melanie J. Dressel

Director since 1998

Ms. Dressel, 62, was named Chief Executive Officer of Columbia in February 2003, continues to serve as the Company's President, and has been the President and Chief Executive Officer of Columbia Bank since January 2000. She has served in several capacities at Columbia, including President and Chief Operating Officer from 2000 to 2003; Executive Vice President of retail banking from 1997 to 2000; and upon joining Columbia in 1993, served as Senior Vice President and Private Banking Manager until 1997. Ms. Dressel has approximately 40 years of banking experience and prior to joining Columbia, directed the private banking division of Puget Sound National Bank, and between 1974 and 1988, held various positions with Bank of California.

She is a graduate of the University of Washington with a degree in Political Science. She is a member on the Boards of Puget Sound Energy (Chair), Executive Council for a Greater Tacoma (past Chair), Washington Bankers Association (past Chair), Washington Roundtable, and the Washington State Historical Society. She also serves on the American Bankers Council, the ABA Grassroots Committee, the Bellarmine Benefactors' Trust, and is a member of the Federal Reserve Bank of San Francisco's Community Depository Institutions Advisory Council (CDIAC).

In the past, she served as a Board member of The American Bankers Association. She further served as Chair of the Boards of Mary Bridge Children's Foundation, Bellarmine Preparatory School and Tacoma/Pierce County Chamber of Commerce. Other past volunteer activities include serving on the board and executive committees for various organizations, including the Tacoma Art Museum and United Way of Pierce County.

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Melanie Dressel was honored as 2011 Community Banker of the Year by *American Banker Magazine*, and was also named in 2014 for the sixth time by the magazine as one

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of The 25 Most Powerful Women in Banking. Ms. Dressel was awarded CEO of the Year by *Seattle Business Magazine*'s inaugural Executive Excellence Awards in January 2013.

As Chief Executive Officer and a director, Ms. Dressel serves as the primary liaison between the Board and management and as the executive with overall responsibility for executing the Company's strategic plan.

Craig D. Eerkes

Director since 2014

Mr. Eerkes, 62, has served as the President and Chief Executive Officer of Sun Pacific Energy, Inc., a Tri-Cities based retail and wholesale petroleum company with locations throughout Washington since 1981. He has an extensive background with financial institutions and broad experience in highly regulated industries, including fifteen years as a director of WMI Insurance Company, a health and life insurance company based in Salt Lake City, Utah. He was the chairman and a director of AmericanWest Bancorp from 2004 to 2012, as well as a director of First Hawaiian Bank from 1996 to 1999. He was founder, director and chairman of American National Bank, N.A., Kennewick, Washington, from 1981 to 1996. Mr. Eerkes is a graduate of the University of Puget Sound. He was named Tri-Citizen of the Year for 2014 and is actively involved in the Boy Scouts, Boys & Girls Clubs, United Way and several other community organizations. His expertise in community banking and risk management brings strong operational depth to the Board.

Ford Elsaesser

Director since 2014

Mr. Elsaesser, 63, was a member of the Intermountain board of directors from 1997 until its acquisition by Columbia, serving as its Chairman from May 2013. An attorney with extensive experience with financial service companies, Mr. Elsaesser is a senior partner at Elsaesser Jarzabek Anderson Elliott & Macdonald, a Sandpoint, Idaho-based law firm founded in 1979. His practice focuses on commercial law and banking, civil litigation, bankruptcy and trusteeships and receiverships. He has served as Adjunct Professor at St. John's University School of Law since 2003, and on the Advisory Board of the University's Bankruptcy Program since 1999. He has also served as an Adjunct Professor at the University of Idaho Law School since 2005. A graduate of Goddard College and the University of Idaho Law School, Mr. Elsaesser is active in his community and has served as Chairman of the Lake Pend Oreille Commission since 2003. His knowledge of and contacts within the local Idaho market, as well as his legal experience, make him a valuable resource to the Board.

Mark A. Finkelstein

Director since 2014

Mr. Finkelstein, 56, has served since September 2014 as the Chief Legal and Administrative Officer at Blucora, Inc., where he oversees the company's legal, compliance and human resources departments and advises on legal and corporate strategy matters. From December 2011 through July 2014, he served as Executive Vice President Corporate Development and General Counsel of Emeritus Corporation, an NYSE-listed healthcare company with over 30,000 employees, and as the Corporate Secretary of Emeritus from May 2012 through July 2014. Prior to joining Emeritus, Mr. Finkelstein served as a strategy advisor for private investment management firms in the United States and Europe and as the chief executive officer and a member of the board of directors of Novellus Capital Management, a specialized asset management firm. From 1986 to 2006, he practiced law with the Seattle law firm of Graham & Dunn, P.C., where he specialized in mergers and acquisitions, complex financing strategies and other corporate transactions involving financial service companies. Mr. Finkelstein received his B.A. with High Honors in Economics from The University of Michigan and his J.D. from The University of

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Michigan Law School. He is a member of the Audit and Corporate Responsibility Committee of the Board of Trustees for Seattle Children's Hospital. Mr. Finkelstein's legal, strategic management and financial expertise make him a valuable resource to the Board.

John P. Folsom

Director since 1997

Mr. Folsom, 71, served as President of Brown & Brown, Inc. of Washington, formerly Raleigh, Schwarz & Powell (insurance brokers and consulting), Tacoma, Washington, from 1990 through December 31, 2006. Mr. Folsom received his professional designation in underwriting and risk management and currently serves as an independent consultant on insurance and risk management matters. Mr. Folsom earned his B.S. degree from the University of Washington and his J.D. from the University of California. He was also a past member of the California and American Bar Association. Mr. Folsom is a resident of Pierce County, and has served as Chair of many community organizations, including the Executive Council for a Greater Tacoma and MultiCare Health System. He also currently serves as a director of the Tacoma Pierce County Sports Commission and University of Washington Tacoma Urban Studies Advisory Board and The Children's Museum. Mr. Folsom's knowledge of, and business and personal contacts in the local market, together with his expertise in risk management matters and legal background, make him a valuable resource to the Board.

Thomas M. Hulbert

Director since 1999

Mr. Hulbert, 68, has been President and Chief Executive Officer of Hulco, Inc., Olympia, Washington, a family-held real estate holding and investment company focusing on the acquisition, management and sale of properties within Washington state since 1979. He was also President and Chief Executive Officer of Winsor Corporation, a Seattle-based research and development company specializing in lighting technologies from 1996 to 2013. Mr. Hulbert's business experience also includes serving as President and Chief Executive Officer of a manufacturing company and supervising the operations of a timber contracting and logging company in Montana and Washington. He has served on numerous boards of local private companies, and his leadership experience and knowledge of real estate investment provides a valuable resource to the Board.

Michelle M. Lantow

Director since 2012

Ms. Lantow, 53, was appointed the Chief Administrative Officer at New Season's Market, LLC in July 2012 where she is responsible for all financial reporting, accounting, cash management, information technology and strategic planning. From 2010, she served as the Chief Financial Officer of McCormick & Schmick's, a locally owned restaurant company established in 1970 and owning over 80 restaurants until the company was sold in 2012. As the Chief Financial Officer, Ms. Lantow was responsible for all financial reporting associated with a public company, in addition to human resources and information technology functions. Prior to that time, Ms. Lantow worked at Lucy activewear, Inc., an apparel company that designs and sells fashion-forward performance apparel for athletic women, serving as the President from 2007 to 2009 and the Chief Financial Officer from 2000 to 2007. During the period 1995 to 2000, Ms. Lantow served as the Corporate Controller and Vice President of Investor Relations with The Gap, Inc., a diversified international specialty retailer. Ms. Lantow holds a BA in Business Economics from the University of California. She is the chairperson of Portland State University's MBA program. Ms. Lantow's depth of public company, strategic management and leadership experience make her a valuable resource for the Board.

Table of Contents**S. Mae Fujita Numata**

Director since 2012

Ms. Numata, 58, has been an Engagement Partner with Tatum, a national CFO consulting firm and a division of Randstad Company, since late 2013. She was formerly with Tatum from 2008 to 2010. She is also the founder of Numata Consulting PLLC from which she has served as the Chief Operating Officer and Chief Financial Officer for MMGL Corp. (f/k/a Schnitzer Investment Corp.), a privately held investment firm since 2010. From 2006 to 2008, Ms. Numata served as the Senior Vice President/Chief Financial Officer and Corporate Secretary of Fisher Communications, Inc., a broadcasting company. From 1997 to 2006, Ms. Numata served as Vice President and Chief Financial Officer of The Seattle Times Company, and between 1993 -1997 was a Senior Vice President of Corporate Development of KeyBank of Washington. Ms. Numata is a member of the American Institute of Certified Public Accountants, Women Corporate Directors and National Association of Corporate Directors. Among other activities, she is the co-president of the board for the Executive Development Institute and a board member, 2nd vice president and investment committee chair for the Girl Scouts of Western Washington. Ms. Numata's extensive accounting and banking background provide the Board and Audit Committee with valuable expertise and she is one of the Board's designated audit committee financial experts.

Elizabeth W. Seaton

Director since 2014

Ms. Seaton, 54, is the Senior Vice President of Operations of SaltChuk Resources, Inc., a family of diversified transportation, energy and real estate companies in Seattle. Prior to joining SaltChuk in September of 2014, Ms. Seaton served as Vice President of Strategic Planning and Corporate Development for Weyerhaeuser Company from 2008 to 2014. Her career with Weyerhaeuser spanned over twenty years, and she brings with her broad experience in business leadership, change management, mergers and acquisitions and enterprise risk management. Ms. Seaton is a graduate of Princeton University and holds a J.D./M.B.A. from the University of Chicago. She has more than ten years of experience as a board member and advisor to a wide range of organizations, including Liaison Technologies, and she contributes to her community through a variety of not-for-profit organizations focused on homelessness and healthcare. Her strategic management expertise provides a valuable resource to the Board.

William T. Weyerhaeuser

Director since 1998

Mr. Weyerhaeuser, 71, is the Chairman of the Board of Columbia. He is also a Director of eHarmony, an online dating website for singles. He is the former Chairman of Comerco, Inc., a holding company for Yelm Telephone Company, and Rock Island Company, a private investment company. He is a former Director and Vice Chairman of the Board of Potlatch Corporation, a forest products company, and a former Director of Clearwater Paper Corporation, a forest products company. Mr. Weyerhaeuser received his undergraduate degree from Stanford University and his Ph.D. in Clinical Psychology from Fuller Graduate School of Psychology, Fuller Theological Seminary. He had a private practice in Tacoma from 1975-1998. He is a Trustee and past Chairman of the Board of the University of Puget Sound, a Director of LeMay-America's Car Museum, Trustee and former President of the Seattle Opera Board of Trustees and past President of the Pacific Harbors Council, Boy Scouts of America. Among other past volunteer activities, Mr. Weyerhaeuser has served as President of the Board of the Tacoma Art Museum and as a Director of The Greater Tacoma Community Foundation. Mr. Weyerhaeuser's diverse background and public company experience provides a valuable perspective to the Board.

The Board unanimously recommends a vote FOR each of the nominees for director.

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CORPORATE GOVERNANCE

Guidelines

The Board is committed to sound business practices, transparency in financial reporting and high standards of corporate governance. We operate within a comprehensive plan of corporate governance with the purpose of defining responsibilities, setting high standards of professional and personal conduct and assuring compliance with such responsibilities and standards. We regularly monitor developments in the area of corporate governance and our corporate governance policies, practices and committee charters are reviewed periodically and updated as necessary to reflect changes in regulatory requirements and evolving oversight practices.

Board and Company Leadership Structure

The Board is committed to maintaining an independent board, and an overwhelming majority has been comprised of outside directors for many years. It has further been the practice of Columbia to separate the duties of Chairman and Chief Executive Officer. In keeping with good corporate governance practices, the Board believes that the separation of the duties of Chairman and Chief Executive Officer eliminates any inherent conflict of interest that may arise when the roles are combined, and that an independent director can best provide the leadership and objectivity required as Chairman.

Director Qualifications

The Board believes each of the Company's directors should bring a rich mix of qualities and skills to the Board. All of our directors bring to the Board a wealth of leadership experience derived from their service in a variety of professional and executive positions and extensive board experience.

The Corporate Governance and Nominating Committee is responsible for the oversight and nomination process for director nominees. The Corporate Governance and Nominating Committee has not historically adopted formal director qualification standards for recommended nominees. However, the Corporate Governance and Nominating Committee annually reviews the experience, qualifications, attributes and skills of each director and nominee as part of its evaluation of whether these are the right individuals to serve on Columbia's Board to help Columbia successfully meet its strategic plans. Because directors are elected for one-year terms, the Corporate Governance and Nominating Committee has an annual opportunity to assess these factors and, if appropriate, determine not to re-nominate any director. A more detailed discussion regarding the considerations given by the Corporate Governance and Nominating Committee when considering director nominees is set forth below in the section entitled *Board Structure and Compensation Corporate Governance and Nominating Committee*.

The biographical information set forth above summarizes the experience, qualifications, attributes and skills that Columbia believes qualifies each director to serve on the Board. The Corporate Governance and Nominating Committee and the Board believe each respective director's professional and business acumen and board experience, and the total mix of all directors' experience and skills, are beneficial to the Company and the Board.

Code of Ethics and Corporate Governance Documents

We have adopted a Code of Ethics for senior financial officers which applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and any persons performing similar functions.

You can access our Code of Ethics, Audit Committee, Corporate Governance and Nominating Committee and Personnel and Compensation Committee charters, Corporate Governance Policy, Code of Conduct and our Bylaws in the Corporate Governance section of our website at www.columbiabank.com, or by writing to: Columbia Banking System, Inc., Attention: Corporate Secretary, 1301 A Street, Tacoma, Washington, 98402-4200.

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Director Independence

With the assistance of legal counsel to Columbia, the Corporate Governance and Nominating Committee has reviewed the applicable legal standards for Board and committee member independence, and the criteria applied to determine audit committee financial expert status. The Corporate Governance and Nominating Committee has also reviewed the answers to annual questionnaires completed by each of the directors, which included questions regarding any potential director-affiliated transactions.

The Board then analyzed the independence of each director and nominee and determined that the following members of the Board meet the standards regarding independence required by applicable law, regulation and NASDAQ listing standards, and that each such director is free of relationships that would interfere with the exercise of independent judgment. In determining the independence of each director, the Board considered many factors, including any loans to the directors, each of which (i) were made in the ordinary course of business; (ii) were substantially made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company or the Bank; and (iii) did not involve more than the normal risk of collectability or present other unfavorable features. Such arrangements are discussed in detail in the section entitled *Certain Relationships and Related Transactions*.

Based on these standards, the Board has determined that each of the following current non-employee directors and director nominees is independent:

Craig D. Eerkes
Ford Elsaesser
Mark A. Finkelstein
David A. Dietzler
John P. Folsom
Frederick M. Goldberg
Thomas M. Hulbert

Michelle M. Lantow
S. Mae Fujita Numata
Daniel C. Regis
Elizabeth W. Seaton
William T. Weyerhaeuser
James M. Will

Based on the standards described above, the Board determined that Melanie J. Dressel, who serves as the President and Chief Executive Officer of the Company, is not independent because she is an executive officer of the Company.

Compensation Committee Interlocks and Insider Participation

During 2014, the Personnel and Compensation Committee consisted of Mr. Hulbert (Chair), Mr. Eerkes, Ms. Lantow, Ms. Numata and Mr. Goldberg. During 2014, none of our executive officers served on the compensation committee (or equivalent body) or board of directors of another entity whose executive officer served on the Personnel and Compensation Committee.

Shareholder Communications with the Board

Shareholders and other interested parties may communicate with the Board by writing to the Chairman of the Board c/o Columbia's Corporate Secretary, Columbia Banking System, Inc., 1301 A Street, Tacoma, Washington, 98402-4200. These communications will be reviewed by our Corporate Secretary and if they are relevant to, and consistent with, our operations and policies, they will be forwarded to the Chairman of the Board.

Table of Contents**BOARD STRUCTURE AND COMPENSATION***2014 Board Meetings*

The Board met 12 times during 2014. Each director attended at least 75% of the total number of meetings of the Board and committees on which he or she served. Columbia directors are expected to attend the annual shareholder meeting. Last year, all of our directors who were then serving on the Board attended the annual shareholder meeting. During 2014, the independent directors held 10 meetings without management present.

Board Committees

The Board has established, among others, an Audit Committee, a Personnel and Compensation Committee, a Corporate Governance and Nominating Committee, and an Enterprise Risk Management Committee.

The following table shows the membership of these committees during 2014.

Committee Membership

Name	Audit	Compensation	Nominating	E.R.M.
David A. Dietzler	þ	..	..	..
Craig D. Eerkes (1)	..	þ	..	þ
Ford Elsaesser (2)	þ	..	..	..
Mark A. Finkelstein (1)	..	..	..	þ
John P. Folsom	þ *	..	þ	þ
Frederick M. Goldberg	..	þ	..	þ
Thomas M. Hulbert	þ	þ *	þ	..
Michelle M. Lantow	..	þ	..	..
S. Mae Fujita Numata	þ	þ	..	..
Daniel C. Regis	þ	..	..	þ *
Elizabeth W. Seaton (3)	..	..	..	þ
William T. Weyerhaeuser	..	..	þ *	..
James M. Will	..	..	..	þ
Total Meetings in 2014	9	6	5	5

* Committee Chair

- (1) Messrs. Eerkes and Finkelstein were each appointed to the Board effective September 2, 2014 and therefore did not serve on their respective committees for the full year.
 - (2) Mr. Elsaesser was appointed to the Board effective November 1, 2014 and therefore did not serve on the Audit Committee for the full year.
 - (3) Ms. Seaton was appointed to the Board effective May 30, 2014 and therefore did not serve on the E.R.M. Committee for the full year.
- Audit Committee. The Audit Committee is comprised of six directors, each of whom is considered independent as defined by the NASDAQ listing standards and applicable SEC rules. The Audit Committee operates under a formal written charter, a copy of which is posted on our website. The Board has determined that each of Messrs. Dietzler and Regis and Ms. Numata are Audit Committee Financial Experts as defined by SEC rules. Mr. Regis will not serve on the Audit Committee after the Annual Meeting due to his retirement from the Board.

The Audit Committee is responsible for the oversight of the quality and integrity of Columbia's financial statements, its compliance with legal and regulatory requirements, the qualifications and independence of its independent auditors, the performance of its internal audit function and independent auditors and other significant financial matters. In discharging its duties, the Audit Committee is expected to, among other things:

have the sole authority to appoint, retain, compensate, oversee, evaluate and replace the independent auditors;

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review and approve the engagement of the independent auditors to perform audit and non-audit services and related fees;

meet independently with the internal auditing department, independent auditors and senior management;

review the integrity of the financial reporting process;

review the financial reports and disclosures submitted to appropriate regulatory authorities;

maintain procedures for the receipt, retention and treatment of complaints regarding financial matters; and

review and approve related party transactions.

Personnel and Compensation Committee. The Personnel and Compensation Committee is comprised of five directors, each of whom is considered independent as defined by the NASDAQ listing standards and applicable SEC and IRS rules. Mr. Goldberg is a member of the Committee but will not continue his service after the Annual Meeting due to his retirement from the Board. The Personnel and Compensation Committee is charged with the responsibility of reviewing the performance of our Chief Executive Officer and other key employees and determines, approves and reports to the Board on the elements of their compensation and long-term equity based incentives. The Committee may periodically retain an independent consultant to assist the Committee in its deliberations regarding executive compensation for the Chief Executive Officer and other key executives. The Committee is directly responsible and has full authority for the appointment, compensation and oversight of compensation consultants, legal counsel and any other advisors retained by the Committee. The Committee solicits and receives input and recommendations from the Chief Executive Officer with respect to the compensation of the other executive officers. In addition, the Executive Vice President and Human Resources Director assists the Committee in its work.

In 2013, the Committee commissioned Pearl Meyer and Partners (Pearl Meyer), an independent outside compensation consultant, to conduct a study of the Company's executive compensation compared to a peer group comprised of other publicly traded financial services companies. The Committee has since used this report as a reference in making compensation decisions. The Pearl Meyer report provided information on executive base salaries and short-term and long-term incentives based on competitive data from published proxy filings of an updated peer group of 17 bank holding companies. Further information relating to the Pearl Meyer report is discussed in the *Compensation Discussion and Analysis*.

In addition, the Personnel and Compensation Committee:

reviews all employee benefit plans; and

makes determinations in connection with compensation matters as may be necessary or advisable.

The Committee operates under a written charter, a copy of which is posted on our website. The Committee meets as needed, and may delegate to one or more of its members the responsibility of meeting with consultants and management to obtain information for presentation and consideration by the entire committee.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is comprised of three directors, each of whom is considered independent as defined by the NASDAQ listing standards, and is responsible for recommending a slate of directors to the full Board for election at the annual meeting, recommending directors to fill vacancies as they occur and monitoring Columbia's corporate governance principles and practices and making appropriate recommendations for enhancements or other changes to the full Board.

The Corporate Governance and Nominating Committee will consider nominees recommended by shareholders provided that the recommendations are made in accordance with the procedures described in this proxy statement under the section *Information About the Meeting How do I nominate someone to be a*

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director? The Committee evaluates all candidates, including shareholder-proposed candidates, using generally the same methods and criteria. The Corporate Governance and Nominating Committee operates under a formal written charter, a copy of which is posted on our website.

In deciding whether to recommend incumbent directors for re-nomination, the Committee evaluates Columbia's evolving needs, and assesses the effectiveness and contributions of its existing directors. The Committee is authorized to establish guidelines for the qualification, evaluation and selection of new directors to serve on the Board. The Committee has not adopted, nor does it anticipate adopting, specific minimum qualifications for Committee-recommended nominees, nor has the Committee adopted a formal policy relating to Board diversity, although the Committee and the Board value and seek to include members with a diversity of backgrounds, professional experience and skills relevant to the Company. The Committee instead evaluates each nominee on a case-by-case basis, including assessment of each nominee's business experience, involvement in the communities served by Columbia, and special skills. The Corporate Governance and Nominating Committee also evaluates whether the nominee's skills are complementary to existing Board members' skills, and the Board's need for operational, management, financial, technological or other expertise.

The Committee has the authority and responsibility to monitor and review the appropriateness of the Company's principles and practices of corporate governance, including its Corporate Governance Policy, in light of emerging standards and best practices and the needs of the Company and its shareholders, and make such recommendations to the full Board as the Committee considers appropriate. The Committee also has the authority and responsibility to review the level and form of director compensation, taking into account such factors as the compensation paid to directors of comparable companies, and recommends any changes to the full Board for consideration. The process and procedures used in determining Board compensation for 2014 are discussed in the section below.

Enterprise Risk Management Committee. The Enterprise Risk Management Committee (ERM Committee) was formed in 2009 and is comprised of seven directors, each of whom is considered independent under NASDAQ rules. Messrs. Goldberg, Regis and Will are members of the Committee but will not continue their service after the Annual Meeting due to their retirement from the Board. The ERM Committee works closely with the Audit Committee and is responsible for the oversight of Columbia's policies, procedures, and practices related to business, market, and operational risks as they impact the strategic, operational, reporting, and compliance objectives of its strategic plan. The Committee is responsible for reporting risk issues and events to the Board and providing the Board with necessary oversight and advice to set risk tolerances.

Risk Oversight

The Board has ultimate authority and responsibility for overseeing risk management at Columbia. Some aspects of risk oversight are fulfilled at the full Board level. For example, the Board regularly receives reports from management on credit risk, liquidity risk and operational risk. The Board delegates other aspects of its risk oversight function to its committees. The Audit Committee oversees financial, accounting and internal control risk management; the head of the Company's internal audit function reports directly to the Audit Committee. The executive officers regularly report directly to the entire Board and to appropriate Board committees with respect to the risks they are responsible for managing.

The ERM Committee is responsible for the oversight of Columbia's policies, procedures, and practices related to business, market, and operational risks as they impact the strategic, operational, reporting, and compliance objectives of its strategic plan.

The Personnel and Compensation Committee oversees the management of risks that may be posed by the Company's compensation practices and programs. As part of this process, the Personnel and Compensation Committee is responsible for reviewing the compensation policies and practices for all employees, not just executive management. In its review of these policies and practices, the Personnel and Compensation Committee has determined that the current policies and practices do not create or encourage risks that are reasonably likely to have a material adverse effect on the Company.

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The Corporate Governance and Nominating Committee has authority over director compensation subject to the Board's authority to approve changes. Directors receive compensation in the form of cash and, as applicable, equity awards in the form of restricted stock or, in the past, stock options. We do not pay directors who are also employees of Columbia or Columbia Bank additional compensation for their service as directors.

The following table shows compensation paid or accrued for the last fiscal year to our non-employee directors. The footnotes to the table describe the details of each form of compensation paid to directors.

2014 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$) (1)	Stock Awards (\$) (2)	Change In Pension Value and Nonqualified Deferred Compensation Earnings (3)	Total (\$)
David A. Dietzler	\$ 55,250	\$ 52,940		\$ 108,190
Craig D. Eerkes*	15,667	0		15,667
Ford Elsaesser	6,833	0		6,833
Mark A. Finkelstein	16,667	0		16,667
John P. Folsom	81,250	52,940		134,190
Frederick M. Goldberg	67,625	52,940	167	120,732
Thomas M. Hulbert	75,250	52,940		128,190
Michelle M. Lantow	54,250	52,940		107,190
S. Mae Fujita Numata	60,250	52,940		113,190
Daniel C. Regis	65,625	52,940		118,565
Elizabeth W. Seaton	28,167	52,940		81,107
William T. Weyerhaeuser	97,750	52,940		150,690
James M. Will	57,625	52,940		110,565

(1) Amount shown for Mr. Dietzler represents (i) retainer in the amount of \$35,000; and (ii) aggregate per meeting board and committee attendance fees of \$10,250 and \$10,000, respectively.

Amount shown for Mr. Eerkes represents (i) retainer in the amount of \$11,667; and (ii) aggregate per meeting board and committee attendance fees of \$3,000 and \$1,000, respectively, since his appointment to the board on September 2, 2014.

Amount shown for Mr. Elsaesser represents (i) retainer in the amount of \$5,833; and (ii) aggregate per meeting board attendance fees of \$1,000 since his appointment to the board on November 1, 2014. Mr. Elsaesser did not attend any committee meetings in 2014.

Amount shown for Mr. Finkelstein represents (i) retainer in the amount of \$11,667; and (ii) aggregate per meeting board and committee attendance fees of \$3,000 and \$2,000, respectively, since his appointment to the board on September 2, 2014.

Amount shown for Mr. Folsom represents (i) retainer in the amount of \$35,000; (ii) \$15,000 received as chairman of the Audit Committee; and (iii) aggregate per meeting board and committee attendance fees of \$10,250 and \$21,000, respectively.

Amount shown for Mr. Goldberg represents (i) retainer in the amount of \$35,000; (ii) \$7,875 received as chairman of M&A Committee; and (iii) aggregate per meeting board and committee attendance fees of \$10,250 and \$14,500, respectively.

Amount shown for Mr. Hulbert represents (i) retainer in the amount of \$35,000; (ii) \$12,000 received as chairman of Compensation Committee; and (iii) aggregate per meeting board and committee attendance fees of \$10,250 and \$18,000, respectively.

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Amount shown for Ms. Lantow represents (i) retainer in the amount of \$35,000; and (ii) aggregate per meeting board and committee attendance fees of \$10,250 and \$9,000, respectively.

Amount shown for Ms. Numata represents (i) retainer in the amount of \$35,000; and (ii) aggregate per meeting board and committee attendance fees of \$10,250 and \$15,000, respectively.

Amount shown for Mr. Regis represents (i) retainer in the amount of \$35,000; (ii) \$7,875 received as chairman of E.R.M. Committee; and (iii) aggregate per meeting board and committee attendance fees of \$10,250 and \$12,500, respectively.

Amount shown for Ms. Seaton represents (i) retainer in the amount of \$20,417; and (ii) aggregate per meeting board and committee attendance fees of \$5,750 and \$2,000, respectively, since her appointment to the board on May 30, 2014

Amount shown for Mr. Weyerhaeuser represents (i) retainer in the amount of \$35,000; (ii) \$35,000 received as Chairman of the Board; and (iii) aggregate per meeting board and committee attendance fees of \$10,250 and \$17,500, respectively.

Amount shown for Mr. Will represents (i) retainer in the amount of \$35,000; (ii) \$7,875 received as Chairman of Trust Committee; and (iii) aggregate per meeting board and committee attendance fees of \$9,250 and \$5,500, respectively.

- (2) Represents a restricted stock award of 2,000 shares granted to each director on June 25, 2014 at the grant date fair value. The fair value of these awards was determined in accordance with the Compensation Stock Compensation topic of the FASB ASC 718. Assumptions used to calculate these amounts are set forth in the notes to the Company's audited financial statements for the fiscal year ended 2014, included in the Company's accompanying Annual Report.
- (3) Represents above-market earnings on Mr. Goldberg's deferred compensation account, the material terms of which are described below under *Executive Compensation Deferred Compensation Plan*.

Cash Compensation. Non-employee directors are paid an annual retainer as compensation plus a per-meeting attendance fee for service as a director. Members of the Audit, Personnel and Compensation and Corporate Governance and Nominating Committees, respectively, receive an additional per meeting attendance fee for committee meetings. The Chairman of the Board and Chairmen of the Audit, the Personnel and Compensation, ERM and certain other committees receive an additional retainer in light of the increased demands associated with those positions. Non-employee directors may elect to defer the receipt of meeting and/or director fees in accordance with the terms of the Company's Deferred Compensation Plan.

Equity Compensation. Non-employee directors may from time to time be granted restricted stock awards pursuant to our Current Equity Plan, the material terms of which are discussed under the section *Executive Compensation Equity Compensation*. Restricted stock awards generally vest over a pre-determined period.

Long Term Care Program. In 2001, we implemented a long-term care program for directors serving at that time, which provides benefits in the event those individuals become chronically ill. The coverage is for a period of three years up to a lifetime, depending on the age of the director, and the amount of the benefit is based on the director's years of service with Columbia after the inception of the long-term care program. We paid a one-time premium for the long-term care policies. Expenses are allocated to the directors participating in the program on an annual basis. All directors covered by this plan are fully vested. The long-term care program was available to all directors when the plan was implemented, including executive officers that were also directors. We have purchased Bank Owned Life Insurance policies to fund this program. The Board has no plans to extend the program to any officers or directors who were not directors in 2001.

Deferred Compensation Plan. We maintain a deferred compensation plan known as the 401 Plus Plan (the *Deferred Compensation Plan*) for certain directors, a select group of senior management and key employees, as designated by resolution of the Board. The Deferred Compensation Plan generally provides for the deferral of certain taxable income earned by participants in the Deferred Compensation Plan. Non-employee directors may elect to have any portion, up to 100%, of his or her director's fees deferred.

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Stock Ownership Guidelines. The Board has approved stock ownership guidelines that require directors to achieve a stock ownership position of at least 7,000 shares within five years of joining the Board. As of year-end 2014, all directors other than Mr. Finkelstein owned shares of Columbia's stock. At year-end 2014, Ms. Numata and Ms. Lantow, both of whom joined the Board in early 2012, Mr. Dietzler, who joined the Board in April 2013, Ms. Seaton, who joined the Board in May 2014, and Messrs. Eerkes and Finkelstein, both of whom joined the Board in September 2014, have not yet met the ownership guidelines but are expected to within the five year deadline specified in the guidelines. All other directors have exceeded the ownership guidelines.

Report of the Personnel and Compensation Committee on Executive Compensation

The Personnel and Compensation Committee of the Board makes the following report which, notwithstanding anything to the contrary set forth in any of Columbia's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, will not be incorporated by reference into any such filings and will not otherwise be deemed to be proxy soliciting materials or to be filed under such Acts.

The Personnel and Compensation Committee of the Board (the Committee) met and discussed with management the Compensation Discussion and Analysis (CD&A) required by Item 402(b) of Regulation S-K, and based on that review and discussion, the Committee recommended to the Board that the CD&A be included as part of this proxy statement and the 2014 Annual 10-K Report.

Members of the Personnel and Compensation Committee

Thomas M. Hulbert, Chairman

Craig D. Eerkes

Frederick M. Goldberg

Michelle M. Lantow

S. Mae Fujita Numata

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EXECUTIVE COMPENSATION

Compensation Discussion & Analysis

With our entry into Idaho, 2014 represented significant progress toward our goal of being the leading Pacific Northwest regional community bank. The Personnel and Compensation Committee (as referred to in this Compensation Discussion & Analysis, the Committee) made compensation decisions for our executive team in the context of this advancement and other core performance results.

2014 Financial Results

Consolidated net income for 2014 was \$81.6 million, representing a 36% increase compared to the prior year. The increase in net income was due in part to a 14% increase in revenue and lower pre-tax merger related expenses.

Noninterest expense before acquisition, OREO and FDIC clawback liability expenses⁽¹⁾ increased to \$230.6 million in 2014, a 9% increase from 2013, as a result of our strategic acquisitions. On this same basis, our noninterest expense to average assets ratio,⁽¹⁾ a measure of operating efficiency, improved to 3.09% in 2014, compared to 3.24% in 2013. Reported noninterest expense to average assets improved to 3.20% in 2014, compared to 3.52% in 2013.

Loan growth of over 20%, or approximately \$928 million, during 2014.

Credit quality continued to improve, with total nonperforming assets to period-end assets declining to 0.62% compared to 1.02% at December 31, 2013.

Noninterest income before the change in FDIC loss-sharing asset and investment securities gains and losses increased 11%, or \$7.9 million, compared to 2013.

Our ongoing commitment to our customers and the communities we serve resulted in a low cost deposit base and a core deposit ratio of 96%. Our low cost core deposits are an important factor in the stability of our net interest margin. Core deposit growth for 2014 was \$923.6 million, or approximately 16%, with the Intermountain acquisition accounting for approximately \$690 million of the growth.