

BANNER CORP  
Form 4  
May 19, 2006

**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 \*  
**SIRMON GARY**

(Last) (First) (Middle)  
**10 SOUTH FIRST AVE**  
  
(Street)

**WALLA WALLA, WA 99362**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**BANNER CORP [BANR]**

3. Date of Earliest Transaction  
(Month/Day/Year)  
**05/18/2006**

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Chariman of the Board

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

**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, \$.01 par value per share	05/18/2006		F		37,078	D	\$ 37.59 (1) 232,944 (2) D
Common Stock, \$.01 par value per share	05/18/2006		M		4,660	A	\$ 22.0454 237,604 (2) D
Common Stock,	05/18/2006		M		9,806	A	\$ 13.6932 247,410 (2) D

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\$.01 par  
value per  
share

Common  
Stock,  
\$.01 par  
value per  
share

05/18/2006

M

5,459

A

\$  
13.0938

252,869 <sup>(2)</sup> D

Common  
Stock,  
\$.01 par  
value per  
share

05/18/2006

M

3,484

A

\$ 16.425

256,353 <sup>(2)</sup> D

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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(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 Securities (Instr. 3 and 4)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option to buy Common Stock	\$ 22.0454	05/18/2006		M	12,041	12/31/1999 <sup>(3)</sup> 12/31/2008	Common Stock	12,041	
Option to buy Common Stock	\$ 13.6932	05/18/2006		M	25,340	12/21/2000 <sup>(4)</sup> 12/21/2009	Common Stock	25,340	
Option to buy Common Stock	\$ 13.0938	05/18/2006		M	14,106	11/21/2001 <sup>(5)</sup> 11/21/2010	Common Stock	14,106	
Option to buy	\$ 16.425	05/18/2006		M	9,000	12/19/2002 <sup>(6)</sup> 12/19/2011	Common Stock	9,000	

Common  
Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SIRMON GARY 10 SOUTH FIRST AVE WALLA WALLA, WA 99362	X			Chariman of the Board

## Signatures

/s/Gary Sirmon                      05/18/2006

    \*\*Signature of                      Date  
    Reporting Person

## 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) Market price on May 18, 2006.
- (2) Includes direct ownership of 1,756 shares through IRA, 116,263 shares through Deferred Compensation Plan, 11,641 shares through Employee Stock Ownership Plan and 3,300 shares through Profit Sharing Plan.
- (3) Options vest at rate of 20% per year from date of grant on 12/31/98.
- (4) Options vest at rate of 20% per year from date of grant on 12/21/99.
- (5) Options vest at rate of 20% per year from date of grant on 11/21/00.
- (6) Options vest at rate of 20% per year from date of grant on 12/19/01.

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.