

COLUMBIA BANKING SYSTEM INC

Form 424B3

February 06, 2013

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Registration No. 333-184742

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Columbia Banking System, Inc. which we refer to as Columbia, and West Coast Bancorp, which we refer to as West Coast, have entered into a definitive merger agreement that provides for the combination of the two companies. Under the merger agreement, a wholly owned subsidiary of Columbia will merge with and into West Coast, with West Coast remaining as the surviving entity and a wholly owned subsidiary of Columbia (which transaction we refer to as the merger). Such surviving entity will, as soon as reasonably practicable following the merger and as part of a single integrated transaction, merge with and into Columbia (we refer to the two mergers together as the mergers). Before we complete the merger, the shareholders of West Coast must approve the merger agreement pursuant to Oregon law. West Coast shareholders will vote to approve the merger agreement at a special meeting of shareholders to be held on March 18, 2013. Columbia shareholders must approve the issuance of the shares of Columbia common stock in connection with the merger pursuant to the requirements of the Nasdaq Stock Exchange. Columbia shareholders will vote to approve the issuance of the shares of Columbia common stock in connection with the merger at a special meeting of shareholders to be held on March 18, 2013.

Under the terms of the merger agreement, the aggregate merger consideration payable by Columbia will consist of 12,809,525 shares of Columbia common stock and \$264,468,650 in cash (subject to increase under certain circumstances). West Coast shareholders may elect to receive either cash, stock, or a unit consisting of a mix of cash and stock, in an amount equal to such holder's pro rata share (subject to certain adjustments) of the total merger consideration. However, because the total amount of cash and stock to be issued by Columbia is fixed, a West Coast shareholder may receive a combination of cash and stock that differs from such holder's election if too many West Coast shareholders elect one form of consideration over the other. We expect the mergers, taken together, to be a tax-free transaction for West Coast shareholders, to the extent they receive Columbia common stock for their shares of West Coast common stock. Based on the 12,809,525 fixed shares issued by Columbia to West Coast shareholders, after completion of the merger, West Coast shareholders would own approximately 24% of Columbia's common stock (including shares of Columbia common stock issuable upon conversion of Series B Preferred Stock and the exercise of Class C Warrants, and ignoring any shares of Columbia common stock they may already own).

The value of the consideration to be received by West Coast shareholders in the merger will vary with the trading price of Columbia common stock between now and the completion of the merger. The per share consideration is determined by the quotient obtained by dividing (1) the sum of: (A) the product of: (i) the Purchaser Average Closing Price (as defined in the Merger Agreement) and (ii) the total Columbia shares to be issued; and (B) the total cash Columbia will pay; and (C) \$24 million plus proceeds from in-the-money option exercises; by (2) the sum of common share equivalents from common shares, preferred stock, warrants and in-the-money options. The table below shows the approximate hypothetical value of the merger consideration per share if it had been calculated based on the closing price for Columbia common stock on the Nasdaq Global Select Market on each of September 25, 2012, the trading day immediately prior to the announcement of the merger, and January 31, 2013, the last practicable trading day prior to the date of this document.

Date	Columbia closing price	Per share consideration
September 25, 2012	\$18.85	\$23.08
January 31, 2013	\$20.20	\$23.83

The market prices of both Columbia common stock and West Coast common stock will fluctuate before the merger. You should obtain current stock price quotations for Columbia common stock and West Coast common stock. Columbia common stock is traded on the Nasdaq Global Select Market under the symbol COLB, and West Coast common stock is traded on the Nasdaq Global Select Market under the symbol WCBO.

The West Coast board of directors has unanimously determined that the combination of West Coast and Columbia is in the best interests of West Coast shareholders based upon its analysis, investigation and deliberation, and the West Coast board of directors unanimously recommends that the West Coast shareholders vote FOR the approval of the merger agreement and FOR the approval of the other proposals described in this joint proxy statement/prospectus.

The Columbia board of directors has also unanimously determined that the combination of Columbia and West Coast is in the best interests of Columbia shareholders based upon its analysis, investigation and deliberation, and the Columbia board of directors unanimously recommends that the Columbia shareholders vote FOR the issuance of shares of Columbia common stock in connection with the merger and FOR the approval of the other proposals described in this joint

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proxy statement/prospectus.

You should read this entire joint proxy statement/prospectus, including the appendices and the documents incorporated by reference into the document, carefully because it contains important information about the merger and the related transactions. **In particular, you should read carefully the information under the section entitled Risk Factors beginning on page 18.**

The shares of Columbia common stock to be issued to West Coast shareholders in the merger are not deposits or savings accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger described in this joint proxy statement/prospectus or the Columbia common stock to be issued in the merger, or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated February 1, 2013 and is first being mailed to the shareholders of West Coast and the shareholders of Columbia on or about February 7, 2013.

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COLUMBIA BANKING SYSTEM, INC.

1301 A Street

Tacoma, Washington 98402

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held March 18, 2013

Notice is hereby given that a Special Meeting of Shareholders of Columbia Banking System, Inc., or Columbia, will be held at its corporate headquarters, located at 1301 A Street, Suite 800, Tacoma, Washington, on March 18, 2013, at 10:00 a.m., local time. The following proposals will be considered and conducted at the Columbia special meeting:

1. To approve the issuance of shares of Columbia common stock in the merger of a to-be-formed wholly owned subsidiary of Columbia with and into West Coast Bancorp, an Oregon corporation, which will result in West Coast Bancorp becoming a wholly owned subsidiary of Columbia.
2. To approve one or more adjournments of the Columbia special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the issuance of Columbia common stock in the merger.

Columbia will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of such meeting.

The approval by Columbia's shareholders of the share issuance proposal is required for the completion of the merger described in this joint proxy statement/prospectus.

All shareholders are invited to attend the meeting. Only those shareholders of record at the close of business on January 22, 2013 will be entitled to notice of the meeting and to vote at the meeting.

Please refer to the attached joint proxy statement/prospectus with respect to the business to be transacted at the special meeting of Columbia shareholders.

Your vote is very important. To ensure your representation at the Columbia special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly whether or not you expect to attend the Columbia special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Columbia special meeting.

The Columbia board of directors unanimously recommends that you vote FOR each of the Columbia proposals.

By Order of the Board of Directors

Melanie J. Dressel

President and Chief Executive Officer

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WEST COAST BANCORP

5335 MEADOWS ROAD, SUITE 201

LAKE OSWEGO, OR 97035

NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 18, 2013

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of West Coast Bancorp (West Coast) will be held at The Meadows Conference Room, 5300 Meadows Road, Lake Oswego, Oregon 97035 at 8:30 a.m., Pacific time, on March 18, 2013, for the following purposes:

1. To approve the Agreement and Plan of Merger, dated as of September 25, 2012, by and among Columbia Banking System, Inc., West Coast, and Sub (as defined therein) (the Merger proposal);
2. To approve, on a non-binding, advisory basis, the compensation to be paid to West Coast s named executive officers that is based on or otherwise relates to the merger, discussed under the section entitled The Merger Interests of West Coast Directors and Executive Officers in the Merger beginning on page 85 (the Merger-Related Named Executive Officer Compensation proposal); and
3. To approve one or more adjournments of the West Coast special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Merger proposal (the West Coast Adjournment proposal).

West Coast will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The Merger proposal and the Merger-Related Named Executive Officer Compensation proposal are described in more detail in this document, which you should read carefully in its entirety before you vote. A copy of the merger agreement is attached as Appendix A to this document.

The West Coast board of directors has set January 22, 2013 as the record date for the West Coast special meeting. All holders of record of West Coast common stock or preferred stock at the close of business on the record date will be notified of the meeting. Only holders of record of West Coast common stock at the close of business on January 22, 2013 will be entitled to vote at the West Coast special meeting and any adjournments or postponements thereof. Any shareholder entitled to attend and vote at the West Coast special meeting is entitled to appoint a proxy to attend and vote on such shareholder s behalf. Such proxy need not be a holder of West Coast common stock.

Your vote is very important. To ensure your representation at the West Coast special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly whether or not you expect to attend the West Coast special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the West Coast special meeting.

The West Coast board of directors has unanimously adopted and approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the Merger proposal, FOR the Merger-Related Named Executive Officer Compensation proposal and FOR the West Coast Adjournment proposal.

BY ORDER OF THE BOARD OF DIRECTORS

Robert D. Sznawajs

President and Chief Executive Officer

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WHERE YOU CAN FIND MORE INFORMATION

Both Columbia and West Coast file annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the "SEC"). You may read and copy any materials that either Columbia or West Coast files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the public reference room. In addition, Columbia and West Coast file reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at <http://www.sec.gov> containing this information. You will also be able to obtain these documents, free of charge, from West Coast by accessing West Coast's website at www.wcb.com under the heading "Investor Relations" or from Columbia at www.columbiabank.com under the tab "About Us" and then under the heading "Investor Relations." Copies can also be obtained, free of charge, by directing a written request to Columbia Banking System, Inc., Attention: Corporate Secretary, 1301 A Street, Suite 800, Tacoma, Washington 98401-2156 or to West Coast Bancorp, 5335 Meadows Road, Suite 201, Lake Oswego, Oregon 97035.

Columbia has filed a registration statement on Form S-4 to register with the SEC up to 12,859,525 shares of Columbia common stock and certain other securities as specified therein. This joint proxy statement/prospectus is a part of that registration statement. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates important business and financial information about Columbia and West Coast that is not included in or delivered with this document, including incorporating by reference documents that Columbia and West Coast have previously filed with the SEC. These documents contain important information about the companies and their financial condition. See "Documents Incorporated by Reference" on page 137. These documents are available without charge to you upon written or oral request to the applicable company's principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below

Columbia Banking System, Inc.
1301 A Street, Suite 800
Tacoma, Washington 98401
Attention: Melanie J. Dressel
(253) 305-1900

West Coast Bancorp
5335 Meadows Road, Suite 201
Lake Oswego, Oregon 97035
Attention: Robert D. Sznawajs
(503) 684-0884

To obtain timely delivery of these documents, you must request the information no later than March 11, 2013 in order to receive them before Columbia's special meeting of shareholders and no later than March 11, 2013 in order to receive them before West Coast's special meeting of shareholders.

Columbia common stock is traded on the Nasdaq Global Select Market under the symbol "COLB," and West Coast common stock is traded on the Nasdaq Global Select Market under the symbol "WCBO."

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<u>Appendix B</u>	Opinion of Keefe, Bruyette & Woods
<u>Appendix C</u>	Opinion of Sandler O'Neill + Partners, L.P.
<u>Appendix D</u>	Sections 60.551 to 60.594 of the Oregon Revised Statutes, Regarding Dissenters' Rights
<u>Appendix E</u>	Stock Conversion, Voting and Support Agreement by and between Columbia Banking System, Inc. and Castle Creek Capital Partners IV, LP dated September 25, 2012
<u>Appendix F</u>	Stock Conversion, Voting and Support Agreement by and between Columbia Banking System, Inc. and GF Financial, L.L.C. dated September 25, 2012
<u>Appendix G</u>	Stock Conversion, Voting and Support Agreement by and between Columbia Banking System, Inc. and MFP Partners, L.P. dated September 25, 2012
<u>Appendix H</u>	Form of Voting and Non-Competition Agreement by and among Columbia Banking System, Inc., West Coast Bancorp and certain directors of West Coast Bancorp dated September 25, 2012
<u>Appendix I</u>	Form of Voting Agreement by and among West Coast Bancorp, Columbia Banking System, Inc. and directors of Columbia Banking System, Inc. dated September 25, 2012

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QUESTIONS AND ANSWERS

The following questions and answers briefly address some commonly asked questions about the merger (as defined below) and the shareholders meetings. They may not include all the information that is important to the shareholders of West Coast and of Columbia. Shareholders of West Coast and shareholders of Columbia should each read carefully this entire joint proxy statement/prospectus, including the appendices and other documents referred to in this document.

Q: Why am I receiving these materials?

A: Columbia is sending these materials to its shareholders to help them decide how to vote their shares of Columbia common stock with respect to the issuance of Columbia common stock in the merger and the other matters to be considered at the Columbia special meeting described below. Because Columbia will issue shares of common stock in the merger in an amount in excess of 20% of Columbia's total outstanding shares, shareholder approval of the issuance of such shares is required under applicable Nasdaq Listing Rules.

West Coast is sending these materials to its shareholders to help them decide how to vote their shares of West Coast common stock with respect to the proposed merger and the other matters to be considered at the West Coast special meeting, described below.

The merger cannot be completed unless West Coast shareholders approve the merger agreement and Columbia shareholders approve the issuance of Columbia common stock in the merger. West Coast is holding a special meeting of shareholders to vote on the merger agreement in addition to the other proposals described in West Coast Special Meeting of Shareholders. Columbia is holding a special meeting of shareholders to vote on the issuance of Columbia common stock in the merger in addition to the other proposals described in Columbia Special Meeting of Shareholders. Information about these meetings and the merger is contained in this joint proxy statement/prospectus.

This document constitutes both a joint proxy statement of Columbia and West Coast and a prospectus of Columbia. It is a joint proxy statement because the boards of directors of both companies are soliciting proxies from their respective shareholders. It is a prospectus because Columbia will issue shares of its common stock in exchange for shares of West Coast common stock in the merger.

Q: What will West Coast shareholders receive in the merger?

A: Under the terms of the merger agreement, West Coast shareholders will receive their pro rata share (taking into account Class C Warrants and in-the-money stock options on an as-exercised basis and shares of common stock issuable upon conversion of Series B Preferred Stock (including shares of Series B Preferred Stock issuable upon exercise of Class C Warrants)) of the total consideration, which consists of 12,809,525 shares of Columbia common stock and \$264,468,650 in cash (subject to adjustment in certain circumstances).

Q: How will the merger consideration received by West Coast shareholders affect Columbia shareholders?

A: As a result of Columbia's issuance of new shares to West Coast shareholders in combination with the cash being paid by Columbia, current Columbia shareholders will experience dilution in terms of both ownership and book value per share. Following the closing of the merger, current West Coast shareholders will own approximately 24% of the outstanding common stock of Columbia, and current Columbia shareholders will own approximately 76% of outstanding common stock. If the merger had closed on September 30, 2012, then the pro forma book value per share would have been \$19.11 versus reported book value of \$19.20.

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Q: What will each West Coast shareholder receive in the merger?

A: A West Coast shareholder may elect to receive:

all cash;

all Columbia common stock; or

a unit consisting of a mix of cash and Columbia common stock (with the percentage of cash comprising such unit equal to the percentage of the total consideration represented by cash).

All elections are subject to the election, proration and allocation procedures described in this joint proxy statement/prospectus if too many shareholders elect one form of consideration over the other. Due to these limitations, West Coast shareholders may not receive the form of merger consideration that they elected, unless they elect to receive a unit consisting of a mix of cash and Columbia common stock. See *The Merger* beginning on page 43 for a more detailed discussion of allocation procedures under the merger agreement.

Q: What is the amount of cash and/or the number of shares of Columbia common stock that each West Coast shareholder will receive for his or her shares of West Coast common stock?

A: The actual amount of cash and/or number of shares of Columbia common stock to be received will not be determined until the end of the twenty trading day period beginning on the twenty fifth day before the effective time of the merger. Those amounts will be determined based on a formula set forth in the merger agreement and described in this joint proxy statement/prospectus. See *The Merger Terms of the Merger* beginning on page 43 for a more detailed discussion of the per share merger consideration.

Q: Is the value of the per share consideration that a West Coast shareholder receives expected to be substantially equivalent regardless of which election he or she makes?

A: The formula that will be used to calculate the per share consideration is intended to substantially equalize the value of the consideration to be received for each share of West Coast common stock that is exchanged in the merger, as measured during the twenty trading day period beginning on the twenty fifth day before the effective time of the merger, regardless of whether a West Coast shareholder elects to receive cash, stock or a unit consisting of a mix of cash and stock. As the value of Columbia common stock fluctuates with its trading price, however, the value of the stock that a West Coast shareholder receives for a West Coast share will likely not be the same as the cash paid per share on any given day before or after the merger.

Q: How and when does a West Coast shareholder elect the form of consideration he or she prefers to receive?

A: An election statement with instructions for making the election as to the form of consideration preferred is being mailed to West Coast shareholders simultaneously with this joint proxy statement/prospectus. To make an election, a West Coast shareholder must submit an election statement, to Columbia's exchange agent before 5:00 p.m., Pacific Time, on the day prior to the fifth business day prior to the completion of the merger. This date is referred to as the election deadline. Election choices and election procedures are described under *The Merger*.

NOTE: The actual election deadline is not currently known. Columbia and West Coast will issue a press release announcing the date of the election deadline at least five business days before that deadline. Additionally, Columbia and West Coast will post the date of the election deadline on their respective web sites, also at least five business days before that deadline.

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Q: May a West Coast shareholder change his or her election once it has been submitted?

A: Yes. An election may be changed so long as the new election is received by the exchange agent prior to the election deadline. To change an election, a West Coast shareholder must send the exchange agent a written notice revoking any election previously submitted.

Q: How are shares of West Coast Series B Preferred Stock addressed in the merger agreement?

A: As described under The Merger Series B Preferred Stock, Stock Options, Class C Warrants and Restricted Shares, as provided in the terms of the Series B Preferred Stock, holders of West Coast Series B Preferred Stock will have the option to convert any of such holders' shares of Series B Preferred Stock into the merger consideration on a common-equivalent basis, subject to the same election, proration and allocation procedures applicable to West Coast common stock. Accordingly, holders of Series B Preferred Stock that wish to receive the merger consideration must submit an election statement prior to the election deadline. See The Merger Election Statement. At the effective time of the merger, each share of Series B Preferred Stock as to which an election has not been made will remain outstanding and will convert into preference securities of Columbia having rights (including, but not limited to, the right of conversion), preferences, privileges and voting powers that, taken as a whole, are not materially less favorable to the holders of the shares of Series B Preferred Stock than the rights, preferences, privileges and voting powers that they had prior to the merger. The terms of such securities are described under Description of Columbia's Capital Stock beginning on page 112.

Q: How are West Coast Class C Warrants addressed in the merger agreement?

A: As described under The Merger Series B Preferred Stock, Stock Options, Class C Warrants and Restricted Shares, each Class C Warrant outstanding will become exercisable for the merger consideration based on the merger consideration that would have been received if such Class C Warrant had been exercised for Series B Preferred Stock and converted into West Coast common stock prior to the closing of the merger, subject to the same election, proration and allocation procedures applicable to West Coast common stock. Accordingly, holders of Class C Warrants must submit an election statement prior to the election deadline. See The Merger Election Statement.

Q: How are West Coast Restricted Shares addressed in the merger agreement?

A: As described under The Merger Series B Preferred Stock, Stock Options, Class C Warrants and Restricted Shares, at the closing of the merger, each share of West Coast common stock subject to vesting, repurchase or other lapse restrictions granted under West Coast's incentive stock plans will vest in full, and the holder will be entitled to receive the merger consideration with respect to such shares, less applicable taxes and withholding, and subject to the same election, proration and allocation procedures applicable to West Coast common stock. Accordingly, holders of West Coast restricted shares must submit an election statement prior to the election deadline. See The Merger Election Statement.

Q: How are outstanding West Coast stock options addressed in the merger agreement?

A: At the closing of the merger, each outstanding and unexercised West Coast stock option will be converted into a vested option to purchase Columbia common stock. The manner of such conversion is described under The Merger Series B Preferred Stock, Stock Options, Class C Warrants and Restricted Shares.

Q: What happens if an election is not made prior to the election deadline?

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- A:** If a West Coast shareholder fails to submit an election statement to the exchange agent prior to the election deadline, then that holder will be deemed to have made no election and will be issued shares of Columbia common stock, cash, or a mixture of stock and cash, depending on the aggregate cash and stock elections made.

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As described above, the merger consideration that will be received by holders of shares of West Coast Series B Preferred Stock, by holders of outstanding Class C Warrants, and by holders of West Coast Restricted Shares is subject to the same election, proration and allocation procedures applicable to West Coast common stock. Accordingly, if holders of Class C Warrants on Restricted Shares do not submit an election form prior to the election deadline, they will be deemed to have made no election and will be issued (or, in the case of Class C Warrants, they will become exercisable for) shares of Columbia common stock, cash, or a mixture of stock and cash, depending on the aggregate cash and stock elections made. Each share of a West Coast Series B Preferred Stock as to which an election form is not received prior to the election deadline will remain outstanding and will convert into preference securities of Columbia.

Q: When do Columbia and West Coast expect to complete the merger?

A: Columbia and West Coast expect to complete the merger after all conditions to the merger in the merger agreement are satisfied or waived, including after shareholder approvals are received at the respective shareholder meetings of Columbia and West Coast and all required regulatory approvals are received. Columbia and West Coast currently expect to complete the merger by the end of the first quarter of 2013. It is possible, however, that as a result of factors outside of either company's control, the merger may be completed at a later time, or may not be completed at all.

Q: What am I being asked to vote on?

A: Columbia shareholders are being asked to vote on the following proposals:

1. *Issuance of Common Stock in the Merger.* To approve the issuance of Columbia common stock in the merger contemplated by the merger agreement (referred to as the *Share Issuance* proposal); and
2. *Adjournment of Meeting.* To approve one or more adjournments of the Columbia special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the *Share Issuance* proposal (referred to as the *Columbia Adjournment* proposal).

West Coast shareholders are being asked to vote on the following proposals:

1. *Approval of the Merger Agreement.* To approve the merger agreement (referred to as the *Merger* proposal);
2. *Non-Binding Approval of Certain Compensation.* To approve, on a non-binding, advisory basis, the compensation to be paid to West Coast's named executive officers that is based on or otherwise relates to the merger (referred to as the *Merger-Related Named Executive Officer Compensation* proposal); and
3. *Adjournment of Meeting.* To approve one or more adjournments of the West Coast special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the *Merger* proposal (referred to as the *West Coast Adjournment* proposal).

Q: What will happen if West Coast's shareholders do not approve, on an advisory (non-binding) basis, the Merger-Related Named Executive Officer Compensation proposal?

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- A:** The vote on the Merger-Related Named Executive Officer Compensation proposal is a vote separate and apart from the vote to approve the merger agreement. You may vote for this proposal and against the Merger proposal, or vice versa. Because the vote on this proposal is advisory only, it will not be binding on West Coast or Columbia. The merger-related named executive officer compensation to be paid in connection with the merger is based on contractual arrangements with the named executive officers and accordingly the outcome of this advisory vote will not affect the obligation to make these payments.

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Q: How do the boards of directors of Columbia and West Coast recommend that I vote?

A: The Columbia board of directors unanimously recommends that holders of Columbia common stock vote **FOR** the Columbia proposals described in this joint proxy statement/prospectus.
The West Coast board of directors unanimously recommends that West Coast shareholders vote **FOR** the West Coast proposals described in this joint proxy statement/prospectus.

For a discussion of interests in West Coast's directors and executive officers in the merger that may be different from, or in addition to, the interests of West Coast shareholders generally, see *The Merger* Interests of West Coast Directors and Executive Officers in the Merger, beginning on page 85.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, **please vote by telephone or on the Internet, or complete, sign and date the enclosed proxy card and return it in the enclosed envelope as soon as possible** so that your shares will be represented at your respective company's meeting.
Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Additionally, **West Coast shareholders, holders of Series B Preferred Stock that wish to receive merger consideration in respect of their shares, and holders of Class C Warrants should complete, sign and date the election statement.** The election statement should be sent in the envelope that accompanies it to Columbia's exchange agent in order to arrive before the election deadline.

Q: How do I vote?

A: If you are a shareholder of record of Columbia as of the record date for the Columbia special meeting or a shareholder of record of West Coast as of the record date for the West Coast special meeting, you may vote by:

accessing the internet website specified on your proxy card (www.proxyvote.com);

calling the toll-free number specified on your proxy card (1-800-690-6903); or

signing the enclosed proxy card and returning it in the postage-paid envelope provided.
You may also cast your vote in person at your company's special meeting.

If your shares are held in street name through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. Holders in street name who wish to vote in person at the applicable shareholders' meeting will need to obtain a proxy form from the institution that holds their shares.

Q: When and where are the Columbia special meeting and the West Coast special meeting?

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A: The special meeting of Columbia shareholders will be held at Columbia's corporate headquarters, located at 1301 A Street, Suite 800, Tacoma, Washington, at 10:00 a.m., local time, on March 18, 2013. All shareholders of Columbia as of the Columbia record date, or their duly appointed proxies, may attend the Columbia special meeting.

The special meeting of West Coast shareholders will be held at The Meadows Conference Room, 5300 Meadows Road, Lake Oswego, Oregon 97035 at 8:30 a.m. local time, on March 18, 2013. All shareholders of West Coast as of the West Coast record date, or their duly appointed proxies, may attend the West Coast special meeting.

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Q: If my shares are held in street name by a broker or other nominee, will my broker or nominee vote my shares for me?

A: If your shares are held in street name in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to Columbia or West Coast or by voting in person at your meeting unless you provide a legal proxy, which you must obtain from your bank or broker.

Brokers or other nominees who hold shares in street name for a beneficial owner typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers or other nominees are not allowed to exercise their voting discretion on matters that are determined to be non-routine without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker or other nominee that are represented at the applicable shareholders meeting but with respect to which the broker or other nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker or other nominee does not have discretionary voting power on such proposal.

If you are a Columbia shareholder and you do not instruct your broker or other nominee on how to vote your shares, your broker or other nominee may not vote your shares on the Share Issuance proposal, which broker non-votes will have no effect on the vote on this proposal. Your broker or other nominee may not vote your shares on the Columbia Adjournment proposal, which broker non-votes will have the same effect as a vote AGAINST this proposal.

If you are a West Coast shareholder and you do not instruct your broker or other nominee on how to vote your shares, your broker or other nominee may not vote your shares on the Merger proposal or the West Coast Adjournment Proposal, which broker non-votes will have the same effect as a vote AGAINST these proposals. Your broker or other nominee may not vote your shares on the Merger-Related Named Executive Officer Compensation proposal, which broker non-votes will have no effect on the vote on this proposal.

Q: What vote is required to approve each proposal to be considered at the Columbia special meeting?

A: Approval of the Share Issuance proposal requires the affirmative vote of at least a majority of the shares of Columbia voting on the proposal, provided that a quorum is present at the Columbia special meeting.

The Columbia Adjournment proposal will be approved if a majority of the shares represented at the Columbia special meeting, even if less than a quorum, are voted in favor of the proposal.

As of the last practicable trading date prior to the date of this document, Columbia's directors, executive officers and their affiliates collectively had the right to vote approximately 1.86% of the Columbia common stock outstanding and entitled to vote at the Columbia special meeting. Columbia's directors have entered into a Voting Agreement with respect to the Columbia shares they own, pursuant to which they have agreed to vote such shares in favor of the proposals to be considered at the Columbia special meeting.

Q: What vote is required to approve each proposal to be considered at the West Coast special meeting?

A: The affirmative vote of a majority of the shares of West Coast common stock outstanding as of the West Coast record date and entitled to vote at the West Coast special meeting is required to approve the Merger proposal.

The Merger-Related Named Executive Officer Compensation proposal will be approved, on an advisory (non-binding) basis, if the votes cast in favor of the proposal exceed the votes cast against it.

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The West Coast Adjournment proposal will be approved if a majority of the shares of West Coast common stock present at the special meeting, in person or by proxy, are voted in favor of the proposal.

As of the last practicable trading date prior to the date of this document, West Coast's directors, executive officers and their affiliates, (including the Principal Shareholders, as defined elsewhere in this document) collectively had the right to vote approximately 22% of the West Coast common stock outstanding and entitled to vote at the West Coast special meeting. West Coast's directors (or their affiliates) have entered into voting agreements with respect to the West Coast shares they own, pursuant to which they have agreed to vote such shares in favor of the proposals to be considered at the West Coast special meeting.

Q: What if I abstain from voting or do not vote?

A: For the purposes of the Columbia special meeting, an abstention, which occurs when a Columbia shareholder attends the Columbia special meeting, either in person or by proxy, but abstains from voting, will have no effect on the outcome of the Share Issuance proposal. An abstention will have the same effect as a vote AGAINST the Columbia Adjournment proposal.

For the purposes of the West Coast special meeting, an abstention, which occurs when a West Coast shareholder attends the West Coast special meeting, either in person or by proxy, but abstains from voting, will have the same effect as a vote AGAINST the Merger proposal and the West Coast Adjournment proposal but will have no effect on the Merger-Related Named Executive Compensation proposal.

Q: What if I hold stock of both Columbia and West Coast?

A: If you hold shares of both Columbia and West Coast, you will receive two separate packages of proxy materials. A vote as a West Coast shareholder for the Merger proposal or the other proposals to be considered at the West Coast special meeting will not constitute a vote as a Columbia shareholder for the Share Issuance proposal or the other proposals to be considered at the Columbia special meeting, and vice versa. Therefore, please sign, date and return all proxy cards that you receive, whether from Columbia or West Coast, or submit separate proxies as both a Columbia shareholder and a West Coast shareholder by Internet or telephone.

Q: What if I hold both shares of West Coast common stock and either shares of Series B Preferred Stock or Class C Warrants?

A: If you hold shares of West Coast Series B Preferred Stock and/or Class C Warrants as well as shares of West Coast common stock, you will receive separate election statements with respect to your shares of West Coast common stock, Series B Preferred Stock, and Class C Warrants. If you fail to submit an election statement with respect to either your West Coast common stock, Series B Preferred Stock, or Class C Warrants to the exchange agent prior to the election deadline, then you will be deemed to have made no election with respect to your West Coast common stock, Series B Preferred Stock, or Class C Warrants, as the case may be.

Q: May I change my vote or revoke my proxy after I have delivered my proxy or voting instruction card?

A: Yes. You may change your vote at any time before your proxy is voted at the applicable meeting. You may do this in one of four ways:

by sending a notice of revocation to the corporate secretary of Columbia or West Coast, as applicable;

by sending a completed proxy card bearing a later date than your original proxy card;

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by logging onto the website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so, and following the instructions on the proxy card; or

by attending the applicable meeting and voting in person if your shares are registered in your name rather than in the name of a broker, bank or other nominee; however, your attendance alone will not revoke any proxy.

If you choose either of the first two methods, you must take the described action (and, in the case of the second method, your proxy card must be received) no later than the beginning of the applicable meeting. If you choose the third method, you must take the described action no later than 11:59 p.m. Eastern Time on the day before the applicable meeting (three business days before the special meeting, for participants in West Coast's 401(k) Plan).

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

Q: What happens if I sell my shares after the applicable record date but before the applicable meeting?

A: The applicable record date for the Columbia special meeting or the West Coast special meeting, as the case may be, is earlier than both the date of such meetings and the date that the merger is expected to be completed. If you transfer your Columbia common stock or West Coast common stock after the applicable record date but before the date of the applicable meeting, you will retain your right to vote at the applicable meeting (provided that such shares remain outstanding on the date of the applicable meeting), but if you are a West Coast shareholder you will not have the right to receive any merger consideration for the transferred shares. You will only be entitled to receive the merger consideration in respect of shares that you hold at the effective time of the merger.

Q: What do I do if I receive more than one joint proxy statement/prospectus or set of voting instructions?

A: If you hold shares directly as a record holder and also in street name, or otherwise through a nominee, you may receive more than one joint proxy statement/prospectus and/or set of voting instructions relating to the applicable meeting. These should each be voted or returned separately to ensure that all of your shares are voted.

Q: What are the federal income tax consequences of the merger?

A: The obligation of Columbia and West Coast to complete the merger is conditioned upon the receipt of legal opinions from their respective counsel to the effect that the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). In addition, in connection with the filing of the registration statement of which this document is a part, each of Graham & Dunn, PC and Wachtell, Lipton, Rosen & Katz has delivered an opinion to Columbia and West Coast, respectively, to the same effect.

The specific tax consequences of the merger to a West Coast shareholder will depend upon the form of consideration such West Coast shareholder receives in the merger. Accordingly, and on the basis of the opinions delivered in connection herewith:

If you receive solely shares of Columbia common stock and cash instead of a fractional share of Columbia common stock in exchange for your West Coast common stock, then you generally will not recognize any gain or loss, except with respect to the cash received instead of a fractional share of Columbia common stock.

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If you receive solely cash, then you generally will recognize gain or loss equal to the difference between the amount of cash you receive and your cost basis in your West Coast common stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of West Coast common stock.

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If you receive a combination of Columbia common stock and cash, other than cash instead of a fractional share of Columbia common stock, in exchange for your West Coast common stock, then you may recognize gain, but you will not recognize loss, upon the exchange of your shares of West Coast common stock for shares of Columbia common stock and cash. If the sum of the fair market value of the Columbia common stock and the amount of cash you receive in exchange for your shares of West Coast common stock exceeds the cost basis of your shares of West Coast common stock, you will recognize taxable gain equal to the lesser of the amount of such excess or the amount of cash you receive in the exchange. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of West Coast common stock. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income.

For a more detailed discussion of the material United States federal income tax consequences of the transaction, see *Material United States Federal Income Tax Consequences of the Merger* beginning on page 109.

The consequences of the merger to any particular shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

Q: Do I have appraisal or dissenters' rights?

A: Under applicable Washington and Oregon law, respectively, neither Columbia nor West Coast shareholders are currently expected to be entitled to exercise any dissenters' rights in connection with the merger or any of the proposals being presented to them. Under Oregon law, West Coast shareholders will not be entitled to dissenters' rights if their shares are registered on a national securities exchange, as West Coast shares currently are, on the record date for the West Coast special meeting. If for any reason West Coast's common stock is not registered on a national securities exchange on the West Coast special meeting record date, then Oregon law would provide for dissenters' rights of appraisal. See *The Merger Dissenting Shares*.

Q: Should I send in my stock certificates now?

A: No. Please **do not send** your stock certificates with your proxy card. **West Coast shareholders should follow the instructions provided with the election statement that they will receive from the exchange agent regarding how and when to surrender their stock certificates.**

If you are a holder of West Coast common stock, you will receive written instructions from American Stock Transfer & Trust Co., the exchange agent, after the merger is completed on how to exchange your stock certificates for Columbia common stock.

Columbia shareholders will not be required to exchange or take any other action regarding their stock certificates in connection with the merger. Columbia shareholders holding stock certificates should keep their stock certificates both now and after the merger is completed.

Q: Whom should I contact if I have any questions about the proxy materials or the meetings?

A: If you have any questions about the merger or any of the proposals to be considered at the Columbia special meeting or the West Coast special meeting, need assistance in submitting your proxy or voting your shares or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact Columbia or West Coast or West Coast's proxy solicitor, Morrow & Co., LLC 470 West Avenue, Stamford CT 06902, toll free at 800-662-5200 (banks and brokers can call collect at 203-658-9400), as applicable.

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SUMMARY

*This summary highlights selected information from this document. It may not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer you in order to fully understand the merger and the related transactions. See *Where You Can Find More Information* included elsewhere in this joint proxy statement/prospectus. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.*

The Companies (pages 125 and 130)

Columbia

Headquartered in Tacoma, Washington, Columbia Banking System, Inc. is the holding company of Columbia State Bank, a Washington state-chartered full service commercial bank with deposits insured by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2012, Columbia had 101 banking offices, including 76 branches in Washington State and 25 branches in Oregon. Columbia State Bank does business under the Bank of Astoria name in Astoria, Warrenton, Seaside, Cannon Beach, Manzanita and Tillamook in Oregon. At September 30, 2012, Columbia had total assets of approximately \$4.90 billion, total net loans receivable and loans held for sale of approximately \$2.86 billion, total deposits of approximately \$3.94 billion and approximately \$762.0 million in shareholders' equity.

Columbia's stock is traded on the Nasdaq Global Select Market under the symbol COLB.

Columbia's principal office is located at 1301 A Street, Tacoma, Washington 98402, and its telephone number at that location is (253) 305-1900. Columbia's internet address is www.columbiabank.com. Additional information about Columbia is included under *Information Concerning Columbia* and *Where You Can Find More Information* included elsewhere in this joint proxy statement/prospectus.

West Coast

West Coast Bancorp is a bank holding company headquartered in Lake Oswego, Oregon. West Coast's principal business activities are conducted through its full-service, commercial bank subsidiary, West Coast Bank, an Oregon state-chartered bank with deposits insured by the FDIC. At September 30, 2012, West Coast Bank had facilities in 41 cities and towns in western Oregon and southwestern Washington, operating a total of 55 full-service and three limited-service branches and a Small Business Administration lending office in Vancouver, Washington. West Coast also owns West Coast Trust Company, Inc. an Oregon trust company that provides agency, fiduciary and other related trust services with offices in Portland and Salem, Oregon. At September 30, 2012, West Coast had total assets of approximately \$2.48 billion, total net loans of approximately \$1.46 billion, total deposits of approximately \$1.93 billion, and approximately \$336.0 million in shareholders' equity.

West Coast's stock is traded on the Nasdaq Global Select Market under the symbol WCBO.

West Coast's principal office is located at 5335 Meadows Road, Suite 201, Lake Oswego, Oregon 97035, and its telephone number at that location is (503) 684-0884. West Coast's internet address is www.wcb.com. Additional information about West Coast is included under *Information Concerning West Coast* and *Where You Can Find More Information* included elsewhere in this joint proxy statement/prospectus.

Merger Sub

A corporation (Merger Sub or Sub) will be formed prior to the closing of the merger, and will be a wholly owned subsidiary of Columbia. Merger Sub will not conduct any activities other than those incidental to its formation and the matters contemplated by the merger agreement.

Table of Contents**The Merger (page 43)**

Both the Columbia and West Coast boards of directors have approved and adopted the merger agreement, which provides that, subject to the terms and conditions of the merger agreement and in accordance with Washington law, upon completion of the merger, Merger Sub will merge with and into West Coast, with West Coast being the surviving corporation in the merger and a wholly owned subsidiary of Columbia. This transaction is referred to in this joint proxy statement/prospectus as the merger. As soon as reasonably practicable following the merger and as part of a single integrated transaction, the surviving corporation will be merged with and into Columbia.

Under the terms of the merger agreement, West Coast shareholders will receive their pro rata share (taking into account Class C Warrants and in-the-money stock options on an as-exercised basis and shares of common stock issuable upon conversion of Series B Preferred Stock (including shares of Series B Preferred Stock issuable upon exercise of Class C Warrants)) of the total consideration, which consists of \$264,468,650 in cash (subject to adjustment in certain circumstances) plus the product of 12,809,525 shares of Columbia common stock multiplied by the volume weighted average price of Columbia common stock for the twenty trading day period beginning on the twenty fifth day before the effective time of the merger (the Purchaser Average Closing Price). West Coast shareholders may elect to receive either cash, stock or a unit consisting of a mix of cash and stock. However, because the total amount of cash and stock to be issued by Columbia is fixed, West Coast shareholders may receive a combination of cash and stock that differs from their election if too many West Coast shareholders elect one form of consideration over the other. The following table sets forth information concerning the approximate aggregate and per share consideration that would be payable in the merger based on different hypothetical Purchaser Average Closing Prices. The table does not reflect the fact that cash will be paid instead of fractional shares, and does not account for any adjustments that may be made to the total cash amount in certain circumstances. Certain terms used in the table are explained or defined elsewhere in this joint proxy statement/prospectus. See The Merger beginning on page 43.

	Purchaser				
	Average	Total Stock	Total Cash	Aggregate	Per Share
	Closing Price	Consideration	Amount	Consideration	Consideration
		(in millions)	(in millions)	(in millions)	
	\$ 17.00	\$ 217.8	\$ 264.5	\$ 482.2	\$ 22.05
	\$ 17.25	\$ 221.0	\$ 264.5	\$ 485.4	\$ 22.19
	\$ 17.50	\$ 224.2	\$ 264.5	\$ 488.6	\$ 22.33
	\$ 17.75	\$ 227.4	\$ 264.5	\$ 491.8	\$ 22.47
	\$ 18.00	\$ 230.6	\$ 264.5	\$ 495.0	\$ 22.61
	\$ 18.25	\$ 233.8	\$ 264.5	\$ 498.2	\$ 22.75
	\$ 18.50	\$ 237.0	\$ 264.5	\$ 501.4	\$ 22.89
	\$ 18.75	\$ 240.2	\$ 264.5	\$ 504.6	\$ 23.03
As of 9/25/12	\$ 18.85	\$ 241.5	\$ 264.5	\$ 505.9	\$ 23.08
	\$ 19.00	\$ 243.4	\$ 264.5	\$ 507.8	\$ 23.17
	\$ 19.25	\$ 246.6	\$ 264.5	\$ 511.1	\$ 23.31
	\$ 19.50	\$ 249.8	\$ 264.5	\$ 514.3	\$ 23.44
	\$ 19.75	\$ 253.0	\$ 264.5	\$ 517.5	\$ 23.58
	\$ 20.00	\$ 256.2	\$ 264.5	\$ 520.7	\$ 23.72
	\$ 20.25	\$ 259.4	\$ 264.5	\$ 523.9	\$ 23.86
	\$ 20.50	\$ 262.6	\$ 264.5	\$ 527.1	\$ 24.00
	\$ 20.75	\$ 265.8	\$ 264.5	\$ 530.3	\$ 24.14
	\$ 21.00	\$ 269.0	\$ 264.5	\$ 533.5	\$ 24.28
	\$ 21.25	\$ 272.2	\$ 264.5	\$ 536.7	\$ 24.42
	\$ 21.50	\$ 275.4	\$ 264.5	\$ 539.9	\$ 24.56
	\$ 21.75	\$ 278.6	\$ 264.5	\$ 543.1	\$ 24.70
	\$ 22.00	\$ 281.8	\$ 264.5	\$ 546.3	\$ 24.84
	\$ 22.25	\$ 285.0	\$ 264.5	\$ 549.5	\$ 24.98
	\$ 22.50	\$ 288.2	\$ 264.5	\$ 552.7	\$ 25.12
	\$ 22.75	\$ 291.4	\$ 264.5	\$ 555.9	\$ 25.26
	\$ 23.00	\$ 294.6	\$ 264.5	\$ 559.1	\$ 25.39

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Columbia and West Coast expect the mergers, taken together, to be a tax-free transaction for West Coast

shareholders, to the extent they receive Columbia common stock for their shares of West Coast common stock.

See Material United States Federal Income Tax Consequences of the Merger.

Based on the 12,809,525 fixed shares issued by Columbia to West Coast shareholders, after completion of the merger, West Coast shareholders would own approximately 24% of Columbia's common stock (including shares of Columbia common stock issuable upon conversion of Series B Preferred Stock and the exercise of Class C Warrants, and ignoring any shares of Columbia common stock they may already own).

Recommendation of the Columbia Board of Directors (page 77)

Columbia's board of directors recommends that holders of Columbia common stock vote **FOR** the Shares Issuance proposal and **FOR** the Columbia Adjournment proposal.

For further discussion of Columbia's reasons for the merger and the recommendations of Columbia's board of directors, see The Merger Background of the Merger and The Merger Columbia's Reasons for the Merger and Recommendation of Columbia's Board of Directors.

Recommendation of the West Coast Board of Directors (page 56)

West Coast's board of directors recommends that holders of West Coast common stock vote **FOR** the Merger proposal, **FOR** the Merger-Related Named Executive Officer Compensation proposal, and **FOR** the West Coast Adjournment proposal.

For further discussion of West Coast's reasons for the merger and the recommendations of West Coast's board of directors, see The Merger Background of the Merger and The Merger West Coast's Reasons for the Merger and Recommendation of West Coast's Board of Directors.

Opinion of Columbia's Financial Advisor (page 79)

On September 24, 2012, Keefe, Bruyette & Woods (KBW), Columbia's financial advisor in connection with the merger, rendered an oral opinion to Columbia's board of directors, which was subsequently confirmed in a written opinion dated September 25, 2012 that, as of such date and subject to and based on the qualifications and assumptions set forth in its written opinion, the aggregate consideration to be paid by Columbia pursuant to the merger agreement was fair to Columbia from a financial point of view.

The full text of KBW's opinion, dated September 25, 2012, is attached as Appendix B to this joint proxy statement/prospectus. You should read the opinion in its entirety for a discussion of, among other things, the assumptions made, procedures followed, matters considered and any limitations on the review undertaken by KBW in rendering its opinion.

KBW's opinion is addressed to Columbia's board of directors and the opinion is not a recommendation as to how any Columbia shareholder should vote with respect to the Share Issuance proposal or any other matter or as to any action that a shareholder should take with respect to the merger.

The opinion addresses only the fairness of the aggregate consideration to be paid by Columbia from a financial point of view and does not address the merits of the underlying decision by Columbia to enter into the merger agreement, the merits of the merger as compared to other alternatives potentially available to Columbia or the relative effects of any alternative transaction in which Columbia might engage. KBW will receive a fee for its services, portions of which have been paid, and a significant portion of which will be payable upon consummation of the merger.

For further information, see The Merger Opinion of Columbia's Financial Advisor.

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Opinion of West Coast's Financial Advisor (page 58)

On September 25, 2012, Sandler, O'Neill + Partners, L.P. (Sandler O'Neill), West Coast's financial advisor in connection with the merger, delivered an oral opinion to West Coast's board of directors, which was subsequently confirmed in a written opinion dated September 25, 2012, that, as of such date and based upon and subject to the qualifications and assumptions set forth in its written opinion, the per share consideration to be paid by Columbia pursuant to the merger agreement was fair to the holders of West Coast common stock from a financial point of view.

The full text of Sandler O'Neill's opinion, dated September 25, 2012, is attached as Appendix C to this joint proxy statement/prospectus. You should read the opinion in its entirety for a discussion of, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion.

Sandler O'Neill's opinion was directed to West Coast's board of directors and is directed only to the fairness of the per share consideration to the holders of West Coast's common stock from a financial point of view. It does not address the underlying business decision of West Coast to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of West Coast common stock as to how such holder of West Coast common stock should vote at the special meeting with respect to the merger or any other matter. Pursuant to an engagement letter between West Coast and Sandler O'Neill, Sandler O'Neill will receive a fee for its services, a substantial portion of which will be payable upon consummation of the merger.

For further information, see The Merger Opinion of West Coast's Financial Advisor.

Interests of West Coast Directors and Executive Officers in the Merger (page 85)

In considering the recommendations of the board of directors of West Coast, West Coast shareholders should be aware that certain directors and executive officers of West Coast have interests in the merger that may differ from, or may be in addition to, the interests of West Coast shareholders generally. The board of directors of West Coast was aware of these interests and considered them, among other matters, when it adopted the merger agreement and in making its recommendations that the West Coast shareholders approve the Merger proposal. These interests include:

In accordance with the merger agreement, one of the directors of West Coast will be recommended to serve on Columbia's board of directors and the board of directors of Columbia State Bank following the merger;

Certain of West Coast's executive officers are party to change in control agreements that provide severance and other benefits following a change in control of West Coast in connection with a qualifying termination of employment and if such termination of employment occurred immediately following the merger, the executive officers with change in control agreements with West Coast would be entitled to receive severance payments and benefits equal to \$3,752,966 for the five executive officers who are party to a change in control agreement and excise tax gross-ups for Mr. Szniewajs of \$835,255, Mr. Giltvedt of \$370,630 and Mr. Bygland of \$302,271.

Hadley Robbins and Xandra McKeown, both of whom are executive officers of West Coast, entered into employment agreements with Columbia (replacing existing change in control agreements with West Coast) that become effective upon the completion of the merger and pursuant to such employment agreements, if their employment is terminated (in a qualifying termination of employment) immediately following the effective time of the merger, they would be entitled to severance payments and benefits equal to \$560,427 and \$569,137 respectively, with Mr. Robbins also being entitled to a 280G excise tax gross-up that is equal to \$438,998;

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Accelerated vesting of restricted shares of West Coast common stock held by West Coast's executive officers and non-employee directors with a total aggregate value (based on the average closing price of West Coast common stock over the first five business days following the public announcement of the merger) equal to approximately \$955,000;

Accelerated vesting and, in most instances, payment of the supplemental executive retirement plans entered into with certain West Coast executive officers, with an aggregate acceleration value of \$867,222 for all of the West Coast executive officers who participate in the supplemental executive retirement plan; and

West Coast directors and officers are entitled to continued indemnification and insurance coverage under the merger agreement. For a more complete description of the interests of West Coast directors and executive officers in the merger, see *The Merger Interests of West Coast's Directors and Executive Officers in the Merger*.

No Appraisal Rights (page 51)

We do not expect that shareholders of Columbia or West Coast will have appraisal or dissenters' rights in connection with any of the proposals to be voted upon at the respective special meetings. Under Oregon law, West Coast shareholders will not be entitled to dissenters' rights if their shares are registered on a national securities exchange on the record date for the West Coast special meeting. Because shares of West Coast common stock are currently registered on a national securities exchange, and we expect them to continue to be so registered until the completion of the merger, we do not expect that holders of West Coast common stock will be entitled to dissenters' rights under Oregon law. If for any reason West Coast's common stock is not registered on a national securities exchange on the West Coast special meeting record date, then Oregon law would provide for dissenters' rights of appraisal. For more information on dissenters' rights, see *The Merger Dissenting Shares*.

Regulatory Matters (page 52)

Each of Columbia and West Coast has agreed to use its reasonable best efforts to obtain all regulatory approvals required to complete the merger and the other transactions contemplated by the merger agreement. These approvals include approval from the Federal Reserve Board and the Oregon Department of Consumer and Business Services, among others. Columbia and West Coast have filed, or are in the process of filing, applications and notifications to obtain these regulatory approvals. There can be no assurances that such approvals will be received on a timely basis, or as to the ability of Columbia and West Coast to obtain the approvals on satisfactory terms or the absence of litigation challenging such approvals. See *The Merger Regulatory Approvals Required for the Merger*.

Conditions to Completion of the Merger (page 101)

Currently, Columbia and West Coast expect to complete the merger by the end of the first quarter of 2013. As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. We cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party.

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Termination of the Merger Agreement (page 102)

The merger agreement can be terminated at any time prior to completion of the merger by mutual consent, or by either party in the following circumstances:

a governmental entity that must grant a required regulatory approval has denied approval and such denial has become final and non-appealable, or an injunction or legal prohibition against the transaction becomes final and non-appealable;

the merger has not been consummated by July 1, 2013, or under certain circumstances, October 1, 2013 (unless the failure of the closing to occur by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements);

the other party breaches any of its covenants or agreements or representations or warranties under the merger agreement in a manner that would cause the closing conditions not to be satisfied and which is not cured within 30 days following written notice to the party committing the breach, or the breach, by its nature, cannot be cured within such time (provided that the terminating party is not then in material breach of any representation, warranty, covenant, or other agreement contained in the merger agreement); or

either Columbia's shareholders or West Coast's shareholders fail to approve the Share Issuance proposal or the Merger proposal, respectively, provided that the failure to obtain such shareholder approval was not caused by the terminating party's material breach of any of its obligations under the merger agreement.

The merger agreement may be terminated by Columbia if West Coast's board of directors submits the merger agreement to its shareholders without a recommendation for approval, or withdraws or materially and adversely modifies its recommendation with respect to the merger agreement or recommends a Company Acquisition Proposal (as defined in the merger agreement) other than the merger.

The merger agreement may be terminated by West Coast in order to enter into a definitive agreement providing for a Company Superior Proposal (as defined in the merger agreement).

The merger agreement may be terminated by West Coast, in the event that (1) the Purchaser Average Closing Price is less than \$15.55, and (2) the number obtained by dividing the Purchaser Average Closing Price by \$18.85 is less than the number obtained by (i) dividing the average closing price of the Keefe Bruyette & Woods Regional Banking Index during the twenty day period ending on the date that is five business days prior to the closing date of the merger by \$57.31 and then (ii) multiplying the quotient so obtained by 0.825, provided that Columbia may elect to adjust the merger consideration by increasing the total cash amount dollar for dollar by the amount of the difference between (A) the product of 12,809,525 multiplied by \$15.55 and (B) the total stock consideration.

Expenses and Termination Fees (page 102)

Expenses

Except for the registration fee and other fees paid to the SEC in connection with the merger, which will be paid by Columbia, and the termination fees, all fees and expenses incurred in connection with the merger (including the costs and expense of printing and mailing this joint proxy statement/prospectus) will be paid by the party incurring such fees or expenses.

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West Coast Termination Fee

West Coast is required to pay Columbia a termination fee of \$20,000,000 if:

- (i) the merger agreement is terminated by West Coast in order to enter into a definitive agreement providing for a Company Superior Proposal; or
- (ii) prior to the time West Coast shareholders have approved the merger agreement, any person makes a Company Acquisition Proposal which proposal has been publicly announced, disclosed or proposed and not withdrawn, and the merger agreement is subsequently terminated:

by either party because the merger agreement has not been consummated by July 1, 2013 (or October 1, 2013, if extended in certain circumstances), without the approval by West Coast's shareholders of the merger agreement having been obtained, and such failure to obtain shareholder approval is the only condition to closing that is unsatisfied;

by either party because West Coast's shareholders fail to approve the merger agreement at the West Coast special meeting or any adjournment thereof;

by Columbia for West Coast's breach of any of its covenants or agreements under the merger agreement in a manner that would cause the closing conditions not to be satisfied and which is not cured during the applicable cure period; or

by Columbia because West Coast or the board of directors of West Coast submits the merger agreement to its shareholders without a recommendation for approval, or otherwise withdraws or materially and adversely modifies its recommendation, or recommends to its shareholders a Company Acquisition Proposal other than the merger;

and (in the case of clause (ii)), within 12 months after such termination for any of the reasons listed above, a Company Acquisition Proposal (substituting 100% for 24.9% in the definition of such term) is consummated or a definitive agreement with respect thereto is entered into.

Columbia Termination Fee

Columbia will be required to pay West Coast a termination fee of \$5,000,000 if the merger agreement is terminated:

by either party because Columbia's shareholders fail to approve the share issuance proposal at the Columbia special meeting or any adjournment thereof; or

by either party if a required regulatory approval has been denied and such denial has become final and non-appealable or an injunction or legal prohibition has become final and non-appealable (as described above), or the merger is not consummated on or before July 1, 2013 (or October 1, 2013, if extended in certain circumstances) and at the time of such termination the required regulatory approvals have not been obtained, in each case for reasons solely attributable to Columbia.