

PURCELL CYNTHIA D
Form 4
August 25, 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 *
PURCELL CYNTHIA D

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

(Street)

3. Date of Earliest Transaction (Month/Day/Year)
08/23/2006

____ Director
 Officer (give title below)
____ 10% Owner
____ Other (specify below)
Executive VP, Banner Bank

WALLA WALLA, WA 99362

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

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

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock, \$.01 par value per share ⁽¹⁾	08/23/2006		A		0.084	A	\$ 41.345 ⁽²⁾
Common Stock, \$.01 par value per share	08/25/2006		M		5,445	A	\$ 13.843
Common Stock, \$.01 par value	08/25/2006		S		1,875	D	\$ 40.66
							4,987 ⁽³⁾
							10,432 ⁽³⁾
							8,557 ⁽³⁾

per share

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

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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)		
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V	(A)	(D)
Option to buy Common Stock	\$ 13.843	08/25/2006		M	5,445	09/19/1997 ⁽⁴⁾	09/19/2006	Common Stock	5,445

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PURCELL CYNTHIA D 10 SOUTH FIRST AVE WALLA WALLA, WA 99362			Executive VP, Banner Bank	

Signatures

/s/Cynthia D.
Purcell

08/25/2006

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Phantom Stock Units acquired pursuant to deferred compensation agreement; settled in stock at termination of service.
- (2) Market price on August 22, 2006 used by deferred compensation plan administrator.

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- (3) Includes direct ownership of 20 shares through Deferred Compensation Plan and 4,443 shares through Employee Stock Ownership Plan.
- (4) Options vest at rate of 20% per year from date of grant on 9/19/1996.
- (5) Market price on August 25, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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