

West Coast Bancorp (NASDAQ: WCBO; Lake Oswego, OR) has agreed to merge with Columbia Banking System, Inc. (NASDAQ: COLB; Tacoma, WA)

Deal Value: Approximately \$506 million / \$23.10 per share

Sandler O'Neill served as financial advisor and provided a fairness opinion to West Coast Bancorp in this transaction. This represents the largest whole bank or thrift transaction in the Pacific Northwest since June 2003.¹ This transaction represents Sandler O'Neill's 76th bank or thrift transaction nationwide since January 1, 2010. Sandler O'Neill has served as a financial advisor or provided a fairness opinion on six of the eleven whole bank or thrift transactions announced in the Pacific Northwest since January 1, 2010.¹

Columbia Banking System, Inc. ("Columbia") and West Coast Bancorp ("West Coast") today jointly announced that the companies have agreed to combine their two leading Pacific Northwest community bank franchises in a transaction valued at approximately \$506 million. The combined company will have approximately \$7.2 billion in assets with over 150 branches throughout Washington and Oregon and will rank number 1 in deposit market share amongst commercial community banks in the combined states of Washington and Oregon.

The merger is expected to be immediately accretive to Columbia's earnings per share with an IRR in excess of 15%. Anticipated cost savings are expected to be approximately 25% of the operating expense base of West Coast, with 50% being realized in 2013 and 100% being realized thereafter.

The transaction is expected to be completed in the first quarter of 2013, after obtaining the approval of the shareholders of each company and receipt of necessary regulatory approvals. The agreement was unanimously approved by the Board of Directors of each company. In addition, shareholders of West Coast owning or controlling approximately 22% in the aggregate of the currently outstanding shares of West Coast have also agreed to vote in favor of the merger.

Under the terms of the merger agreement, West Coast shareholders can elect, subject to allocation procedures, to receive either Columbia common stock, cash, or a combination of both stock and cash for each share of West Coast stock. Aggregate consideration offered in exchange for all of West Coast's capital securities consists of a fixed amount of cash totaling approximately \$264.5 million and a fixed amount of Columbia common stock totaling approximately 12.8 million shares. The value received by West Coast shareholders on a per share basis will fluctuate based on Columbia's stock price. Based on Columbia's closing trading price of \$18.85 on September 25, West Coast shareholders would have received consideration valued at approximately \$23.10 per share. West Coast shareholders will own approximately 24% of the common stock of the combined company.

One independent member of West Coast's current Board of Directors will be invited to join Columbia's Board of Directors. Mr. Szniewajs will assist with the transition process and plans to retire after the integration is successfully underway. Hadley S. Robbins, West Coast's current Chief Credit Officer, will become the Group Manager for the State of Oregon for Columbia Bank after the close of the transaction, with responsibilities for all commercial and retail banking operations within the State.

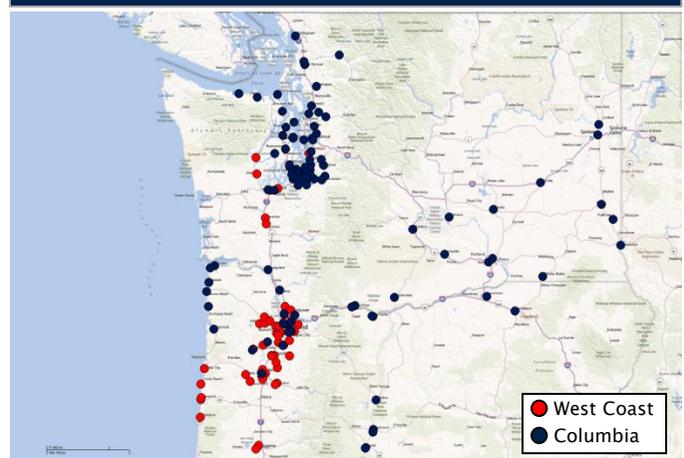
Comparable Financial Highlights

	<u>WCBO</u>	<u>COLB</u>
Total Assets	\$2,408	\$4,789
Gross Loans	\$1,496	\$2,934
Deposits	\$1,877	\$3,831
Equity	\$328	\$759
TCE / TA	12.74%	13.43%
NPAs / Assets	3.05%	1.74%

Notes:
Dollars in millions
Financial data as of June 30, 2012

¹ Includes bank or thrift merger transactions with the target headquartered in Washington, Oregon, or Idaho

Pro Forma Branch Network



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