

UMPQUA HOLDINGS CORP
Form S-4/A
January 17, 2014

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As filed with the Securities and Exchange Commission on January 16, 2014.

Registration No. 333-192346

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Amendment No. 2
to

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Umpqua Holdings Corporation

(Exact Name of Registrant as Specified in its Charter)

Oregon
(State or other jurisdiction of
incorporation or organization)

6022
(Primary Standard Industrial
Classification Code Number)
One SW Columbia, Suite 1200
Portland, Oregon 97258
(503) 727-4100

93-1261319
(I.R.S. Employer
Identification Number)

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Raymond P. Davis
President and Chief Executive Officer
Umpqua Holdings Corporation
One SW Columbia, Suite 1200
Portland, Oregon 97258
(503) 727-4100

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

Edward D. Herlihy, Esq.
Matthew M. Guest, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street

With copies to:
J. Gregory Seibly
President and Chief Executive Officer
Sterling Financial Corporation
111 North Wall Street

William L. Taylor
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017

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New York, New York 10019
(212) 403-1000

Spokane, Washington 99201
(509) 358-8097

(212) 450-4000

Approximate date of commencement of the proposed sale of the securities to the public:

As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting
company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED JANUARY 16, 2014

Proxy Statement

Prospectus

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On September 11, 2013, Sterling Financial Corporation, or Sterling, and Umpqua Holdings Corporation, or Umpqua, entered into an Agreement and Plan of Merger (which we refer to as the "merger agreement") that provides for the combination of the two companies. Under the merger agreement, Sterling will merge with and into Umpqua, with Umpqua as the surviving corporation (which we refer to as the "merger"). The merger will result in the West Coast's largest community bank with expanded geographic reach.

In the merger, each share of Sterling common stock (except for specified shares of Sterling common stock held by Sterling or Umpqua and any dissenting shares) will be converted into the right to receive 1.671 shares of Umpqua common stock and \$2.18 in cash, without interest, (which we refer to as the "merger consideration"). Although the number of shares of Umpqua common stock that Sterling shareholders will receive is fixed, the market value of the merger consideration will fluctuate with the market price of Umpqua common stock and will not be known at the time Sterling shareholders vote on the merger. Based on the closing price of Umpqua's common stock on the NASDAQ Global Select Market on [], 2014, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of Sterling common stock was [] **We urge you to obtain current market quotations for Umpqua (trading symbol "UMPQ") and Sterling (trading symbol "STSA").**

Based on the current number of shares of Sterling common stock outstanding and reserved for issuance under employee benefit plans, Umpqua expects to issue approximately 112,458,115 million shares of common stock to Sterling shareholders in the aggregate upon completion of the merger. Based on these numbers, upon completion of the merger, current Sterling shareholders would own approximately 49.9% of the common stock of Umpqua immediately following the merger. However, any increase or decrease in the number of shares of Sterling common stock outstanding that occurs for any reason prior to the completion of the merger would cause the actual number of shares issued upon completion of the merger to change.

Sterling and Umpqua will each hold a special meeting of their respective shareholders in connection with the merger. Sterling and Umpqua shareholders will be asked to vote to approve the merger agreement and related matters as described in the attached joint proxy statement/prospectus. Approval of the merger agreement by Umpqua shareholders requires the affirmative vote of the holders of a majority of votes entitled to be cast and approval of the merger agreement by Sterling shareholders requires the affirmative vote of the holders of two-thirds of the votes entitled to be cast.

The special meeting of Sterling shareholders will be held on February 25, 2014 at Sterling Bank, 111 North Wall Street, Spokane, Washington 99201, at 3:00 p.m. local time. The special meeting of Umpqua shareholders will be held on February 25, 2014 at the River Place Hotel, 1510 SW Harbor Way, Portland, Oregon, at 6:00 p.m. local time.

Sterling's board of directors unanimously recommends that Sterling shareholders vote "FOR" the approval of the merger agreement and "FOR" the approval of the other matters to be considered at the Sterling special meeting.

Umpqua's board of directors unanimously recommends that Umpqua shareholders vote "FOR" the approval of the merger agreement and "FOR" the approval of the other matters to be considered at the Umpqua special meeting.

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This joint proxy statement/prospectus describes the special meeting of Sterling, the special meeting of Umpqua, the merger, the documents related to the merger and other related matters. **Please carefully read this entire joint proxy statement/prospectus, including "Risk Factors," beginning on page 43, for a discussion of the risks relating to the proposed merger.** You also can obtain information about Umpqua and Sterling from documents that each has filed with the Securities and Exchange Commission.

Raymond P. Davis
President and Chief Executive Officer
Umpqua Holdings Corporation

J. Gregory Seibly
President and Chief Executive Officer
Sterling Financial Corporation

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

The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either Umpqua or Sterling, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this joint proxy statement/prospectus is [], and it is first being mailed or otherwise delivered to the shareholders of Umpqua and Sterling on or about [].

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REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Umpqua and Sterling from documents filed with the U.S. Securities and Exchange Commission, or the SEC, that are not included in or delivered with this joint proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Umpqua and/or Sterling at no cost from the SEC's website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference in this joint proxy statement/prospectus, at no cost by contacting the appropriate company at the following address:

Umpqua Holdings Corporation
20085 N.W. Tanasbourne Drive
Hillsboro, Oregon 97124
Attention: Investor Relations
Telephone: (503) 268-6675

Sterling Financial Corporation
111 North Wall Street
Spokane, Washington 99201
Attention: Investor Relations
Telephone: (509) 358-8097

You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of your meeting. This means that Umpqua shareholders requesting documents must do so by February 18, 2014, in order to receive them before the Umpqua special meeting, and Sterling shareholders requesting documents must do so by February 18, 2014, in order to receive them before the Sterling special meeting.

You should rely only on the information contained in, or incorporated by reference into, this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated [], 2014, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such document. Neither the mailing of this document to Sterling shareholders or Umpqua shareholders nor the issuance by Umpqua of shares of Umpqua common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding Sterling has been provided by Sterling and information contained in this document regarding Umpqua has been provided by Umpqua.

See "Where You Can Find More Information" for more details.

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON FEBRUARY 25, 2014**

To the Shareholders of Umpqua Holdings Corporation:

Umpqua Holdings Corporation will hold a special meeting of shareholders at 6:00 p.m. local time, on February 25, 2014, at the River Place Hotel, 1510 SW Harbor Way, Portland, Oregon to consider and vote upon the following matters:

a proposal to approve the Agreement and Plan of Merger, dated as of September 11, 2013, by and between Sterling Financial Corporation and Umpqua Holdings Corporation, pursuant to which Sterling will merge with and into Umpqua, as more fully described in the attached joint proxy statement/prospectus (which we refer to as the "Umpqua merger proposal");

a proposal to amend the Restated Articles of Incorporation of Umpqua to increase the number of authorized shares of no par value common stock to 400,000,000 (which we refer to as the "articles amendment proposal"); and

a proposal to adjourn the Umpqua special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Umpqua merger proposal and/or the articles amendment proposal (which we refer to as the "Umpqua adjournment proposal").

We have fixed the close of business on January 15, 2014 as the record date for the special meeting. Only Umpqua common shareholders of record at that time are entitled to notice of, and to vote at, the Umpqua special meeting, or any adjournment or postponement of the Umpqua special meeting. Approval of the Umpqua merger proposal requires the affirmative vote of holders of a majority of the votes entitled to be cast on the proposal. Approval of the Umpqua adjournment proposal requires the affirmative vote of holders of a majority of shares represented at the special meeting. The articles amendment proposal will be approved if the votes cast in favor of the proposal exceed the votes cast in opposition.

Umpqua's board of directors has unanimously adopted the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of Umpqua and its shareholders, and unanimously recommends that Umpqua shareholders vote "FOR" the Umpqua merger proposal, "FOR" the articles amendment proposal and "FOR" the Umpqua adjournment proposal, if necessary or appropriate.

Your vote is very important. We cannot complete the merger unless Umpqua's common shareholders approve the Umpqua merger proposal and the articles amendment proposal.

Regardless of whether you plan to attend the Umpqua special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record of Umpqua, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope. If you hold your stock in "street name" through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.

The enclosed joint proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger and other related matters. We urge you to

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read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its annexes carefully and in their entirety.

BY ORDER OF THE BOARD OF DIRECTORS,

Steven L. Philpott

Executive Vice President, General Counsel and Secretary

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 25, 2014

To the Shareholders of Sterling Financial Corporation:

Sterling Financial Corporation will hold a special meeting of shareholders at 3:00 p.m. local time, on February 25, 2014, at Sterling Bank, 111 North Wall Street, Spokane, Washington 99201 to consider and vote upon the following matters:

a proposal to adopt and approve the Agreement and Plan of Merger, dated as of September 11, 2013, by and between Sterling Financial Corporation and Umpqua Holdings Corporation, pursuant to which Sterling will merge with and into Umpqua, as more fully described in the attached joint proxy statement/prospectus (which we refer to as the "Sterling merger proposal");

a proposal to approve, on an advisory (non-binding) basis, the compensation that is tied to or based on the merger and that will or may be paid to Sterling's named executive officers in connection with the merger (which we refer to as the "Sterling compensation proposal"); and

a proposal to adjourn the Sterling special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Sterling merger proposal (which we refer to as the "Sterling adjournment proposal").

We have fixed the close of business on January 15, 2014 as the record date for the special meeting. Only Sterling common shareholders of record at that time are entitled to notice of, and to vote at, the Sterling special meeting, or any adjournment or postponement of the Sterling special meeting. Approval of the Sterling merger proposal requires the affirmative vote of holders of two-thirds of the votes entitled to be cast on the proposal. The Sterling compensation proposal will be approved if the votes cast in favor of the proposal exceed the votes cast in opposition. Approval of the Sterling adjournment proposal requires the affirmative vote of holders of a majority of shares represented at the special meeting.

Sterling's board of directors has unanimously adopted the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of Sterling and its shareholders, and unanimously recommends that Sterling shareholders vote "FOR" the Sterling merger proposal, "FOR" the Sterling compensation proposal and "FOR" the Sterling adjournment proposal, if necessary or appropriate.

Your vote is very important. We cannot complete the merger unless Sterling's common shareholders approve the Sterling merger proposal.

Regardless of whether you plan to attend the Sterling special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record of Sterling, please complete, sign, date, and return the accompanying proxy card in the enclosed postage-paid return envelope. If you hold your stock in "street name" through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.

Under Washington law, Sterling shareholders who do not vote in favor of the merger proposal and follow certain procedural steps will be entitled to dissenters' rights. See "Questions and Answers Are Sterling shareholders entitled to dissenters' rights?"

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The enclosed joint proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its annexes carefully and in their entirety.

**BY ORDER OF THE BOARD OF
DIRECTORS,**

Andrew J. Schultheis
Executive Vice President, General Counsel and Secretary

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QUESTIONS AND ANSWERS

The following are some questions that you may have about the merger and the Umpqua or Sterling special meetings, and brief answers to those questions. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger and the Umpqua or Sterling special meetings. Additional important information is also contained in the documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

Unless the context otherwise requires, references in this joint proxy statement/prospectus to "Umpqua" refer to Umpqua Holdings Corporation, an Oregon corporation, and its subsidiaries, and references to "Sterling" refer to Sterling Financial Corporation, a Washington corporation, and its subsidiaries.

Q: What is the merger?

A: Umpqua and Sterling have entered into an Agreement and Plan of Merger, dated as of September 11, 2013 (which we refer to as the "merger agreement"). Under the merger agreement, Sterling will be merged with and into Umpqua, with Umpqua continuing as the surviving corporation. Immediately following the completion of the merger, Sterling's wholly owned bank subsidiary, Sterling Savings Bank, will merge with and into Umpqua's wholly owned bank subsidiary, Umpqua Bank (which we refer to as the "bank merger"). Umpqua Bank will be the surviving bank in the bank merger. A copy of the merger agreement is included in this joint proxy statement/prospectus as Annex A.

The merger cannot be completed unless, among other things, both Umpqua shareholders and Sterling shareholders approve their respective proposals to approve the merger agreement (which we refer to as the "Umpqua merger proposal" and the "Sterling merger proposal," respectively).

Q: Why am I receiving this joint proxy statement/prospectus?

A: We are delivering this document to you because it is a joint proxy statement being used by both the Umpqua and Sterling boards of directors to solicit proxies of their respective shareholders in connection with approval of the merger and related matters.

In order to approve the merger and related matters, Umpqua and Sterling have each called a special meeting of their shareholders (which we refer to as the "Umpqua special meeting" and the "Sterling special meeting," respectively). This document serves as proxy statement for the Umpqua special meeting and the Sterling special meeting and describes the proposals to be presented at the meetings.

This document is also a prospectus that is being delivered to Sterling shareholders because Umpqua is offering shares of its common stock to Sterling shareholders in connection with the merger.

This joint proxy statement/prospectus contains important information about the merger and the other proposals being voted on at the meetings. You should read it carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without attending your meeting. Your vote is important. We encourage you to submit your proxy as soon as possible.

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Q: **In addition to the Umpqua merger proposal, what else are Umpqua shareholders being asked to vote on?**

A: In addition to the Umpqua merger proposal, Umpqua is soliciting proxies from its shareholders with respect to two additional proposals:

a proposal to amend the Restated Articles of Incorporation of Umpqua to increase the number of authorized shares of no par value common stock to 400,000,000 (which we refer to as the "articles amendment proposal"); and

a proposal to adjourn the Umpqua special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Umpqua merger proposal and/or the articles amendment proposal (which we refer to as the "Umpqua adjournment proposal").

Approval of the articles amendment proposal is a condition to completion of the merger and is necessary for Umpqua to have enough authorized shares to issue the stock portion of the merger consideration. Completion of the merger is not conditioned upon approval of the Umpqua adjournment proposal.

Q: **In addition to the Sterling merger proposal, what else are Sterling shareholders being asked to vote on?**

A: In addition to the Sterling merger proposal, Sterling is soliciting proxies from its shareholders with respect to two additional proposals:

a proposal to approve, on an advisory (non-binding) basis, the compensation that is tied to or based on the merger and that will or may be paid to Sterling's named executive officers in connection with the merger (which we refer to as the "Sterling compensation proposal"); and

a proposal to adjourn the Sterling special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Sterling merger proposal (which we refer to as the "Sterling adjournment proposal").

Completion of the merger is not conditioned upon approval of either of these proposals.

Q: **What will Sterling shareholders receive in the merger?**

A: If the merger is completed, Sterling shareholders will receive 1.671 shares of Umpqua common stock and \$2.18 in cash, without interest, (which we refer to as the "merger consideration") for each share of Sterling common stock held immediately prior to the merger. Umpqua will not issue any fractional shares of Umpqua common stock in the merger. Sterling shareholders who would otherwise be entitled to a fractional share of Umpqua common stock upon the completion of the merger will instead receive an amount in cash based on the average closing-sale price per share of Umpqua common stock for the ten trading days immediately preceding (but not including) the day on which the merger is completed (which we refer to as the "Umpqua closing price").

Q: **What will Umpqua shareholders receive in the merger?**

A: If the merger is completed, Umpqua shareholders will not receive any merger consideration and will continue to hold the shares of Umpqua common stock that they currently hold. Following the merger, shares of Umpqua common stock will continue to be traded on the NASDAQ Global Select Market under the symbol "UMPQ."

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Q: How will the merger affect Sterling stock options and restricted stock units?

A: The Sterling equity awards will be affected as follows:

Stock Options. Each option to purchase shares of Sterling common stock outstanding immediately prior to the effective time (except for certain options with an exercise price significantly in excess of the value of the merger consideration, which Sterling will use commercially reasonable efforts to cancel prior to the effective time), will be converted into an option to purchase Umpqua common stock on the same terms and conditions as were applicable prior to the merger (taking into account that, except for new equity award compensation granted prior to the effective time of the merger, the consummation of the merger and its related transactions will constitute the first trigger under equity awards that provide for "double trigger" acceleration of vesting), except that (1) the number of shares of Umpqua common stock subject to the new option will be equal to the product of the number of shares of Sterling common stock subject to the existing option and the ratio that expresses the merger consideration solely in shares of Umpqua common stock, with the cash portion of the merger consideration converted into shares based on the Umpqua closing price (which we refer to as the "equity exchange ratio") (rounding fractional shares down to the nearest whole share), and (2) the exercise price per share of Umpqua common stock under the new option will be equal to the exercise price per share of Sterling common stock of the existing option divided by the equity exchange ratio (rounded up to the nearest whole cent).

Restricted Stock Units. Each restricted stock unit with respect to Sterling common stock will be converted into a restricted stock unit with respect to a number of shares of Umpqua common stock equal to the product of the number of shares of Sterling common stock subject to the Sterling restricted stock unit and the equity exchange ratio, on the same terms and conditions as were applicable prior to the merger (taking into account that, except for new equity award compensation granted prior to the effective time of the merger, the consummation of the merger and its related transactions will constitute the first trigger under equity awards that provide for "double trigger" acceleration of vesting).

Q: Will the value of the merger consideration change between the date of this joint proxy statement/prospectus and the time the merger is completed?

A: Because the number of shares of Umpqua common stock that Sterling shareholders will receive for each share of Sterling common stock as the stock component of the merger consideration is fixed, the value of the merger consideration will fluctuate between the date of this joint proxy statement/prospectus and the completion of the merger based upon the market value for Umpqua common stock. Any fluctuation in the market price of Umpqua common stock after the date of this joint proxy statement/prospectus will change the value of the shares of Umpqua common stock that Sterling shareholders will receive.

Q: How does Umpqua's board of directors recommend that I vote at the special meeting?

A: Umpqua's board of directors unanimously recommends that you vote "FOR" the Umpqua merger proposal, "FOR" the articles amendment proposal and "FOR" the Umpqua adjournment proposal, if necessary or appropriate.

Q: How does Sterling's board of directors recommend that I vote at the annual meeting?

A: Sterling's board of directors unanimously recommends that you vote "FOR" the Sterling merger proposal, "FOR" the Sterling compensation proposal and "FOR" the Sterling adjournment proposal, if necessary or appropriate.

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Q: When and where are the meetings?

A: The Umpqua special meeting will be held at the River Place Hotel, 1510 SW Harbor Way, Portland, Oregon on February 25, 2014, at 6:00 p.m. local time.

The Sterling special meeting will be held at Sterling Bank, 111 North Wall Street, Spokane, Washington 99201 on February 25, 2014, at 3:00 p.m. local time.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus in its entirety and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at the special meeting. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. Alternatively, you may vote through the internet or by telephone. Information and applicable deadlines for voting by internet or by telephone are set forth in the enclosed proxy card instructions. You are encouraged to vote through the internet. If you hold your shares in "street name" through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker. "Street name" shareholders who wish to vote in person at the special meeting or annual meeting will need to obtain a legal proxy from the institution that holds their shares.

Q: What constitutes a quorum for the Umpqua special meeting?

A: The presence at the Umpqua special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Umpqua common stock entitled to vote at the special meeting will constitute a quorum. Abstentions and broker non-votes will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q: What constitutes a quorum for the Sterling special meeting?

A: The presence at the Sterling special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Sterling common stock entitled to vote at the special meeting will constitute a quorum. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q: What is the vote required to approve each proposal at the Umpqua special meeting?

A: *Umpqua merger proposal:*

Standard: Approval of the Umpqua merger proposal requires the affirmative vote of holders of a majority of the votes entitled to be cast on the proposal.

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy card or vote by telephone or internet or in person at the Umpqua special meeting or fail to instruct your bank or broker with respect to the Umpqua merger proposal, it will have the same effect as a vote "AGAINST" the proposal.

Umpqua adjournment proposal:

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Standard: Approval of the Umpqua adjournment proposal requires the affirmative vote of holders of a majority of shares represented at the Umpqua special meeting.

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Umpqua adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If you are not a "street name"

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holder and fail to either submit a proxy card entirely or vote by telephone or internet or in person at the Umpqua special meeting, it will have no effect on such proposal.

Articles amendment proposal:

Standard: The articles amendment proposal will be approved if the votes cast in favor of such proposal exceed the votes cast in opposition.

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy card or vote by telephone or internet or in person at the Umpqua special meeting or fail to instruct your bank or broker how to vote with respect to the articles amendment proposal, it will have no effect on such proposal.

Q:

What is the vote required to approve each proposal at the Sterling special meeting?

Sterling merger proposal:

Standard: Approval of the Sterling merger proposal requires the affirmative vote of holders of two-thirds of the votes entitled to vote on the proposal. In connection with the merger agreement, funds associated with Warburg Pincus & Co. (which we refer to collectively as "Warburg Pincus") and funds associated with Thomas H. Lee Partners, L.P. (which we refer to collectively as "THL"), each of which as of the record date had the right to vote approximately 20.8% of the outstanding shares of Sterling common stock, agreed, subject to certain exceptions, to vote their shares of Sterling common stock in favor of the merger proposal. For further information, see "The Merger Investor Letter Agreements."

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy card or vote by telephone or internet or in person at the Sterling special meeting or fail to instruct your bank or broker how to vote with respect to the Sterling merger proposal, it will have the same effect as a vote "AGAINST" the proposal.

Sterling compensation proposal:

Standard: The Sterling compensation proposal will be approved if the votes cast in favor of the proposal exceed the votes cast in opposition.

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy card or vote by telephone or internet or in person at the Sterling special meeting or fail to instruct your bank or broker how to vote with respect to the Sterling compensation proposal, it will have no effect on such proposal.

Sterling adjournment proposal:

Standard: Approval of the Sterling adjournment proposal requires the affirmative vote of holders of a majority of shares represented at the Sterling special meeting.

Effect of abstentions and broker non-votes: If you mark "ABSTAIN" on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Sterling adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If you are not a "street name" holder and fail to either submit a proxy card entirely or vote by telephone or internet or in person at the Sterling special meeting, it will have no effect on such proposal.

Q:

What impact will my vote on the Sterling compensation proposal have on the amounts that executive officers of Umpqua may receive in connection with the merger?

A:

Umpqua's executive officers are not entitled to receive any compensation in connection with the merger.

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Q: What impact will my vote have on the amounts that executive officers of Sterling may receive in connection with the merger?

A: Certain of Sterling's executive officers are entitled, pursuant to the terms of their compensation arrangements, to receive certain payments in connection with the merger. If the merger is completed, Sterling or Umpqua is contractually obligated to make these payments to these executives under certain circumstances. Accordingly, even if the Sterling shareholders vote not to approve these payments, the compensation will be payable, subject to the terms and conditions of the arrangements. Sterling is seeking your approval of certain of these payments, on an advisory (non-binding) basis, in order to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and related SEC rules.

Q: Why is my vote important?

A: If you do not vote, it will be more difficult for Umpqua or Sterling to obtain the necessary quorum to hold their special meetings. In addition, your failure to submit a proxy or vote by telephone or internet or in person, or failure to instruct your bank or broker how to vote, or abstention will have the same effect as a vote "AGAINST" approval of the merger agreement. The merger agreement must be approved by the affirmative vote of holders of a majority of the votes entitled to be cast by Umpqua shareholders on the merger agreement and by the affirmative vote of holders of at least two-thirds of the votes entitled to be cast by Sterling shareholders on the merger agreement. In addition, the articles amendment proposal will be approved only if the votes cast by Umpqua shareholders in favor of the proposal exceed the votes cast in opposition. The Umpqua board of directors and the Sterling board of directors unanimously, respectively, recommend that you vote "FOR" the Umpqua merger proposal and "FOR" the articles amendment proposal, and "FOR" the Sterling merger proposal, respectively.

Q: If my shares of common stock are held in "street name" by my bank or broker, will my bank or broker automatically vote my shares for me?

A: No. Your bank or broker cannot vote your shares without instructions from you. You should instruct your bank or broker how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank or broker.

Q: Are there any voting agreements in place with existing shareholders?

A: Yes. In connection with the merger agreement, Warburg Pincus and THL, each of which as of the record date had the right to vote approximately 12,950,796, or approximately 20.8%, of the outstanding shares of Sterling common stock, agreed, subject to certain exceptions, to vote their shares of Sterling common stock in favor of the merger. The obligations of Warburg Pincus and the obligations of THL terminate on the earlier of (1) the Sterling board of directors changing its recommendation regarding the merger, (2) the Sterling special meeting (including any adjournments thereof) concluding with a vote on the Sterling merger proposal having been taken, (3) the merger agreement being amended without Warburg Pincus' or THL's written consent, as applicable, (4) September 11, 2014 or the effective time of the merger or (5) termination of the merger agreement in accordance with its terms. For further information, see "The Merger Investor Letter Agreements."

Q: How do I vote if I own shares through the Umpqua Bank 401(k) and Profit Sharing Plan or the Umpqua Supplemental Retirement/Deferred Compensation Plan?

A: *Umpqua Bank 401(k) and Profit Sharing Plan:* You will be given the opportunity to instruct the trustee of the Umpqua Bank 401(k) and Profit Sharing Plan how to vote the shares that you hold in your account. To the extent that you do not timely give such instructions, the Advisory Committee will instruct the trustee to vote all unvoted shares held in the Umpqua Bank 401(k)

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and Profit Sharing Plan in the same proportion as the shares voted pursuant to the instructions of account holders.

Umpqua Supplemental Retirement/Deferred Compensation Plan: You will be given the opportunity to instruct the trustee of the Umpqua Supplemental Retirement/Deferred Compensation Plan how to vote the shares that you hold in your account. To the extent that you do not timely give such instructions, the Advisory Committee will instruct the trustee to vote all unvoted shares held in the Umpqua Supplemental Retirement/Deferred Compensation Plan as recommended by the Umpqua board of directors.

Q:
How do I vote if I own shares through the Sterling 401(k) Plan?

A:
You will be given the opportunity to instruct the trustee of the Sterling Savings Bank Employees Savings and Investment Plan & Trust 401(k) Plan (which we refer to as the "Sterling 401(k) Plan") how to vote the shares that you hold in your account. In accordance with the terms of the plan, if you fail to instruct the plan trustee how to vote your plan shares, the trustee will not vote your plan shares, except as required by law.

Q:
Can I attend the meeting and vote my shares in person?

A:
Yes. All shareholders of Umpqua and Sterling, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend their respective meetings. Holders of record of Umpqua and Sterling common stock can vote by telephone or internet or in person at the Umpqua special meeting and Sterling special meeting, respectively. If you are not a shareholder of record, you must obtain a proxy card, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the meetings. If you plan to attend your meeting, you must hold your shares in your own name or bring a copy of a bank or brokerage statement to the special meeting reflecting your stock ownership as of the record date. In addition, you must bring a form of personal photo identification with you in order to be admitted. Umpqua and Sterling reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification.

Q:
Can I change my vote?

A:
Umpqua shareholders: Yes. If you are a holder of record of Umpqua common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Umpqua's corporate secretary, (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting, or (4) voting by telephone or the internet at a later time. Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Umpqua after the vote will not affect the vote. Umpqua's corporate secretary's mailing address is: Corporate Secretary, Umpqua Holdings Corporation, P.O. Box 1560, Eugene, OR 97440. If you hold your shares in "street name" through a bank or broker, you should contact your bank or broker to revoke your proxy.

Sterling shareholders: Yes. If you are a holder of record of Sterling common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Sterling's corporate secretary, (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting, or (4) voting by telephone or the internet at a later time. Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Sterling after the vote will not affect the vote. Sterling's corporate secretary's mailing address is: Corporate Secretary, Sterling Financial Corporation, 111 North Wall Street, Spokane,

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WA 99201. If you hold your shares in "street name" through a bank or broker, you should contact your bank or broker to revoke your proxy.

Q: Will Umpqua be required to submit the proposal to approve the merger agreement to its shareholders even if Umpqua's board of directors has withdrawn, modified or qualified its recommendation?

A: Yes. Unless the merger agreement is terminated before the Umpqua special meeting, Umpqua is required to submit the proposal to approve the merger agreement to its shareholders even if Umpqua's board of directors has withdrawn, modified or qualified its recommendation.

Q: Will Sterling be required to submit the proposal to approve the merger agreement to its shareholders even if Sterling's board of directors has withdrawn, modified or qualified its recommendation?

A: Yes. Unless the merger agreement is terminated before the Sterling special meeting, Sterling is required to submit the proposal to approve the merger agreement to its shareholders even if Sterling's board of directors has withdrawn, modified or qualified its recommendation.

Q: What are the U.S. federal income tax consequences of the merger to Sterling shareholders?

A: The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code (the "Code") and it is a condition to the respective obligations of Sterling and Umpqua to complete the merger that each of Sterling and Umpqua receives a legal opinion to that effect. Accordingly, a Sterling common shareholder generally will recognize gain, but not loss, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the Umpqua common stock received pursuant to the merger over that holder's adjusted tax basis in its shares of Sterling common stock surrendered) and (2) the amount of cash received pursuant to the merger. Further, a Sterling common shareholder generally will recognize gain or loss with respect to cash received instead of fractional shares of Umpqua common stock that the Sterling common shareholder would otherwise be entitled to receive. For further information, see "United States Federal Income Tax Consequences of the Merger."

The U.S. federal income tax consequences described above may not apply to all holders of Sterling common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.

Q: Are Sterling shareholders entitled to dissenters' rights?

A: Yes. Sterling shareholders who do not vote in favor of the Sterling merger proposal and follow certain procedural steps will be entitled to dissenters' rights under chapter 23B.13 of the Washington Business Corporation Act (which we refer to as the "WBCA"), provided they take the steps required to perfect their rights under chapter 23B.13. For further information, see "The Merger Dissenters' Rights in the Merger." In addition, a copy of chapter 23B.13 of the WBCA is attached as Annex G to this joint proxy statement/prospectus.

Q: If I am a Sterling shareholder, should I send in my Sterling stock certificates now?

A: No. Sterling shareholders SHOULD NOT send in any stock certificates now. If the merger occurs, an exchange agent will send you instructions for exchanging Sterling stock certificates for the merger consideration under separate cover and the stock certificates should be sent at that time in accordance with those instructions. See "The Merger Agreement Conversion of Shares; Exchange of Certificates."

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Q: What should I do if I hold my shares of Sterling common stock in book-entry form?

A: You are not required to take any special additional action to receive the merger consideration if your shares of Sterling common stock are held in book-entry form. After the completion of the merger, shares of Sterling common stock held in book-entry form automatically will be exchanged for the merger consideration, including shares of Umpqua common stock in book-entry form, the cash portion of the merger consideration and any cash to be paid in exchange for fractional shares in the merger.

Q: Whom may I contact if I cannot locate my Sterling stock certificate(s)?

A: If you are unable to locate your original Sterling stock certificate(s), you should contact American Stock Transfer Company, Sterling's transfer agent, at (800) 676-0791.

Q: What should I do if I receive more than one set of voting materials?

A: Umpqua shareholders and Sterling shareholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold shares of Umpqua and/or Sterling common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of Umpqua common stock or Sterling common stock and your shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are a holder of both Umpqua common stock and Sterling common stock, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this joint proxy statement/prospectus to ensure that you vote every share of Umpqua common stock and/or Sterling common stock that you own.

Q: When do you expect to complete the merger?

A: Umpqua and Sterling expect to complete the merger in the first half of 2014. However, neither Umpqua nor Sterling can assure you of when or if the merger will be completed. Umpqua and Sterling must first obtain the approval of Umpqua shareholders and Sterling shareholders for the merger, as well as obtain necessary regulatory approvals and satisfy certain other closing conditions.

Q: What happens if the merger is not completed?

A: If the merger is not completed, holders of Sterling common stock will not receive any consideration for their shares in connection with the merger. Instead, Sterling will remain an independent public company and its common stock will continue to be listed and traded on the NASDAQ Capital Market. In addition, if the merger agreement is terminated in certain circumstances, a termination fee may be required to be paid by either Umpqua or Sterling. See "The Merger Agreement Termination Fee" beginning on page [] for a discussion of the circumstances under which termination fees will be required to be paid.

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Q: Whom should I call with questions?

A: *Umpqua shareholders:* If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Umpqua common stock, please contact Michelle Bressman, Shareholder Relations Officer at (503) 268-6675, or Umpqua's proxy solicitor, AST Phoenix Advisors, at the following address or telephone number: 6201 15th Avenue, 3rd Floor, Brooklyn, New York 11219 or (212) 493-3914.

Sterling shareholders: If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Sterling common stock, please contact Sterling's Investor Relations Department at (509) 358-8097, or Sterling's proxy solicitor, AST Phoenix Advisors, at the following address or phone number: 6201 15th Avenue, 3rd Floor, Brooklyn, New York 11219 or (212) 493-3914.

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SUMMARY

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

In the Merger, Sterling Common Shareholders Will Receive Cash and Shares of Umpqua Common Stock (page [])

Umpqua and Sterling are proposing a strategic merger. If the merger is completed, Sterling common shareholders will receive 1.671 shares of Umpqua common stock and \$2.18 in cash, without interest, for each share of Sterling common stock they hold immediately prior to the effective time of the merger. Umpqua will not issue any fractional shares of Umpqua common stock in the merger. Sterling shareholders who would otherwise be entitled to a fraction of a share of Umpqua common stock upon the completion of the merger will instead receive, for the fraction of a share, an amount in cash based on the Umpqua closing price. *For example, if you hold 100 shares of Sterling common stock, you will receive 167 shares of Umpqua common stock and a cash payment instead of the additional 0.1 shares of Umpqua common stock that you otherwise would have received (100 shares × 1.671 = 167.1 shares) in addition to receiving \$218 in cash, representing the cash portion of the merger consideration (100 shares × \$2.18 = \$218).*

Umpqua common stock is listed on the NASDAQ Global Select Market under the symbol "UMPQ," and Sterling common stock is listed on the NASDAQ Capital Market under the symbol "STSA." The following table shows the closing sale prices of Umpqua common stock and Sterling common stock as reported on the NASDAQ Global Select Market and NASDAQ Capital Market, respectively, on August 30, 2013, the last trading day before the press reported that Sterling was seeking takeover bids, September 10, 2013, the last full trading day before the public announcement of the merger agreement, and on [], 2014, the last practicable trading day before the date of this joint proxy statement/prospectus. This table also shows the implied value of the merger consideration payable for each share of Sterling common stock, which we calculated by multiplying the closing price of Umpqua common stock on those dates by the exchange ratio of 1.671 and adding the cash portion of the merger consideration of \$2.18 per share.

	Umpqua Common Stock	Sterling Common Stock	Implied Value of Merger Consideration for One Share of Sterling Common Stock
August 30, 2013	\$ 16.24	\$ 24.20	\$ 29.32
September 10, 2013	\$ 17.19	\$ 27.14	\$ 30.90
[], 2014	\$ []	\$ []	\$ []

The merger agreement governs the merger. The merger agreement is included in this joint proxy statement/prospectus as Annex A. All descriptions in this summary and elsewhere in this joint proxy statement/prospectus of the terms and conditions of the merger are qualified by reference to the merger agreement. Please read the merger agreement carefully for a more complete understanding of the merger.

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Umpqua's Board of Directors Unanimously Recommends that Umpqua Shareholders Vote "FOR" the Umpqua Merger Proposal and the Other Proposals Presented at the Umpqua Special Meeting (page [])

Umpqua's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are in the best interests of Umpqua and its shareholders and has unanimously approved and adopted the merger agreement. Umpqua's board of directors unanimously recommends that Umpqua shareholders vote "FOR" the Umpqua merger proposal and "FOR" the other proposals presented at the Umpqua special meeting. For the factors considered by Umpqua's board of directors in reaching its decision to approve and adopt the merger agreement, see "The Merger Umpqua's Reasons for the Merger; Recommendation of Umpqua's Board of Directors."

Sterling's Board of Directors Unanimously Recommends that Sterling Shareholders Vote "FOR" the Sterling Merger Proposal and the Other Proposals Presented at the Sterling Special Meeting (page [])

Sterling's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are in the best interests of Sterling and its shareholders and has unanimously approved and adopted the merger agreement. Sterling's board of directors unanimously recommends that Sterling shareholders vote "FOR" the Sterling merger proposal and "FOR" the other proposals presented at the Sterling special meeting. For the factors considered by Sterling's board of directors in reaching its decision to approve and adopt the merger agreement, see "The Merger Sterling's Reasons for the Merger; Recommendation of Sterling's Board of Directors".

Opinion of Sterling's Financial Advisor (page [] and Annex D)

Opinion of Sandler O'Neill

In connection with its consideration of the merger, on September 11, 2013, the Sterling board of directors received from Sandler O'Neill + Partners, L.P., Sterling's financial advisor (which we refer to as "Sandler O'Neill"), its oral opinion, which opinion was confirmed by delivery of a written opinion, dated September 11, 2013, to the effect that, as of such date and based upon and subject to the various factors, assumptions and limitations set forth in its opinion, the merger consideration in the merger was fair, from a financial point of view, to the holders of Sterling common stock. The full text of Sandler O'Neill's written opinion is attached as Annex D to this joint proxy statement/prospectus. You should read the entire opinion for a discussion of, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. **Sandler O'Neill's written opinion is addressed to the Sterling board of directors, is directed only to the merger consideration in the merger and does not constitute a recommendation to any Sterling shareholder as to how such shareholder should vote with respect to the merger or any other matter.**

For further information, see "The Merger Opinion of Sandler O'Neill."

Opinion of Umpqua's Financial Advisor (page [] and Annex E)

Opinion of J.P. Morgan

In connection with the merger, J.P. Morgan Securities LLC (which we refer to as "J.P. Morgan"), Umpqua's financial advisor, delivered to Umpqua's board of directors a written opinion, dated September 10, 2013, as to the fairness to Umpqua, from a financial point of view and as of the date of the opinion, of the merger consideration provided for in the merger. The full text of the written opinion, dated September 10, 2013, of J.P. Morgan, which sets forth, among other things, the

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assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as Annex E to this joint proxy statement/prospectus. **J.P. Morgan's written opinion is addressed to the Umpqua board of directors, is directed only to the merger consideration in the merger and does not constitute a recommendation to any Umpqua shareholder as to how such shareholder should vote with respect to the merger or any other matter.**

For further information, see "The Merger Opinion of J.P. Morgan."

What Holders of Sterling Stock Options and Restricted Stock Units Will Receive (page [])

Stock Options. At the effective time of the merger, each option to purchase shares of Sterling common stock outstanding immediately prior to the effective time (except for certain options with an exercise price significantly in excess of the value of the merger consideration, which Sterling will use commercially reasonable efforts to cancel prior to the effective time), will be converted into an option to purchase Umpqua common stock on the same terms and conditions as were applicable prior to the merger (taking into account that, except for new equity award compensation granted prior to the effective time of the merger, the consummation of the merger and its related transactions will constitute the first trigger under equity awards that provide for "double trigger" acceleration of vesting), except that (1) the number of shares of Umpqua common stock subject to the new option will be equal to the product of the number of shares of Sterling common stock subject to the existing option and the ratio that expresses the merger consideration solely in shares of Umpqua common stock, with the cash portion of the merger consideration converted into shares based on the Umpqua closing price (which we refer to as the "equity exchange ratio") (rounding fractional shares down to the nearest whole share), and (2) the exercise price per share of Umpqua common stock under the new option will be equal to the exercise price per share of Sterling common stock of the existing option divided by the equity exchange ratio (rounded up to the nearest whole cent).

Restricted Stock Units. At the effective time of the merger, each restricted stock unit in respect of Sterling common stock outstanding immediately prior to the effective time will be converted into a restricted stock unit with respect to a number of shares of Umpqua common stock equal to the product of the number of shares of Sterling common stock subject to the Sterling restricted stock unit and the equity exchange ratio, on the same terms and conditions as were applicable prior to the merger (taking into account that, except for new equity award compensation granted prior to the effective time of the merger, the consummation of the merger and its related transactions will constitute the first trigger under equity awards that provide for "double trigger" acceleration of vesting).

Umpqua Will Hold its Special Meeting on February 25, 2014 (page [])

The special meeting of Umpqua shareholders will be held on February 25, 2014, at 6:00 p.m. local time, at the River Place Hotel, 1510 SW Harbor Way, Portland, Oregon. At the special meeting, Umpqua shareholders will be asked to:

approve the Umpqua merger proposal;

approve the articles amendment proposal; and

approve the Umpqua adjournment proposal, if necessary or appropriate.

Only holders of record of Umpqua common stock at the close of business on January 15, 2014 will be entitled to vote at the special meeting. Each share of Umpqua common stock is entitled to one vote on each proposal to be considered at the Umpqua special meeting. As of the record date, there were 112,001,584 shares of Umpqua common stock entitled to vote at the special meeting. As of the record date, the directors and executive officers of Umpqua and their affiliates beneficially owned and were entitled to vote approximately 1,213,226 shares of Umpqua common stock representing approximately 1.1% of the shares of Umpqua common stock outstanding on that date.

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To approve the Umpqua merger proposal, a majority of the shares of Umpqua common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. To approve the Umpqua adjournment proposal, a majority of the shares of Umpqua common stock represented at the special meeting must be voted in favor of the proposal. The articles amendment proposal will be approved if the votes cast in favor of the proposal at the Umpqua special meeting exceed the votes cast in opposition. If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy or vote by telephone or internet or in person at the Umpqua special meeting or fail to instruct your bank or broker how to vote with respect to the Umpqua merger proposal, it will have the same effect as a vote "AGAINST" the proposal. If you mark "ABSTAIN" on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Umpqua adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If, however, you are not a "street name" holder and fail to either submit a proxy card entirely or vote by telephone or internet or in person at the Umpqua special meeting, it will have no effect on such proposal. If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy or vote by telephone or internet or in person at the Umpqua special meeting or fail to instruct your bank or broker how to vote with respect to the articles amendment proposal, it will have no effect on the proposal.

Sterling Will Hold its Special Meeting on February 25, 2014 (page [])

The special meeting of Sterling shareholders will be held on February 25, 2014, at 3:00 p.m. local time, at Sterling Bank, 111 North Wall Street, Spokane, Washington 99201. At the special meeting, Sterling shareholders will be asked to:

approve the Sterling merger proposal;

approve the Sterling compensation proposal; and

approve the Sterling adjournment proposal, if necessary or appropriate.

Only holders of record of Sterling common stock at the close of business on January 15, 2014 will be entitled to vote at the special meeting. Each share of Sterling common stock is entitled to one vote on each proposal to be considered at the Sterling special meeting. As of the record date, there were 62,363,741 shares of Sterling common stock entitled to vote at the special meeting. As of the record date, and including shares owned by Warburg Pincus and shares owned by THL, the directors and executive officers of Sterling and their affiliates beneficially owned and were entitled to vote approximately 26,978,796 shares of Sterling common stock representing approximately 43.3% of the shares of Sterling common stock outstanding on that date. Warburg Pincus and THL, each of which is associated with one of Sterling's directors and as of the record date had the right to vote approximately 12,950,796, or approximately 20.8%, of the outstanding shares of Sterling common stock, have agreed, subject to certain exceptions, to vote their shares of Sterling common stock in favor of the Sterling merger proposal. For further information, see "The Merger Investor Letter Agreements."

To approve the Sterling merger proposal, two-thirds of the shares of Sterling common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. The Sterling compensation proposal will be approved if the votes cast in favor of such proposal at the Sterling special meeting exceed the votes cast in opposition. To approve the Sterling adjournment proposal, a majority of the shares of Sterling common stock represented at the special meeting must be voted in favor of the proposal. If you mark "ABSTAIN" on your proxy card, fail to submit a proxy or vote by telephone or internet or in person at the Sterling special meeting or fail to instruct your bank or broker how to vote with respect to the Sterling merger proposal, it will have the same effect as a vote "AGAINST" the proposal. If you mark "ABSTAIN" on your proxy card, fail to submit a proxy or vote by telephone or internet or in person at the Sterling special meeting or fail to instruct your bank or broker how to vote with respect to the Sterling compensation proposal, it will have no effect on the proposal. If you mark "ABSTAIN" on your proxy card, or fail to instruct your bank or broker how to

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vote, with respect to the Sterling adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If, however, you are not a "street name" holder and fail to submit a proxy card entirely or vote by telephone or internet or in person at the Sterling special meeting, it will have no effect on such proposal.

The Merger Will Be Tax-Free to Holders of Sterling Common Stock as to the Shares of Umpqua Common Stock They Receive (page [])

The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code and it is a condition to the respective obligations of Sterling and Umpqua to complete the merger that each of Sterling and Umpqua receives a legal opinion to that effect. Accordingly, a Sterling common shareholder generally will recognize gain, but not loss, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the Umpqua common stock received pursuant to the merger over that holder's adjusted tax basis in its shares of Sterling common stock surrendered) and (2) the amount of cash received pursuant to the merger. Further, a Sterling common shareholder generally will recognize gain or loss with respect to cash received instead of fractional shares of Umpqua common stock that the Sterling common shareholder would otherwise be entitled to receive.

For further information, see "United States Federal Income Tax Consequences of the Merger."

The U.S. federal income tax consequences described above may not apply to all holders of Sterling common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.

Interests of Sterling's Directors and Executive Officers in the Merger (page [])

Sterling shareholders should be aware that some of Sterling's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of Sterling shareholders generally. Sterling's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to adopt the merger agreement, and in recommending that Sterling shareholders vote in favor of approving the merger agreement.

These interests include the following:

Pursuant to the merger agreement, each option to purchase shares of Sterling common stock outstanding immediately prior to the effective time (except for certain options with an exercise price significantly in excess of the value of the merger consideration, which Sterling will use commercially reasonable efforts to cancel prior to the effective time) will be converted into an option to purchase Umpqua common stock and each restricted stock unit in respect of Sterling common stock will be converted into a restricted stock unit in respect of Umpqua common stock (in each case, taking into account that, except for new equity award compensation granted prior to the effective time of the merger, the consummation of the merger and its related transactions will constitute the first trigger under equity awards that provide for "double trigger" acceleration of vesting).

Umpqua has entered into an employment agreement with J. Gregory Seibly, to be effective as of and subject to the occurrence of the effective time of the merger. Under the employment agreement, Mr. Seibly will receive an annual base salary of \$565,000 and be eligible for an annual target bonus of 85% of his annual base salary. In settlement of Mr. Seibly's benefits under the Sterling Financial Corporation Change in Control Plan (the "Sterling Change in Control Plan"), Mr. Seibly will be entitled to a cash payment within 10 days following the

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effective date of the merger of \$2,129,439. In addition, upon the effective date of the merger, Mr. Seibly will receive a retention award of restricted Umpqua common stock with a grant date value of \$1,419,626, which will vest, subject to Mr. Seibly's continued employment, upon the second anniversary of the effective date of the merger or upon any earlier termination of employment due to death, disability, termination without cause or termination for good reason (as such terms are defined in the employment agreement). Mr. Seibly is also eligible for a retention bonus of \$452,000 if he remains employed through the second anniversary of the effective date of the merger. The payments in settlement of benefits under the Sterling Change in Control Plan, the retention award and the stay bonus payable to Mr. Seibly have an aggregate value of \$4,001,065. Mr. Seibly will be eligible to participate in Umpqua's employee benefit plans on the same basis as similarly situated employees of Umpqua. The employment agreement has a term of two years.

Umpqua has entered into employment agreements with four additional executive officers of Sterling, to be effective as of and subject to the occurrence of the effective time of the merger. Under the employment agreements, David S. DePillo and Ezra A. Eckhardt will receive an annual base salary of \$400,000 and be eligible for an annual target bonus of 60% of their annual base salary and Steven D. Hauschild and Andrew J. Schultheis will receive an annual base salary of \$275,000 and be eligible for an annual target bonus of 50% of their annual base salary. In settlement of the executive officers' benefits under the Sterling Change in Control Plan, they will be entitled to a cash payment within 10 days following the effective date of the merger in the following amounts: Mr. DePillo \$822,036; Mr. Eckhardt \$1,336,505; Mr. Hauschild \$530,345; and Mr. Schultheis \$579,305. In addition, upon the effective date of the merger, each executive officer will receive a retention award of restricted Umpqua common stock with a grant date value in the following amounts: Mr. DePillo \$548,024; Mr. Eckhardt \$891,003; Mr. Hauschild \$353,564; and Mr. Schultheis \$386,203. The retention award will vest, subject to the executive officer's continued employment, upon the second anniversary of the effective date of the merger or upon any earlier termination of employment due to death, disability, termination without cause or termination for good reason (as such terms are defined in the employment agreement). Mr. Eckhardt is also eligible for a retention bonus of \$320,000 if he remains employed through the second anniversary of the effective date of the merger. Each executive officer will be eligible to participate in Umpqua's employee benefit plans on the same basis as similarly situated employees of Umpqua. The employment agreements have a term of two years.

The payments in settlement of benefits under the Sterling Change in Control Plan, the retention awards and, solely in the case of Mr. Eckhardt, the stay bonus, payable to Messrs. DePillo, Eckhardt, Hauschild and Schultheis pursuant to the new employment agreements with Umpqua (as described above) have an aggregate value of \$5,766,985.

Pursuant to the new employment agreements for Messrs. Seibly, DePillo, Eckhardt, Hauschild and Schultheis described above, if the executive officer's employment were terminated without cause or for good reason during the term of the employment agreement, subject to the execution of a release of claims, in addition to accelerated vesting of the retention award, he would be entitled to severance benefits in the form of continued base salary for a period equal to the greater of (1) nine months base salary and (2) two weeks base salary per year of service with Umpqua. See the "Quantification of Potential Payments to Sterling's Named Executive Officers in Connection with the Merger" beginning on page [] for a quantification of the golden parachute compensation payable to each of Sterling's named executive officers.

Two Sterling executive officers, Patrick J. Rusnak and Robert G. Butterfield, are eligible for certain benefits under the Sterling Change in Control Plan. The plan provides for benefits if the executive officer's employment is involuntarily terminated by Sterling or if the executive officer is constructively discharged within 24 months following a transaction such as the merger.

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Benefits under the plan are calculated based on (1) a multiple (24 months in the case of Mr. Rusnak and 18 months in the case of Mr. Butterfield) of monthly base compensation and target bonus, (2) the cost for a specified period (18 months for Mr. Rusnak and 18 months for Mr. Butterfield) of COBRA continuation coverage minus the then current employee portion of premiums for the same benefit, (3) a bonus payment for the year of termination prorated through the date of termination of employment and (4) outplacement services.

Under an existing letter agreement with Sterling, Leslie S. Biller, the Chairman of Sterling's board of directors, is entitled to a cash payment and accelerated vesting of certain stock options (which, if unexercised, will be converted into options to purchase Umpqua common stock) if he does not serve on the Umpqua board of directors following the merger. If the merger were consummated on March 31, 2014 and Mr. Biller does not serve on the Umpqua board of directors following that date, the cash payment would equal \$375,000 and the intrinsic value of the accelerated stock options would equal \$515,516 (based on a price per share of Sterling common stock of \$28.78, the average closing price of Sterling common stock on the five days following the announcement of the merger).

If members of Sterling's board of directors do not serve on Umpqua's board of directors following the merger, the vesting of restricted stock units and stock options held by such directors will accelerate. If none of the members of Sterling's board of directors serve on Umpqua's board of directors, the aggregate value of restricted stock units and the intrinsic value of stock options subject to accelerated vesting would equal \$1,669,030 (based on a price per share of Sterling common stock of \$28.78, the average closing price of Sterling common stock on the five days following the announcement of the merger).

The members of Sterling's board of directors who will serve on Umpqua's board of directors have not yet been determined by Sterling's board of directors. Such members will be selected from a list that was mutually agreed upon by Umpqua and Sterling prior to the entry into the merger agreement. Each of these directors will receive the compensation provided to Umpqua directors from time to time. Umpqua directors currently receive a quarterly retainer of \$12,500 (which amount may be higher for a director who serves as the chair of the board or a committee), an annual grant of restricted stock awards with a value of approximately \$15,000 (which vest on the first anniversary of the grant date, subject to continued service through such date) and participation fees of \$1,000 for each committee meeting attended. At least 70% of director compensation, excluding the restricted stock awards, is payable in Umpqua stock.

Prior to the effective time of the merger, the compensation and governance committee of Sterling's board of directors may grant (1) up to \$5.7 million of equity award compensation in the ordinary course of business, consistent with past practice, and (2) up to \$2 million of equity award compensation on terms and conditions determined by Sterling's compensation and governance committee. A substantial portion of the \$2 million equity pool may be granted to Sterling's named executive officers who will continue employment with Umpqua following the merger, with the balance granted to other key Sterling executives who will continue employment with Umpqua following the merger. It is expected that grants with respect to both the \$5.7 million and the \$2 million equity pools will be made by the Sterling compensation and governance committee prior to the consummation of the merger. The merger shall not be considered a change in control under the terms of new equity awards granted prior to the effective time of the merger.

For a more complete description of these interests, see "The Merger Interests of Sterling's Directors and Executive Officers in the Merger."

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Sterling Shareholders Who Do Not Vote in Favor of the Merger Agreement May Be Entitled To Assert Dissenters' Rights (page [])

Sterling shareholders who do not vote in favor of the approval of the merger agreement (including by failing to vote or marking "ABSTAIN" on their proxy card) and follow certain procedural steps will be entitled to dissenters' rights under chapter 23B.13 of the WBCA, provided they take the steps required to perfect their rights under 23B.13 of the WBCA. These procedural steps include, among others: (1) delivering to Sterling, before the vote on the merger at the Sterling special meeting, a notice of intent to demand payment for the shares of Sterling common stock if the merger is effected and (2) timely filing a payment demand after the merger is effected. For more information, see "The Merger Dissenters' Rights in the Merger."

Conditions that Must Be Satisfied or Waived for the Merger To Occur (page [])

Currently, Sterling and Umpqua expect to complete the merger in the first half of 2014. 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. These conditions include (1) approval of the Sterling merger proposal by Sterling's shareholders and approval of the Umpqua merger proposal and the articles amendment proposal by Umpqua's shareholders, (2) authorization for listing on the NASDAQ Global Select Market of the shares of Umpqua common stock to be issued in the merger, (3) the receipt of required regulatory approvals, (4) effectiveness of the registration statement of which this joint proxy statement/prospectus is a part, (5) the absence of any order, injunction or other legal restraint preventing the completion of the merger or making the completion of the merger illegal, (6) subject to the materiality standards provided in the merger agreement, the accuracy of the representations and warranties of Umpqua and Sterling, (7) performance in all material respects by each of Umpqua and Sterling of its obligations under the merger agreement and (8) receipt by each of Umpqua and Sterling of an opinion from its counsel as to certain tax matters.

Neither Sterling nor Umpqua can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Non-Solicitation (page [])

As more fully described in this joint proxy statement/prospectus and in the merger agreement, and subject to the exceptions summarized below, each of Sterling and Umpqua has agreed not to (1) solicit, initiate, knowingly encourage or knowingly facilitate, or take any other action designed to facilitate, any inquiries or proposals regarding an acquisition proposal, (2) participate in any discussions or negotiations regarding an alternative transaction or acquisition proposal or (3) enter into any agreement regarding any alternative transaction or acquisition proposal.

However, each of Sterling or Umpqua, before shareholder approval of the merger agreement and, in the case of Umpqua, before shareholder approval of the articles amendment, is permitted to, following receipt of an acquisition proposal that is unsolicited and that the applicable board of directors determines is, or could reasonably be expected to result in, a superior proposal, (1) furnish information with respect to it and its subsidiaries to the party making the acquisition proposal and its representatives and financing sources under the terms of a confidentiality agreement no less restrictive than the one between the parties, and (2) participate in discussions and negotiations regarding the acquisition proposal.

Each of Sterling and Umpqua is permitted to take the actions described above only if its board of directors determines in good faith, after receiving the advice of outside counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law.

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In addition, each of Sterling and Umpqua has agreed not to release any third party from, and to enforce, the confidentiality and standstill provisions of any agreement that it is party to as of the date of the merger agreement.

Termination of the Merger Agreement (page [])

The merger agreement can be terminated at any time prior to completion of the merger in the following circumstances:

by mutual consent of Umpqua and Sterling, if authorized by the board of directors of each;

by either Umpqua or Sterling if any governmental entity that must grant a requisite regulatory approval has (1) denied approval of any of the material transactions contemplated by the merger agreement and such denial has become final and nonappealable or any governmental entity of competent jurisdiction has issued a final nonappealable order permanently enjoining or otherwise prohibiting or making illegal the consummation of any of the material transactions contemplated by the merger agreement or (2) granted the requisite regulatory approval but such approval contains or results in the imposition of a materially burdensome regulatory condition (as later defined) with no meaningful possibility that such condition will be revised before the first anniversary of the date of the merger agreement (which we refer to as the "termination date"), unless the failure to obtain a requisite regulatory approval or to obtain such approval without a materially burdensome regulatory condition is due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements under the merger agreement;

by either Umpqua or Sterling if the merger has not been completed on or before the termination date, unless the failure of the merger to be completed 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 under the merger agreement;

by either Umpqua or Sterling if there is a breach of any of the covenants or agreements or any of the representations or warranties set forth in the merger agreement on the part of the other party which either individually or in the aggregate would constitute the failure of a closing condition of the terminating party and which is either not reasonably capable of being cured or not cured within the earlier of the termination date or the date 30 days following written notice to the party committing such breach (in each case, provided that the terminating party is not then in breach of any representation, warranty, covenant or other agreement contained in the merger agreement in a manner that would constitute the failure of a closing condition);

by either Umpqua or Sterling if (1) the Umpqua special meeting has concluded without the approval of the Umpqua merger proposal and the articles amendment proposal or (2) the Sterling special meeting has concluded without the approval of the Sterling merger proposal (in each case, provided that the terminating party has complied with its obligations with respect to holding its special meeting and recommendation of the merger);

by Sterling, before approval of the Umpqua merger proposal and the articles amendment proposal, if the board of directors of Umpqua (1) fails to recommend that Umpqua shareholders approve the Umpqua merger proposal and the articles amendment proposal, fails to include such recommendation in this joint proxy statement/prospectus, withdraws or modifies such recommendation in a manner adverse to Sterling or, in the case of a tender or exchange offer, fails to recommend rejection of such offer within 10 business days after the commencement of the offer, or (2) materially breaches certain obligations, including with respect to the non-solicitation of acquisition proposals or the calling a meeting of its shareholders and recommending that they approve the merger agreement; or

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by Umpqua, before approval of the Sterling merger proposal, if the board of directors of Sterling (1) fails to recommend that Sterling shareholders approve the Sterling merger proposal, fails to include such recommendation in this joint proxy statement/prospectus, withdraws or modifies such recommendation in a manner adverse to Umpqua or, in the case of a tender or exchange offer, fails to recommend rejection of such offer within 10 business days after the commencement of the offer, or (2) materially breaches certain obligations, including with respect to the non-solicitation of acquisition proposals or the calling a meeting of its shareholders and recommending that they approve the merger agreement.

Termination Fee (page [])

If the merger agreement is terminated under certain circumstances involving alternative acquisition proposals, including circumstances involving changes in the recommendation of Sterling's or Umpqua's respective boards of directors, Sterling or Umpqua may be required to pay to the other party a termination fee equal to \$75 million. These termination fees could discourage other companies from seeking to acquire or merge with Sterling or Umpqua.

Amendment to Umpqua's Articles of Incorporation (page [] and Annex F)

In connection with the merger, Umpqua's restated articles of incorporation will be amended at the effective time of the merger to increase the number of authorized shares of no par value common stock from 200,000,000 to 400,000,000 (which we refer to as the "articles amendment"), which is necessary for Umpqua to have enough authorized shares to issue the stock portion of the merger consideration. In addition to being necessary for Umpqua to issue the stock portion of the merger consideration, Umpqua's board of directors chose to propose an increase of 200,000,000 (in excess of the number required to authorize all of the shares to be issued in the merger) authorized shares to maintain Umpqua's flexibility in responding to future business and financing needs and opportunities.

Regulatory Approvals Required for the Merger (page [])

Subject to the terms of the merger agreement, both Sterling and Umpqua have agreed to use their reasonable best efforts to obtain all regulatory approvals necessary or advisable to complete the transactions contemplated by the merger agreement. These approvals include approvals from, among others, the Board of Governors of the Federal Reserve System (which we refer to as the "Federal Reserve Board"), the Federal Deposit Insurance Corporation (which we refer to as the "FDIC") and the Director of the Oregon Department of Consumer and Business Services (which we refer to as the "Oregon Director"). A notification to the Washington Department of Financial Institutions (which we refer to as the "Washington DFI") is also required. Umpqua and Sterling have filed applications and notifications to obtain the required regulatory approvals.

Although neither Sterling nor Umpqua knows of any reason why these regulatory approvals cannot be obtained in a timely manner, Sterling and Umpqua cannot be certain when or if they will be obtained.

The Rights of Sterling Shareholders Will Change as a Result of the Merger (page [])

The rights of Sterling shareholders will change as a result of the merger due to differences in Umpqua's and Sterling's governing documents and states of incorporation. The rights of Sterling shareholders are governed by Washington law and by Sterling's articles of incorporation and bylaws, each as amended to date. Upon the completion of the merger, Sterling shareholders will become shareholders of Umpqua, as the continuing legal entity in the merger, and the rights of Sterling shareholders will therefore be governed by Oregon law and Umpqua's articles of incorporation and bylaws.

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For example, members of Umpqua's board of directors are elected by a plurality of votes cast, whereas members of Sterling's board of directors are elected if the votes cast for a nominee exceeds the votes cast against (other than in contested elections). For Umpqua's shareholders, the Oregon Control Share Act restricts a shareholder's ability to vote shares acquired in certain transactions not approved by the Umpqua board of directors, and no such rule exists under Washington law for Sterling. Finally, under Washington law, dissenters' rights are available to holders of shares of public companies, such as Sterling, whereas generally under Oregon law dissenters' rights are not available to holders of shares of public companies, such as Umpqua.

See "Comparison of Shareholders' Rights" for a description of the material differences in shareholders' rights under each of the Umpqua and Sterling governing documents.

Information About the Companies (page [])

Umpqua Holdings Corporation

Umpqua Holdings Corporation, an Oregon corporation, is a bank holding company with two principal operating subsidiaries, Umpqua Bank and Umpqua Investments, Inc. With headquarters in Roseburg, Oregon, Umpqua Bank provides a wide range of banking, wealth management, mortgage and other financial services to corporate, institutional and individual customers. Umpqua Investments is a registered broker-dealer and investment advisor with offices in Portland, Lake Oswego, and Medford, Oregon and products and services offered through Umpqua Bank stores. Umpqua Investments offers a full range of investment products and services including stocks, fixed income securities, mutual funds, annuities, options, retirement planning, money management services and life insurance. At September 30, 2013, Umpqua had, on a consolidated basis, assets of \$11.6 billion, deposits of \$9.1 billion and shareholders' equity of \$1.7 billion.

Umpqua's stock is traded on the NASDAQ Global Select Market under the symbol "UMPQ."

The principal executive offices of Umpqua are located at One SW Columbia Street, Suite 1200, Portland, Oregon 97258, and its telephone number at that location is (503) 727-4100. Additional information about Umpqua and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information," beginning on page [].

Sterling Financial Corporation

Sterling Financial Corporation, with headquarters in Spokane, Washington, is organized under the laws of Washington State as the bank holding company for Sterling Savings Bank. Sterling Savings Bank is a Washington state-chartered commercial bank that does business as Sterling Bank in Washington, Oregon and Idaho and as Argent Bank in California. Sterling Savings Bank offers retail and commercial banking products and services, mortgage lending and wealth management to individuals, small businesses, commercial organizations and corporations. At September 30, 2013, Sterling had, on a consolidated basis, assets of \$10.0 billion, deposits of \$6.9 billion and shareholders' equity of \$1.2 billion.

Sterling's stock is traded on the NASDAQ Capital Market under the symbol "STSA."

The principal executive offices of Sterling are located at 111 North Wall Street, Spokane, Washington 99201, and its telephone number at that location is (509) 358-8097. Additional information about Sterling and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information," beginning on page [].

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Litigation Relating to the Merger (page [])

Sterling, its directors and Umpqua are named as defendants in three lawsuits pending in the Superior Court of Washington in and for Spokane County, which have been consolidated under the caption *In re Sterling Financial Corporation Merger Litigation*, Lead No. 13-2-03848-4. The consolidated litigation generally seeks, among other things, an injunction against consummation of the merger, rescission of the merger if it is effected, damages in an unspecified amount, and the payment of plaintiffs' attorneys fees and costs. The defendants believe that the lawsuits are without merit. On January 16, 2014 the parties to the consolidated litigation entered into a memorandum of understanding to settle the consolidated litigation (such memorandum including plaintiffs' agreement to stay the consolidated litigation, except for proceedings relating to the settlement), subject to court approval and other customary conditions, including the execution of definitive documentation. Sterling shareholders who are members of the proposed settlement class will, at a later date, receive written notice containing the terms of the proposed settlement and proposed release of class claims and related matters. See "The Merger Litigation Relating to the Merger" beginning on page [].

Risk Factors (page [])

You should consider all the information contained in or incorporated by reference into this joint proxy statement/prospectus in deciding how to vote for the proposals presented in the joint proxy statement/prospectus. In particular, you should consider the factors described under "Risk Factors."

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The following selected consolidated financial information for the fiscal years ended December 31, 2008 through December 31, 2012 is derived from audited consolidated financial statements of Umpqua. The consolidated financial information as of and for the nine months ended September 30, 2013 and 2012 is derived from unaudited consolidated financial statements and, in the opinion of Umpqua's management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of these data for those dates. The results of operations for the nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 31, 2013. You should not assume the results of operations for any past periods indicate results for any future period. You should read this information in conjunction with Umpqua's consolidated financial statements and related notes thereto included in Umpqua's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and in Umpqua's Quarterly Report on Form 10-Q for the nine months ended September 30, 2013, which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

	At or For the Nine Months Ended September 30,		Years Ended December 31,				2008
	2013	2012	2012	2011	2010	2009	
(in thousands, except per share data)							
Income Statement Financial Trends							
Interest income	\$ 324,308	\$ 343,344	\$ 456,085	\$ 501,753	\$ 488,596	\$ 423,732	\$ 442,546
Interest expense	29,417	37,937	48,849	73,301	93,812	103,024	152,239
Net interest income	294,891	305,407	407,236	428,452	394,784	320,708	290,307
Provision for non-covered loan and lease losses	12,989	16,883	21,796	46,220	113,668	209,124	107,678
(Recapture of) provision for covered loan and lease losses	(4,744)	4,302	7,405	16,141	5,151		
Non-interest income	94,656	89,842	136,829	84,118	75,904	73,516	107,118
Non-interest expense	262,100	261,268	357,314	338,611	311,063	267,178	215,588
Goodwill impairment						111,952	982
Merger related expenses	7,197	338	2,338	360	6,675	273	
Income (loss) before provision for (benefit from) income taxes	112,005	112,458	155,212	111,238	34,131	(194,303)	73,177
Provision for (benefit from) income taxes	38,914	38,525	53,321	36,742	5,805	(40,937)	22,133
Net income (loss)	73,091	73,933	101,891	74,496	28,326	(153,366)	51,044
Preferred stock dividends					12,192	12,866	1,620
Dividends and undistributed earnings allocated to participating securities	576	499	682	356	67	30	154
Net earnings (loss) available to common shareholders	\$ 72,515	\$ 73,434	\$ 101,209	\$ 74,140	\$ 16,067	\$ (166,262)	\$ 49,270
Period End							
Assets	\$ 11,569,297	\$ 11,528,964	\$ 11,795,443	\$ 11,562,858	\$ 11,668,710	\$ 9,381,372	\$ 8,597,550
Earning assets	10,195,187	10,265,806	10,465,505	10,263,923	10,374,131	8,344,203	7,491,498
Non-covered loans and leases(1)	7,228,904	6,248,425	6,681,080	5,888,098	5,658,987	5,999,267	6,131,374
Covered loans, net of allowance	397,083	515,045	477,078	622,451	785,898		
Deposits	9,067,240	9,099,929	9,379,275	9,236,690	9,433,805	7,440,434	6,588,935
Term debt	252,017	254,123	253,605	255,676	262,760	76,274	206,531
Junior subordinated debentures, at fair value	86,718	84,538	85,081	82,905	80,688	85,666	92,520
Junior subordinated debentures, at amortized cost	101,979	102,302	110,985	102,544	102,866	103,188	103,655
Common shareholders' equity	1,725,995	1,714,093	1,724,039	1,672,413	1,642,574	1,362,182	1,284,830
Total shareholders' equity	1,725,995	1,714,093	1,724,039	1,672,413	1,642,574	1,566,517	1,487,008
Common shares outstanding	111,929	111,915	111,890	112,165	114,537	86,786	60,146
Average							
Assets	\$ 11,468,348	\$ 11,453,844	\$ 11,499,499	\$ 11,600,435	\$ 10,830,486	\$ 8,975,178	\$ 8,342,005

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Earning assets	10,201,559	10,210,094	10,252,167	10,332,242	9,567,341	7,925,014	7,215,001
Non-covered loans and leases(1)	6,883,504	6,046,101	6,153,116	5,723,771	5,783,452	6,103,666	6,118,540
Covered loans	429,909	572,481	554,078	707,026	681,569		
Deposits	9,038,527	9,096,862	9,124,619	9,301,978	8,607,980	7,010,739	6,459,576
Term debt	252,826	254,862	254,601	257,496	261,170	129,814	194,312
Junior subordinated debentures	189,457	185,819	187,139	184,115	184,134	190,491	226,349

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	At or For the Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(in thousands, except per share data)						
Common shareholders' equity	1,727,229	1,694,706	1,701,403	1,671,893	1,589,393	1,315,953	1,254,730
Total shareholders' equity	1,727,229	1,694,706	1,701,403	1,671,893	1,657,544	1,519,119	1,281,220
Basic common shares outstanding	111,934	111,928	111,935	114,220	107,922	70,399	60,084
Diluted common shares outstanding	112,154	112,159	112,151	114,409	108,153	70,399	60,424
Per Common Share Data							
Basic earnings (loss)	\$ 0.65	\$ 0.66	\$ 0.90	\$ 0.65	\$ 0.15	\$ (2.36)	\$ 0.82
Diluted earnings (loss)	0.65	0.65	0.90	0.65	0.15	(2.36)	0.82
Book value	15.42	15.32	15.41	14.91	14.34	15.70	21.36
Cash dividends declared	0.45	0.25	0.34	0.24	0.20	0.20	0.62
Performance Ratios							
Return on average assets(2)	0.85%	0.86%	0.88%	0.64%	0.15%	-1.85%	0.59%
Return on average common shareholders' equity(3)	5.61%	5.79%	5.95%	4.43%	1.01%	-12.63%	3.93%
Efficiency ratio(4),(5)	68.52%	65.61%	65.54%	65.58%	66.90%	95.34%	54.08%
Average common shareholders' equity to average assets	15.06%	14.80%	14.80%	14.41%	14.68%	14.66%	15.04%
Leverage ratio(6)	10.96%	11.36%	11.44%	10.91%	10.56%	12.79%	12.38%
Net interest margin (fully tax equivalent)(7)	3.91%	4.04%	4.02%	4.19%	4.17%	4.09%	4.07%
Non-interest revenue to total net revenue(8)	24.30%	22.73%	25.15%	16.41%	16.13%	18.65%	26.95%
Dividend payout ratio(9)	69.23%	37.87%	37.78%	36.92%	133.33%	-8.47%	75.61%
Asset Quality							
Non-covered, non-performing loans and leases	\$ 44,741	\$ 80,333	\$ 70,968	\$ 91,383	\$ 145,248	\$ 199,027	\$ 133,366
Non-covered, non-performing assets	62,990	99,597	88,106	125,558	178,039	223,593	161,264
Allowance for non-covered loan and lease losses	84,694	84,759	85,391	92,968	101,921	107,657	95,865
Net non-covered charge-offs	13,686	25,092	29,373	55,173	119,404	197,332	96,717
Non-covered, non-performing loans and leases to non-covered loans and leases	0.62%	1.29%	1.06%	1.55%	2.57%	3.32%	2.18%
Non-covered, non-performing assets to total assets	0.54%	0.86%	0.75%	1.09%	1.53%	2.38%	1.88%
Allowance for non-covered loan and lease losses to total non-covered loans and leases	1.17%	1.36%	1.28%	1.58%	1.80%	1.79%	1.56%
Allowance for non-covered credit losses to non-covered loans and leases	1.19%	1.40%	1.30%	1.59%	1.82%	1.81%	1.58%

- (1) Excludes loans held for sale.
- (2) Net earnings (loss) available to common shareholders divided by average assets.
- (3) Net earnings (loss) available to common shareholders divided by average common shareholders' equity.
- (4) Non-interest expense divided by the sum of net interest income (fully tax equivalent) and non-interest income.
- (5) The efficiency ratio calculation includes goodwill impairment charges of \$112.0 million and \$1.0 million in 2009 and 2008, respectively. Goodwill impairment losses are a non-cash expense that have no direct effect on Umpqua's or Umpqua Bank's liquidity or capital ratios.
- (6) Tier 1 capital divided by leverage assets. Leverage assets are defined as quarterly average total assets, net of goodwill, intangibles and certain other items as required by the Federal Reserve.
- (7) Net interest margin (fully tax equivalent) is calculated by dividing net interest income (fully tax equivalent) by average interest earnings assets.
- (8)

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Non-interest revenue divided by the sum of non-interest revenue and net interest income

(9)

Dividends declared per common share divided by basic earnings per common share.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF STERLING

The following selected consolidated financial information for the fiscal years ended December 31, 2008 through December 31, 2012 is derived from audited consolidated financial statements of Sterling. The consolidated financial information as of and for the nine months ended September 30, 2013 and 2012 are derived from unaudited consolidated financial statements and, in the opinion of Sterling's management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of these data for those dates. The results of operations for the nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2013. You should not assume the results of operations for any past periods indicate results for any future period. You should read this information in conjunction with Sterling's consolidated financial statements and related notes thereto included in Sterling's Annual Report on Form 10-K for the year ended December 31, 2012, and in Sterling's Quarterly Report on Form 10-Q for the nine months ended September 30, 2013, which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

	At or For the Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
(in thousands, except per share amounts)							
Income Statement Data:							
Interest income	\$ 281,218	\$ 294,946	\$ 389,200	\$ 404,292	\$ 445,133	\$ 599,347	\$ 715,062
Interest expense	41,362	66,375	84,522	109,097	161,106	255,370	355,510
Net interest income	239,856	228,571	304,678	295,195	284,027	343,977	359,552
Provision for credit losses		10,000	10,000	30,000	250,229	681,371	333,597
Net interest income (loss) after provision for credit losses	239,856	218,571	294,678	265,195	33,798	(337,394)	25,955
Noninterest income	111,459	123,026	154,253	126,328	136,965	123,814	91,895
Noninterest expense before impairment charge	248,941	265,664	355,253	352,390	395,045	369,974	305,517
Goodwill impairment						227,558	223,765
Total noninterest expense	248,941	265,664	355,253	352,390	395,045	597,532	529,282
Income (loss) before income taxes	102,374	75,933	93,678	39,133	(224,282)	(811,112)	(411,432)
Income tax (provision) benefit(1)	(30,887)	288,842	292,043			(26,982)	75,898
Net income (loss)	71,487	364,775	385,721	39,133	(224,282)	(838,094)	(335,534)
Preferred stock dividend					(11,598)	(17,369)	(1,208)
Other shareholder allocations(2)					(520,263)		
Net income (loss) applicable to common shareholders	\$ 71,487	\$ 364,775	\$ 385,721	\$ 39,133	\$ (756,143)	\$ (855,463)	\$ (336,742)
Earnings (loss) per common share:							
Basic(3)	\$ 1.15	\$ 5.87	\$ 6.21	\$ 0.63	\$ (53.05)	\$ (1,087.41)	\$ (429.70)
Diluted(3)	1.13	5.81	6.14	0.63	(53.05)	(1,087.41)	(429.70)
Dividends declared per common share(3)	\$ 0.75	\$ 0.15	\$ 0.80	\$ 0.00	\$ 0.00	\$ 0.00	\$ 19.80
Weighted average shares outstanding:							
Basic(3)	62,280,542	62,110,498	62,122,862	61,955,659	14,253,869	786,701	783,662
Diluted(3)	63,271,060	62,745,177	62,772,079	62,231,208	14,253,869	786,701	783,662
Other Data:							
Book value per common share(3)	\$ 19.51	\$ 20.14	\$ 19.58	\$ 14.16	\$ 12.45	\$ 36.80	\$ 1,075.14
	\$ 18.66	\$ 19.44	\$ 18.91	\$ 13.96	\$ 12.17	\$ 9.21	\$ 752.98

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Tangible book value per common share(3)							
Return on average assets	1.00%	5.18%	4.10%	0.42%	(2.21)%	(6.81)%	(2.65)%
Return on average common equity	7.8%	45.5%	35.8%	4.8%	(297.2)%	(129.8)%	(28.8)%

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	At or For the Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(in thousands, except per share amounts)						
Dividend payout ratio	65%	3%	13%	0%	0%	0%	*
Shareholders' equity to total assets	12.2%	13.2%	13.2%	9.6%	8.1%	3.0%	8.9%
Tangible common equity to tangible assets(4)	11.7%	12.8%	12.8%	9.4%	8.0%	0.1%	4.7%
Efficiency ratio(5)	68.7%	71.5%	71.1%	74.7%	81.9%	69.1%	61.7%
Tax equivalent net interest margin	3.66%	3.46%	3.46%	3.29%	2.83%	2.92%	3.08%
Nonperforming assets to total assets	1.36%	2.73%	2.28%	4.01%	8.83%	9.08%	4.77%
Employees (full-time equivalents)	2,564	2,527	2,532	2,496	2,498	2,641	2,481
Depository branches	169	183	174	175	178	178	178
Balance Sheet Data:							
Total assets	\$ 9,984,336	\$ 9,472,437	\$ 9,236,910	\$ 9,193,237	\$ 9,493,169	\$ 10,877,423	\$ 12,790,716
Loans receivable, net	7,024,326	5,990,365	6,101,749	5,341,179	5,379,081	7,344,199	8,807,094
Investments and MBS available for sale	1,498,377	2,049,961	1,513,157	2,547,876	2,825,010	2,160,325	2,639,290
Investments held to maturity	175	1,716	206	1,747	13,464	17,646	175,830
Deposits	6,854,442	6,739,910	6,436,117	6,485,818	6,911,007	7,775,190	8,350,407
FHLB advances	1,027,807	155,401	605,330	405,609	407,211	1,337,167	1,726,549
Securities sold under repurchase agreements and funds purchased	534,669	942,547	586,867	1,055,763	1,032,512	1,049,146	1,163,023
Other borrowings	245,298	245,293	245,294	245,290	245,285	248,281	248,276
Shareholders' equity	1,215,881	1,251,487	1,217,923	878,557	770,767	323,249	1,141,036
Regulatory Capital Ratios:							
Sterling:							
Tier 1 leverage ratio	11.8%	12.7%	12.1%	11.4%	10.1%	3.5%	9.2%
Tier 1 risk-based capital ratio	15.4%	17.6%	17.5%	17.8%	16.2%	4.9%	11.7%
Total risk-based capital ratio	16.7%	18.9%	18.7%	19.1%	17.5%	7.9%	13.0%
Tier 1 common capital ratio	12.2%	13.9%	13.6%	13.8%	12.4%	3.6%	9.3%
Sterling Bank:							
Tier 1 leverage ratio	11.6%	12.6%	12.0%	11.1%	9.8%	4.2%	8.3%
Tier 1 risk-based capital ratio	15.1%	17.5%	17.2%	17.4%	15.7%	5.9%	10.6%
Total risk-based capital ratio	16.3%	18.8%	18.5%	18.7%	17.0%	7.3%	11.8%

* Not meaningful.

(1) The income tax benefit during 2012 was from the release of a deferred tax asset valuation allowance.

(2) The August 26, 2010 conversion of Sterling's Series C preferred stock into common stock resulted in an increase in income available to common shareholders. The October 22, 2010 conversion of Sterling's Series B and D preferred stock into common stock resulted in a decrease in income available to common shareholders.

(3) Reflects the 1-for-66 reverse stock split in November 2010.

(4) Common shareholders' equity less goodwill and other intangible assets, divided by assets, less goodwill and other intangible assets.

(5) The efficiency ratio is noninterest expense, excluding OREO and amortization of core deposit intangibles, divided by net interest income (tax equivalent) plus noninterest income, excluding gain on sales of securities, other-than-temporary impairment losses on securities, charge on prepayment of debt and net gain on MT branch divestiture.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial information and explanatory notes show the impact on the historical financial positions and results of operations of Umpqua and Sterling and have been prepared to illustrate the effects of the merger involving Umpqua and Sterling under the acquisition method of accounting with Umpqua treated as the acquirer. The following unaudited pro forma condensed combined income statement and explanatory notes also separately show the impact on Umpqua's historical results of operations of its acquisition of Financial Pacific Holding Corp. ("FPHC"), and its subsidiary, Financial Pacific Leasing, Inc. ("FinPac Leasing"), and its subsidiaries, Financial Pacific Funding, Inc. ("FPF"), Financial Pacific Funding II, Inc. ("FPF II") and Financial Pacific Funding III, Inc. ("FPF III"). As part of the same transaction, Umpqua Holdings Corporation acquired two related entities, FPC Leasing Corporation ("FPC") and Financial Pacific Reinsurance Co, Ltd. ("FPR"). Prior to acquisition, all of the entities were consolidated as Financial Pacific Holdings LLC, and Subsidiaries ("FPH, LLC"). FPHC, FinPac Leasing, FPF, FPF II, FPF III, FPC and FPR are collectively referred to herein as "FinPac." The acquisition of FinPac occurred on July 1, 2013 (which we refer to as the "FinPac acquisition"). Under the acquisition method of accounting, the assets and liabilities of Sterling, as of the effective date of the merger, will be recorded by Umpqua at their respective fair values and the excess of the merger consideration over the fair value of Sterling's net assets will be allocated to goodwill. The unaudited pro forma condensed combined balance sheet as of September 30, 2013 is presented as if the merger with Sterling had occurred on September 30, 2013. The unaudited pro forma condensed combined income statements for the fiscal year ended December 31, 2012 and the nine months ended September 30, 2013 are presented as if the merger and the FinPac acquisition had occurred on January 1, 2012. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the merger and the FinPac acquisition and, with respect to the income statements only, expected to have a continuing impact on consolidated results of operations.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the period presented. The adjustments included in these unaudited pro forma condensed combined financial statements are preliminary and may be revised. The unaudited pro forma condensed combined financial information also does not consider the impact of any potential revenue enhancements, anticipated cost savings and expense efficiencies, or asset dispositions, among other factors.

As explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information, the pro forma allocation of purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the merger is completed. Adjustments may include, but not be limited to, changes in (1) Sterling's balance sheet through the effective time of the merger; (2) the aggregate value of merger consideration paid if the price of Umpqua's stock varies from the assumed \$16.22 per share, which represents the closing price of Umpqua common stock on September 30, 2013; (3) total merger related expenses if consummation and/or implementation costs vary from currently estimated amounts; and (4) the underlying values of assets and liabilities if market conditions differ from current assumptions.

The unaudited pro forma condensed combined financial information is provided for informational purposes only. The unaudited pro forma condensed combined financial information is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the merger and the FinPac acquisition been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma condensed combined financial information and

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related adjustments required management to make certain assumptions and estimates. The unaudited pro forma condensed combined financial statements should be read together with:

The accompanying notes to the unaudited pro forma condensed combined financial information;

Umpqua's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2012, included in Umpqua's Annual Report on Form 10-K for the year ended December 31, 2012;

Sterling's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2012 included in Sterling's Annual Report on Form 10-K for the year ended December 31, 2012;

Umpqua's separate unaudited historical consolidated financial statements and accompanying notes as of and for the nine months ended September 30, 2013 included in Umpqua's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013;

Sterling's separate unaudited historical consolidated financial statements and accompanying notes as of and for the nine months ended September 30, 2013 included in Sterling's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013;

FinPac's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2012 and separate unaudited historical condensed consolidated financial statements as of and for the six months ended June 30, 2013, along with the unaudited pro forma condensed consolidated financial information of Umpqua as of June 30, 2013 and for the year ended December 31, 2012 and the six months ended June 30, 2013, giving effect to the acquisition of FinPac, included in Umpqua's Current Report on Form 8-K/A filed on September 11, 2013. FPH, LLC was the sole equity holder of FinPac. There are no differences in the operations, assets, liabilities, and total equity of FPH, LLC and FinPac. The only balance sheet differences between FPH, LLC and FinPac are within the components of total equity between the entities due to the legal structure of the entities with equity holders of FPH, LLC having different classes of membership units and FinPac's equity holder having common stock along with differences in the classification of dividend payments to the respective equity owners; and

other information pertaining to Umpqua and Sterling contained in or incorporated by reference into this joint proxy statement/prospectus. See "Selected Consolidated Historical Financial Data of Umpqua" and "Selected Consolidated Historical Financial Data of Sterling" included elsewhere in this joint proxy statement/prospectus.

Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2013

	Umpqua Historical	Sterling Historical	Pro Forma Merger Adjustments	Notes	Pro Forma Combined
Assets					
Cash and due from banks	\$ 193,188	\$ 119,690	\$		\$ 312,878
Restricted cash		6,651			6,651
Interest bearing deposits	503,369	223,338	(352,487)	A	374,220
Temporary investments	534				534
Total cash and cash equivalents	697,091	349,679	(352,487)		694,283
Investment securities, trading	4,012				4,012
	1,910,082	1,498,377			3,408,459

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Investment securities, available for
sale

Investment securities, held to maturity	5,766	175	5,941
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	Umpqua Historical	Sterling Historical	Pro Forma Merger Adjustments	Notes	Pro Forma Combined
Loans held for sale	113,993	245,783			359,776
Non-covered loans and leases	7,228,904	7,163,024	(395,679)	B	13,996,249
Less: allowance for noncovered loan and lease losses	(84,694)	(138,698)	138,698	C	(84,694)
Non-covered loans and leases, net	7,144,210	7,024,326	(256,981)		13,911,555
Covered loans and leases, net of allowance	397,083				397,083
Restricted equity securities	31,444	95,159			126,603
Premises and equipment, net	173,876	100,370	(2,575)	D	271,671
Mortgage servicing rights	41,853	57,030	5,000	E	103,883
Goodwill	764,627	36,633	722,911	F	1,524,171
Other intangible assets, net	13,467	16,154	47,740	G	77,361
Non-covered other real estate owned	18,249	17,464	(3,493)	H	32,220
Covered other real estate owned	2,980				2,980
FDIC indemnification asset	29,427				29,427
Bank owned life insurance	96,276	189,906			286,182
Deferred tax asset	20,341	282,561	18,569	I	321,471
Accrued interest receivable	24,760	29,614			54,374
Other assets	79,760	41,105			120,865
Total assets	\$ 11,569,297	\$ 9,984,336	\$ 178,684		\$ 21,732,317
Liabilities					
Non-interest bearing demand deposits	\$ 2,421,008	\$ 1,818,194	\$ (55,157)	J	\$ 4,184,045
Interest bearing deposits	6,646,232	5,036,248	(150,738)	J	11,531,742
Total deposits	9,067,240	6,854,442	(205,895)		15,715,787
Securities sold under agreements to repurchase customer	215,310	34,669			249,979
Securities sold under agreements to repurchase broker/dealer		500,000			500,000
Term debt	252,017	1,027,807	5,000	K	1,284,824
Junior subordinated debentures, at fair value	86,718		154,298	L	241,016
Junior subordinated debentures, at amortized cost	101,979	245,298	(245,298)	M	101,979
Other liabilities	120,038	106,239			226,277
Total liabilities	9,843,302	8,768,455	(291,895)		18,319,862
Shareholders' equity					
Preferred stock					
Common stock	1,513,225	1,972,021	(233,561)	N	3,251,685
Surplus					
Retained earnings/accumulated deficit	209,597	(786,059)	734,059	O	157,597
Accumulated other comprehensive income	3,173	29,919	(29,919)	P	3,173
Total shareholders' equity	1,725,995	1,215,881	470,579		3,412,455
Total liabilities and shareholders' equity	\$ 11,569,297	\$ 9,984,336	\$ 178,684		\$ 21,732,317

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**Unaudited Pro Forma Condensed Combined Statement of Income for the
Nine Months Ended September 30, 2013**

	Umpqua Historical	FPH, LLC Historical to 6/30/2013	FinPac Pro Forma Merger Adjustments (1/1/2013 to 9/30/2013)	Notes	Sterling Historical	Sterling Pro Forma Merger Adjustments	Notes	Pro Forma Combined
Interest Income:								
Non-covered loans and leases	\$ 250,685	\$ 29,033	\$ (4,789)	Q	\$ 251,722	\$ 8,045	Q	\$ 534,696
Covered loans	41,167							41,167
Interest and dividends on investment securities	31,519				29,088			60,607
Temporary investments and interest bearing deposits	937				408	(563)	R	782
Total interest income	324,308	29,033	(4,789)		281,218	7,482		637,252
Interest Expense:								
Deposits	16,587				18,386	3,164	S	38,137
Federal funds purchased and securities sold under agreement to repurchase	99				14,243			14,342
Term debt	6,916	3,507			4,355	(1,857)	T	12,921
Junior subordinated debentures	5,815				4,378			10,193
Total interest expense	29,417	3,507			41,362	1,307		75,593
Net interest income	294,891	25,526	(4,789)		239,856	6,175		561,659
Provision for credit losses non-covered (Recapture of) provision for credit losses covered	12,989	3,272		U		(2,100)	U	14,161
Net interest income after provision for (recapture of) credit losses	286,646	22,254	(4,789)		239,856	8,275		552,242
Non-interest income:								
Service charges on deposit accounts	22,844				42,129	(10,259)	V	54,714
Brokerage commissions and fees	11,152				2,999			14,151
Mortgage banking revenue, net	62,928				50,468			113,396
Gain on sale of investment securities, net	18							18
Other than temporary impairment losses on investment securities								
Portion of other-than-temporary impairment losses transferred from OCI								
Loss on junior subordinated debentures carried at fair value	(1,643)					(2,890)	W	(4,533)
Bargain purchase gain on acquisition					7,544			7,544
Gain (loss) on other assets	169				915			1,084
Charge on prepayment of debt								
Gain on other loan sales	2,744				2,354			5,098
Bank owned life insurance	2,432				4,621			7,053
Change in FDIC indemnification asset	(19,841)							(19,841)
Other income	13,853	1,312			429			15,594
Total non-interest income	94,656	1,312			111,459	(13,149)		194,278
Non-interest expense:								
Salaries and employee benefits	157,271	3,790	477	X	135,297	(98)	X	296,737
Net occupancy and equipment	45,813	810			31,239			77,862

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Communications	8,802	156		26,412		35,370
Marketing	3,753			6,025		9,778
Supplies	2,120			1,385		3,505
Services	18,339	1,382		12,030		31,751
FDIC assessments	5,032			4,693		9,725
Net (gain) loss on non-covered OREO	(303)			6,456		6,153
Net loss on covered OREO	154					154
Intangible amortization	3,595	354		5,046	5,859	14,854
Merger related expense	7,197			7,200		14,397
Other expenses	17,524	2,104	(758) Z	13,158	1,420	33,448
Total non-interest expense	269,297	8,596	(281)	248,941	7,181	533,734
Income before provision for income taxes	112,005	14,970	(4,508)	102,374	(12,055)	212,786
Provision for income taxes	38,914	5,835	(1,578) AA	30,887	(4,219) AA	69,839
Net income	\$ 73,091	\$ 9,135	\$ (2,930)	\$ 71,487	\$ (7,836)	\$ 142,947
Earnings per common share:						
Basic	\$ 0.65	\$		\$ 1.15		\$ 0.66
Diluted	\$ 0.65	\$		\$ 1.13		\$ 0.65
Weighted average number of common shares outstanding:						
Basic	111,934			62,281	41,790	216,005
Diluted	112,154			63,271	44,368	219,793

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**Unaudited Pro Forma Condensed Combined Statement of Income for the Year Ended
December 31, 2012**

	Umpqua Historical	FPH, LLC Historical	FinPac Pro Forma Merger Adjustments	Notes	Sterling Historical	Sterling Pro Forma Merger Adjustments	Notes	Pro Forma Combined
Interest Income:								
Non-covered loans and leases	\$ 313,294	\$ 58,210	\$ (5,332)	Q	\$ 331,514	\$ 11,652	Q	\$ 709,338
Covered loans	73,518							73,518
Interest and dividends on investment securities	68,345				56,931			125,276
Temporary investments and interest bearing deposits	928				755	(751)	R	932
Total interest income	456,085	58,210	(5,332)		389,200	10,901		909,064
Interest Expense:								
Deposits	31,133				37,697	13,657	S	82,487
Federal funds purchased and securities sold under agreement to repurchase	288				36,034			36,322
Term debt	9,279	7,401			4,254	(2,476)	T	18,458
Junior subordinated debentures	8,149				6,537			14,686
Total interest expense	48,849	7,401			84,522	11,181		151,953
Net interest income	407,236	50,809	(5,332)		304,678	(280)		757,111
Provision for credit losses non-covered (Recapture of) provision for credit losses covered	21,796	7,291		U	10,000	(2,500)	U	36,587
	7,405							7,405
Net interest income after provision for (recapture of) credit losses	378,035	43,518	(5,332)		294,678	2,220		713,119
Non-interest income:								
Service charges on deposit accounts	28,299				51,761	(13,642)	V	66,418
Brokerage commissions and fees	12,967				4,012			16,979
Mortgage banking revenue, net	84,216				97,292			181,508
Gain on sale of investment securities, net	4,023				23,835			27,858
Other than temporary impairment losses on investment securities	(51)							(51)
Portion of other-than-temporary impairment losses transferred from OCI	(104)				(6,819)			(6,923)
Loss on junior subordinated debentures carried at fair value	(2,203)					(3,853)	W	(6,056)
Bargain purchase gain on acquisition								
Gain (loss) on other assets	465				6,515			6,980
Charge on prepayment of debt					(35,342)			(35,342)
Gain on other loan sales					4,372			4,372
Bank owned life insurance	2,708				8,625			11,333
Change in FDIC indemnification asset	(15,234)							(15,234)
Other income	21,743	4,132			2			25,877
Total non-interest income	136,829	4,132			154,253	(17,495)		277,719
Non-interest expense:								
Salaries and employee benefits	200,946	7,527	544	X	189,025	(403)	X	397,639
Net occupancy and equipment	55,081	1,481			41,538			98,100
Communications	11,573	319			37,531			49,423
Marketing	5,064				12,688			17,752

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Supplies	2,506			2,642		5,148
Services	25,823	2,806		16,691		45,320
FDIC assessments	7,308			7,493		14,801
Net (gain) loss on non-covered OREO	9,245			11,829		21,074
Net loss on covered OREO	3,410					3,410
Intangible amortization	4,816	708		6,780	8,601 Y	20,905
Merger related expense	2,338			11,976		14,314
Other expenses	31,542	3,260	(1,780) Z	17,060	1,446 Z	51,528
Total non-interest expense	359,652	16,101	(1,236)	355,253	9,644	739,414
Income before provision for income taxes	155,212	31,549	(4,096)	93,678	(24,919)	251,424
Provision for (benefit from) income taxes	53,321	12,192	(1,434) AA	(292,043)	(8,722) AA	236,686
Net income	\$ 101,891	\$ 19,357	\$ (2,662)	\$ 385,721	\$ (16,197)	\$ 488,110
Earnings per common share:						
Basic	\$ 0.90			\$ 6.21		\$ 2.26
Diluted	\$ 0.90			\$ 6.14		\$ 2.22
Weighted average number of common shares outstanding:						
Basic	111,935			62,123	41,684 AB	215,742
Diluted	112,151			62,772	44,603 AC	219,526

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Notes to Unaudited Pro Forma Condensed Combined Financial Information

Note 1 Basis of Presentation

The unaudited pro forma condensed combined financial information and explanatory notes have been prepared to illustrate the effects of the merger involving Umpqua and Sterling under the acquisition method of accounting with Umpqua treated as the acquirer. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of each period presented, nor does it necessarily indicate the results of operations in future periods or the future financial position of the combined entities. Under the acquisition method of accounting, the assets and liabilities of Sterling, as of the effective date of the merger, will be recorded by Umpqua at their respective fair values and the excess of the merger consideration over the fair value of Sterling's net assets will be allocated to goodwill.

The merger, which is currently expected to be completed in the first half of 2014, provides for Sterling common shareholders to receive 1.671 shares of Umpqua common stock and \$2.18 in cash for each share of Sterling common stock they hold immediately prior to the merger. The value of the per share merger consideration would be approximately \$30.90 based upon the closing price of Umpqua common stock on the date of merger announcement multiplied by the exchange ratio of 1.671 and adding the cash portion of the merger consideration of \$2.18 per share. The pro forma allocation of purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the merger is completed. Adjustments may include, but not be limited to, changes in (i) Sterling's balance sheet through the effective time of the merger; (ii) the aggregate value of merger consideration paid if the price of Umpqua's stock varies from the assumed \$16.22 per share, which represents the closing share price of Umpqua common stock on September 30, 2013; (iii) total merger related expenses if consummation and/or implementation costs vary from currently estimated amounts; and (iv) the underlying values of assets and liabilities if market conditions differ from current assumptions.

The accounting policies of both Umpqua and Sterling are in the process of being reviewed in detail. Upon completion of such review, conforming adjustments or financial statement reclassification may be determined.

Note 2 Estimated Merger and Integration Costs

In connection with the merger, the plan to integrate Umpqua's and Sterling's operations is still being developed. Over the next several months, the specific details of these plans will continue to be refined. Umpqua and Sterling are currently in the process of assessing the two companies' personnel, benefit plans, premises, equipment, computer systems, supply chain methodologies, and service contracts to determine where they may take advantage of redundancies or where it will be beneficial or necessary to convert to one system. Certain decisions arising from these assessments may involve involuntary termination of Sterling's personnel, vacating leased premises, changing information systems, canceling service contracts and selling or otherwise disposing of certain owned premises, furniture and equipment. Umpqua expects to incur merger-related expenses including system conversion costs, employee retention and severance agreements, communications to customers, among others. To the extent there are costs associated with these actions, the costs will be recorded based on the nature and timing of these related integration actions. Most acquisition and restructuring costs are recognized separately from a business combination and generally will be expensed as incurred. We estimate total merger related cost to be approximately \$80 million. We have incurred \$8.6 million of merger expense through September 30, 2013, and anticipate the majority of the remainder to be incurred in 2014.

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Note 3 Estimated Annual Cost Savings

Umpqua expects to realize \$87 million in annual pre-tax cost savings following the merger, which management expects to be phased-in over a two-year period, but there is no assurance that the anticipated cost savings will be realized on the anticipated time schedule or at all. These cost savings are not reflected in the presented pro forma financial information.

Note 4 Divestiture of Sterling Branches

Due to competitive considerations of the merger in accordance with regulatory guidelines, Sterling branches in several banking markets will be divested in conjunction with the merger in order to obtain regulatory approval. These amounts are reflected in the pro forma adjustments below. However, other asset dispositions not required as further discussed in Note 2 are not included in pro forma adjustments.

Note 5 Preliminary Purchase Accounting Allocation

The unaudited pro forma condensed combined financial information reflects the issuance of approximately 104,128,134 shares of Umpqua common stock and other purchase consideration totaling approximately \$1.7 billion as well as cash consideration of approximately \$135.8 million. The total purchase consideration includes an estimate of the fair value of the replacement stock options, warrants, and restricted stock units that is attributable to the pre-combination service period. The merger will be accounted for using the acquisition method of accounting; accordingly Umpqua will recognize Sterling's assets (including identifiable intangible assets) and liabilities at their respective estimated fair values as of the merger date. Accordingly, the pro forma purchase consideration and the

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assets acquired and the liabilities assumed based on their estimated fair values are summarized in the following table.

	September 30, 2013
	(dollars in thousands)
Fair value consideration paid to Sterling shareholders	
Cash paid (62,314,862 shares at \$2.18)	\$ 135,846
Fair value of common shares issued (62,314,862 shares at approximately \$27.10 price per share)	1,688,958
Fair value of warrants, common stock options, and restricted stock exchanged (6,056,814 shares at a weighted average pre-merger service period cost per share of approximately \$8.17)	49,502
Total pro forma purchase price	\$ 1,874,306
Fair value of assets acquired:	
Cash and cash equivalents	\$ 185,038
Investment securities	1,498,552
Non-covered loans and leases, net	7,013,128
Premises and equipment, net	97,795
Mortgage servicing rights	62,030
Other intangible assets, net	63,894
Non-covered other real estate owned	13,971
Bank owned life insurance	189,906
Deferred tax asset	301,130
Accrued interest receivable	29,614
Other assets	136,264
Total assets acquired	\$ 9,591,322
Fair value of liabilities assumed:	
Deposits	\$ 6,648,547
Securities sold under agreements to repurchase	534,669
Term debt	1,032,807
Junior subordinated debentures	154,298
Other liabilities	106,239
Total liabilities assumed	\$ 8,476,560
Net assets acquired	\$ 1,114,762
Preliminary pro forma goodwill	\$ 759,544

Table of Contents**Note 6 Pro Forma Adjustments**

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined financial information. All adjustments are based on current assumptions and valuations, which are subject to change.

Balance Sheet**(amounts in thousands)**

A	Adjustments to cash and cash equivalents		
	To reflect cash used to purchase Sterling	\$	(135,846)
	To reflect cash paid for merger expenses		(52,000)
	To reflect cash paid for divestiture of Sterling branches		(164,641)
		\$	(352,487)
B	Adjustments to non-covered loans and leases		
	To reflect estimated fair value at merger date. The adjustment to loans is primarily related to credit deterioration in the acquired loan portfolio. The credit adjustment to loans is calculated as 3.5% of gross loans. During Umpqua's due diligence on Sterling, Umpqua reviewed loan information across collateral types and geographic distributions. Umpqua applied traditional loan examination methodologies to arrive at the fair value adjustment. The rate adjustment to loans reflects estimated fair value at merger date based on current market rates for similar assets and will be accreted to income using the effective yield method over the contractual lives of the loans, which is approximately ten years.	\$	(302,000)
	To reflect loans sold with divestiture of Sterling branches at merger date.		(93,679)
		\$	(395,679)
C	Adjustment to allowance for non-covered loan and lease losses		
	To remove Sterling allowance at merger date as the credit risk is contemplated in the fair value adjustment in Adjustment B above.	\$	138,698
D	Adjustment to premises and equipment, net		
	To reflect divestiture of Sterling branches at merger date.	\$	(2,575)
E	Adjustment to mortgage servicing rights		
	To reflect estimated fair value at merger date based on current market rates for similar assets.	\$	5,000
F	Adjustments to goodwill		
	To remove Sterling goodwill at merger date	\$	(36,633)
	To reflect the goodwill associated with the merger		759,544
		\$	722,911
G	Adjustments to other intangible assets, net		
	To remove Sterling other intangible assets, net	\$	(16,154)
	To record the estimated fair value of acquired identifiable intangible assets, calculated as 1.25% of Sterling core deposits. The acquired core deposit intangible will be amortized over ten years using a sum-of-the-years-digits method.		63,894
		\$	47,740
H	Adjustment to non-covered other real estate owned		
	To record the estimated fair value of acquired non-covered other real estate owned.	\$	(3,493)

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Balance Sheet

(amounts in thousands)

I	Adjustments to deferred tax asset	
	To reflect deferred tax asset created in the merger, which is calculated as follows:	
	Adjustments to non-covered loans and leases	\$ 302,000
	Adjustment to allowance for non-covered loan and lease losses	(138,698)
	Adjustment to mortgage servicing rights	(5,000)
	Adjustments to other intangible assets, net	(47,740)
	Adjustment to non-covered other real estate owned	3,493
	Adjustments to deposits	25,000
	Adjustments to term debt	5,000
	Adjustment to junior subordinated debentures	(91,000)
	Subtotal for fair value adjustments	\$ 53,055
	Calculated deferred tax asset at Umpqua's estimated statutory tax rate of 35%	\$ 18,569
J	Adjustments to deposits	
	To reflect estimated fair value at merger date based on current market rates for similar products. This adjustment will be accreted to interest expense over the estimated lives of the deposits, which is approximately three years.	\$ 25,000
	To reflect deposits sold with divestiture of Sterling branches at merger date.	
	Non-interest bearing demand deposits	(55,157)
	Interest bearing deposits	(175,738)
		\$ (205,895)
K	Adjustment to term debt	
	To reflect estimated fair value at merger date based on current market rates and spreads for similar borrowings. This estimated premium will be accreted to interest expense over the remaining contractual life of such borrowings, which is approximately three years.	\$ 5,000
L	Adjustment to junior subordinated debentures, at fair value	
	To reclassify junior subordinated debentures, at amortized cost to junior subordinated debentures, at fair value. Junior subordinated debentures acquired will be held at fair value.	\$ 245,298
	To reflect estimated fair value at merger date based on third party valuation.	(91,000)
		\$ 154,298
M	Adjustment to junior subordinated debentures, at amortized cost	
	To reclassify junior subordinated debentures, at amortized cost to junior subordinated debentures, at fair value. Junior subordinated debentures acquired will be held at fair value.	\$ (245,298)
N	Adjustments to common stock	
	To eliminate historical Sterling common stock	\$ (1,972,021)
	To reflect the issuance and exchange of Umpqua common stock to Sterling shareholders	1,738,460
		\$ (233,561)
O	Adjustment to retained earnings/accumulated deficit	
	To eliminate historical Sterling accumulated deficit	\$ 786,059
	To adjust for after tax merger expenses	(52,000)
		\$ 734,059
P	Adjustment to accumulated other comprehensive income	
	To eliminate historical Sterling accumulated other comprehensive income	\$ (29,919)

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Income Statements (amounts in thousands)		Nine Months Ended September 30, 2013	Year Ended December 31, 2012
Q	Adjustments to non-covered loans and leases interest income		
	FinPac		
	To reflect adjusted interest income from leases due to the estimated loss of income from the write-off of FinPac's loan mark and the amortization of the new interest rate mark and the accretion of the acquisition accounting adjustment relating to the credit mark. The amortization period will be the contractual lives of the leases, which is approximately four years, and will be amortized into income using the effective yield method.	\$ (4,789)	\$ (5,332)
	Sterling		
	To reflect accretion of loan rate discount resulting from non-covered loans and leases fair value pro forma Adjustment B using effective yield methodology over the estimated lives of the acquired loan portfolio, which is approximately ten years.	\$ 6,932	\$ 11,068
	To reclassify miscellaneous loan fees from service charges on deposit accounts to non-covered loans and leases interest income to conform with consolidated presentation.	4,444	5,967
	To reflect non-covered loans and leases interest income on branches divested at merger date.	(3,331)	(5,383)
		\$ 8,045	\$ 11,652
R	Adjustments to interest income on temporary investments and interest bearing deposits		
	Sterling		
	To reflect adjusted interest income on temporary investments and interest bearing cash due to cash paid for purchase and divestiture of Sterling branches.	\$ (563)	\$ (751)
S	Adjustments to interest expense on deposits		
	Sterling		
	To reflect amortization of deposit premium resulting from deposit fair value pro forma Adjustment J based on weighted average life of time deposits being approximately three years.	\$ 3,718	\$ 14,864
	To reflect interest expense on branches divested at merger date.	(554)	(1,207)
		\$ 3,164	\$ 13,657
T	Adjustments to interest expense on term debt		
	Sterling		
	To reflect amortization of term debt premium resulting from term debt fair value pro forma Adjustment K based on weighted average life of borrowings of 15.25 months.	\$ (1,857)	\$ (2,476)

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Income Statements (amounts in thousands)	Nine Months Ended September 30, 2013	Year Ended December 31, 2012
U Adjustments to provision for credit losses non-covered		
FinPac		
With acquired leases recorded at fair value, Umpqua would expect a reduction in the historical provision for loan and lease losses from FinPac, however no adjustment to the historical amount of FinPac provision for loan and lease losses is reflected in this pro forma financial information.		
Sterling		
To reclassify reserve for unfunded commitments from non-covered provision for credit losses to other expenses to conform with consolidated presentation.	\$ (2,100)	\$ (2,500)
With acquired loans recorded at fair value, Umpqua would expect a reduction in the provision for loan losses from Sterling, however no adjustment to the historical amount of Sterling provision for loan losses is reflected in this pro forma financial information.		
V Adjustments to service charges on deposit accounts		
Sterling		
To reflect service charges on deposit accounts on branches divested at merger date.	\$ (1,765)	\$ (2,275)
To reclassify miscellaneous loan fees from service charges on deposit accounts to non-covered loans and leases interest income to conform with consolidated presentation.	(4,444)	(5,967)
To reflect lower service charges on deposit accounts as a result of passing \$10 billion asset threshold.	(4,050)	(5,400)
	\$ (10,259)	\$ (13,642)
W Adjustment to loss on junior subordinated debentures carried at fair value		
Sterling		
To reflect change in fair value of junior subordinated debenture discount resulting from junior subordinated debenture fair value pro forma Adjustment L based on remaining average life of junior subordinated debentures of 23.6 years.	\$ (2,890)	\$ (3,853)

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Income Statements (amounts in thousands)		Nine Months Ended September 30, 2013	Year Ended December 31, 2012
X	Adjustments to salaries and employee benefits		
	FinPac		
	To reflect additional compensation expense related to restricted stock granted to FinPac management.	\$ 615	\$ 820
	To remove Financial Pacific Holdings LLC salaries and employee benefits	(308)	(276)
	To reclassify private equity compensation expense from other expense	170	
		\$ 477	\$ 544
	Sterling		
	To reflect salaries and employee benefits related to branches divested at merger date.	\$ (1,737)	\$ (2,588)
	To reflect additional compensation expense related to restricted stock granted to Sterling management and retention bonuses of top five retained executives.	1,639	2,185
		\$ (98)	\$ (403)
Y	Adjustments to amortization of intangibles		
	Sterling		
	To reflect amortization of acquired intangible assets based on amortization period of ten years and using the sum-of-the-years-digits method of amortization	\$ 5,859	\$ 8,601
Z	Adjustments to other expenses		
	FinPac		
	To remove management fees.	\$ (567)	\$ (1,219)
	To remove director compensation and travel fees.	(21)	(64)
	To remove Financial Pacific Holdings LLC other expenses		(497)
	To reclassify private equity compensation expense to salaries and employee benefits	(170)	
		\$ (758)	\$ (1,780)
	Sterling		
	To reclassify reserve for unfunded commitments from non-covered provision for credit losses to other expenses to conform with consolidated presentation.	\$ 2,100	\$ 2,500
	To reflect other expenses related to branches divested at merger date.	(680)	(1,054)
		\$ 1,420	\$ 1,446

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Income Statements (amounts in thousands)		Nine Months Ended September 30, 2013	Year Ended December 31, 2012
AA	Adjustments to income tax provision (benefit)		
	FinPac		
	To reflect the income tax effect of pro forma adjustments at Umpqua's estimated statutory tax rate of 35%	\$ (1,578)	\$ (1,434)
	Sterling		
	To reflect the income tax effect of pro forma adjustments at Umpqua's estimated statutory tax rate of 35%	\$ (4,219)	\$ (8,722)
AB	Adjustments to weighted average number of common shares outstanding Basic		
	Sterling		
	To reflect acquisition of Sterling common shares.	(62,281)	(62,123)
	To reflect issuance of Umpqua common stock as Sterling shareholders will receive 1.671 shares of Umpqua common stock for each share of Sterling common stock they hold immediately prior to the merger.	104,071	103,807
		41,790	41,684
AC	Adjustments to weighted average number of common shares outstanding Diluted		
	Sterling		
	To reflect acquisition of Sterling common shares.	(63,271)	(62,772)
	To reflect issuance of Umpqua common stock as Sterling shareholders will receive 1.671 shares of Umpqua common stock for each share of Sterling common stock they hold immediately prior to the merger.	107,639	107,375
		44,368	44,603

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COMPARATIVE PER SHARE DATA

(Unaudited)

Presented below are unaudited per share basic and diluted earnings, cash dividends and book value for (1) Umpqua and Sterling on a historical basis, (2) Umpqua and FinPac on a pro forma combined basis and (3) Umpqua and Sterling on a pro forma combined and pro forma equivalent basis, in each case as of and for the fiscal year ended December 31, 2012 and as of and for the nine months ended September 30, 2013. The information presented below should be read together with the historical consolidated financial statements of Umpqua, FinPac and Sterling, including the related notes incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

The unaudited pro forma and pro forma per equivalent share information gives effect to the merger and the FinPac acquisition as if the merger and the FinPac acquisition had been effective on December 31, 2012 or September 30, 2013 in the case of the book value data, and as if the merger had been effective as of January 1, 2012 in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines separately the historical results of Sterling and FinPac into Umpqua's consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what would have occurred had these acquisitions taken place on January 1, 2012.

The unaudited pro forma adjustments are based upon available information and certain assumptions that Umpqua and Sterling management believe are reasonable. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the merger or the FinPac acquisition or consider any potential impacts of current market conditions or the merger or the FinPac acquisition on revenues, expense efficiencies, asset dispositions, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results. Upon completion of the merger, the operating results of Sterling will be reflected in the consolidated financial statements of Umpqua on a prospective basis.

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	Umpqua	Pro Forma Combined Umpqua and FinPac	Sterling Historical	Umpqua Pro Forma Combined	Sterling Pro Forma Per Equivalent Sterling Share(1)
Basic Earnings					
Nine months ended September 30, 2013	\$ 0.65	\$ 0.71	\$ 1.15	\$ 0.66	\$ 1.11
Year ended December 31, 2012	\$ 0.90	\$ 1.06	\$ 6.21	\$ 2.26	\$ 3.78
Diluted Earnings					
Nine months ended September 30, 2013	\$ 0.65	\$ 0.71	\$ 1.13	\$ 0.65	\$ 1.09
Year ended December 31, 2012	\$ 0.90	\$ 1.06	\$ 6.14	\$ 2.22	\$ 3.72
Cash Dividends Paid(2)					
Nine months ended September 30, 2013	\$ 0.45	\$ 0.45	\$ 0.75	\$ 0.45	\$ 0.75
Year ended December 31, 2012	\$ 0.34	\$ 0.34	\$ 0.80	\$ 0.34	\$ 0.57
Book Value					
September 30, 2013	\$ 15.42	\$ 15.48	\$ 19.51	\$ 15.80	\$ 26.40
December 31, 2012	\$ 15.41	\$ 15.57	\$ 19.58	\$ 15.59	\$ 26.04

(1) Computed by multiplying the Umpqua pro forma combined amounts by the exchange ratio of 1.671.

(2) Pro forma combined cash dividends paid are based only upon Umpqua's historical amounts

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RISK FACTORS

In addition to general investment risks and the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the section "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the following risk factors in deciding how to vote on the proposals presented in this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

Because the market price of Umpqua common stock will fluctuate, the value of the merger consideration to be received by Sterling shareholders is uncertain.

Upon completion of the merger, each share of Sterling common stock (except for specified shares of Sterling common stock held by Sterling or Umpqua and any dissenting shares) will be converted into 1.671 shares of Umpqua common stock and \$2.18 in cash, without interest. The market value of the shares of Umpqua common stock to be received as part of the merger consideration will vary from the closing price of Umpqua common stock on the date Umpqua and Sterling announced the merger, on the date that this joint proxy statement/prospectus is mailed to Sterling shareholders, on the date of the special meeting of the Sterling shareholders and on the date the merger is completed and thereafter. Any change in the market price of Umpqua common stock prior to the completion of the merger will affect the market value of the merger consideration that Sterling shareholders will receive upon completion of the merger, and there will be no adjustment to the merger consideration for changes in the market price of either shares of Umpqua common stock or shares of Sterling common stock. Stock price changes may result from a variety of factors that are beyond the control of Umpqua and Sterling, including, but not limited to, general market and economic conditions, changes in our respective businesses, operations and prospects and regulatory considerations. Therefore, at the time of the Sterling special meeting you will not know the precise market value of the consideration Sterling shareholders will receive at the effective time of the merger. You should obtain current market quotations for shares of Umpqua common stock and for shares of Sterling common stock.

The market price of Umpqua common stock after the merger may be affected by factors different from those affecting the shares of Sterling or Umpqua currently.

Upon completion of the merger, holders of Sterling common stock will become holders of Umpqua common stock. Umpqua's business differs in important respects from that of Sterling, and, accordingly, the results of operations of the combined company and the market price of Umpqua common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of Umpqua and Sterling. For a discussion of the businesses of Umpqua and Sterling and of some important factors to consider in connection with those businesses, see the documents incorporated by reference in this joint proxy statement/prospectus and referred to under "Where You Can Find More Information."

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the merger.

Before the merger and the bank merger may be completed, Umpqua and Sterling must obtain approvals from the Federal Reserve Board, the FDIC and the Oregon Director, and file a notification to the Washington DFI. Other approvals, waivers or consents from regulators may also be required. In determining whether to grant these approvals the regulators consider a variety of factors, including the regulatory standing of each party and the factors described under "The Merger Regulatory Approvals Required for the Merger." An adverse development in either party's regulatory standing or these factors could result in an inability to obtain approval or delay its receipt. These regulators may impose

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conditions on the completion of the merger or the bank merger or require changes to the terms of the merger or the bank merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or the bank merger or imposing additional costs on or limiting the revenues of the combined company following the merger and the bank merger, any of which might have an adverse effect on the combined company following the merger. See "The Merger Regulatory Approvals Required for the Merger."

Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized.

Umpqua and Sterling have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on Umpqua's ability to successfully combine and integrate the businesses of Umpqua and Sterling in a manner that permits growth opportunities and does not materially disrupt the existing customer relations nor result in decreased revenues due to loss of customers. It is possible that the integration process could result in the loss of key employees, the disruption of either company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. The loss of key employees could adversely affect Umpqua's ability to successfully conduct its business, which could have an adverse effect on Umpqua's financial results and the value of its common stock. If Umpqua experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause Umpqua and/or Sterling to lose customers or cause customers to remove their accounts from Umpqua and/or Sterling and move their business to competing financial institutions. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Umpqua and Sterling during this transition period and for an undetermined period after completion of the merger on the combined company. In addition, the actual cost savings of the merger could be less than anticipated.

The fairness opinions obtained by Umpqua and Sterling from their respective financial advisors will not reflect changes in circumstances between the date of the signing of the merger agreement and the completion of the merger.

Umpqua has obtained a fairness opinion dated September 10, 2013 from J.P. Morgan and Sterling has obtained a fairness opinion dated September 11, 2013 from Sandler O'Neill, and such opinions have not been updated as of the date of this document and will not be updated at the time of the completion of the merger. Changes in the operations and prospects of Umpqua or Sterling, general market and economic conditions and other factors that may be beyond the control of Umpqua and Sterling, and on which the fairness opinions were based, may alter the value of Umpqua or Sterling or the prices of shares of Umpqua common stock or Sterling common stock by the time the merger is completed. The fairness opinions do not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed or as of any other date than the date of the opinions. The fairness opinions that Sterling and Umpqua received from their respective financial advisors are attached as Annex D and Annex E to this joint proxy statement/prospectus. For a description of the opinions, see "The Merger Opinion of Sandler O'Neill" and "The Merger Opinion of J.P. Morgan." For a description of the other factors considered by Umpqua's board of directors in determining to approve the merger, see "The Merger Umpqua's Reasons for the Merger; Recommendation of Umpqua's Board of Directors." For a description of the other factors considered by Sterling's board of directors in determining to approve the merger, see "The Merger Sterling's Reasons for the Merger; Recommendation of Sterling's Board of Directors."

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The unaudited pro forma condensed combined financial statements included in this document are preliminary and the actual financial condition and results of operations after the merger may differ materially.

The unaudited pro forma condensed combined financial statements in this document are presented for illustrative purposes only and are not necessarily indicative of what Umpqua's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The unaudited pro forma condensed combined financial statements reflect adjustments, which are based upon assumptions and preliminary estimates, to record the Sterling identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Sterling as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, see "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page [].

Certain of Sterling's directors and executive officers have interests in the merger that may differ from the interests of Sterling's shareholders.

Sterling's shareholders should be aware that some of Sterling's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of Sterling's shareholders generally. These interests and arrangements may create potential conflicts of interest. Sterling's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement, and in recommending that Sterling's shareholders vote in favor of approving the merger agreement.

These interests include the following:

Pursuant to the merger agreement, each option to purchase shares of Sterling common stock outstanding immediately prior to the effective time (except for certain options with an exercise price significantly in excess of the value of the merger consideration, which Sterling will use commercially reasonable efforts to cancel prior to the effective time) will be converted into an option to purchase Umpqua common stock and each restricted stock unit in respect of Sterling common stock will be converted into a restricted stock unit in respect of Umpqua common stock (in each case, taking into account that, except for new equity award compensation granted prior to the effective time of the merger, the consummation of the merger and its related transactions will constitute the first trigger under equity awards that provide for "double trigger" acceleration of vesting).

Umpqua has entered into employment agreements with five executive officers of Sterling, to be effective as of and subject to the occurrence of the effective time of the merger.

Two Sterling executive officers are eligible for benefits under the Sterling Financial Corporation Change in Control Plan.

The Chairman of Sterling's board of directors is entitled to a cash payment and accelerated vesting of certain stock options under an existing letter agreement if he does not serve on the Umpqua board of directors following the merger.

Prior to the effective time of the merger, the compensation and governance committee of Sterling's board of directors may grant (1) up to \$5.7 million of equity award compensation in the ordinary course of business, consistent with past practice, and (2) up to \$2 million of equity award compensation on terms and conditions determined by Sterling's compensation and governance committee. A substantial portion of the \$2 million equity pool may be granted to Sterling's named executive officers who will continue employment with Umpqua following the merger, with the balance granted to other key Sterling executives who will continue employment

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with Umpqua following the merger. As of the date hereof, the compensation and governance committee has not made any grants or taken formal action with respect to the \$2 million equity pool. The merger shall not be considered a change in control under the terms of new equity awards granted prior to the effective time of the merger.

For a more complete description of these interests, see "The Merger Interests of Sterling's Directors and Executive Officers in the Merger."

Termination of the merger agreement could negatively impact Umpqua or Sterling.

If the merger agreement is terminated, there may be various consequences. For example, Umpqua's or Sterling's businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. Additionally, if the merger agreement is terminated, the market price of Umpqua's or Sterling's common stock could decline to the extent that the current market prices reflect a market assumption that the merger will be completed. If the merger agreement is terminated under certain circumstances, Umpqua or Sterling may be required to pay to the other party a termination fee of \$75 million.

Umpqua and Sterling will be subject to business uncertainties and contractual restrictions on their respective operations while the merger is pending.

Both Umpqua and Sterling will be subject to business uncertainties and contractual restrictions on their respective operations while the merger is pending. For instance, uncertainty about the effect of the merger on employees and customers may have an adverse effect on Umpqua or Sterling. These uncertainties may impair Umpqua's or Sterling's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with Umpqua or Sterling to seek to change existing business relationships with Umpqua or Sterling. Retention of certain employees by Umpqua or Sterling may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with Umpqua or Sterling. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Umpqua or Sterling, Umpqua's business or Sterling's business could be harmed. In addition, subject to certain exceptions, each of Umpqua and Sterling has agreed to operate its business in the ordinary course, and to comply with certain other operational restrictions, prior to closing. See "The Merger Agreement Covenants and Agreements" for a description of the restrictive covenants applicable to Umpqua and Sterling.

If the merger is not completed, Umpqua and Sterling will have incurred substantial expenses without realizing the expected benefits of the merger.

Each of Umpqua and Sterling has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger. If the merger is not completed, Umpqua and Sterling would have to recognize these expenses without realizing the expected benefits of the merger.

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The merger agreement limits Umpqua's and Sterling's ability to pursue acquisition proposals and requires each company to pay a termination fee of \$75 million under certain circumstances relating to acquisition proposals. These and other provisions of the merger agreement, of Umpqua's and Sterling's articles of incorporation and bylaws and of Oregon and Washington law may deter potential acquirers.

The merger agreement prohibits Umpqua and Sterling from soliciting, initiating, knowingly encouraging or knowingly facilitating certain third-party acquisition proposals. See "The Merger Agreement Agreement Not to Solicit Other Offers". The merger agreement also provides that Umpqua or Sterling must pay a termination fee in the amount of \$75 million in the event that the merger agreement is terminated under certain circumstances, including, in certain circumstances, a termination resulting from such party's failure to abide by certain obligations not to solicit acquisition proposals. See "The Merger Agreement Termination Fee." Further, the merger agreement also prohibits each of Sterling and Umpqua from waiving confidentiality and standstill provisions in its favor in existing agreements with third parties. These provisions may discourage or prohibit, as applicable, a potential competing acquirer that might have an interest in acquiring all or a significant part of Sterling or Umpqua from considering or proposing such an acquisition. Additionally, Umpqua's restated articles of incorporation authorize the board of directors, when evaluating a merger, tender offer or exchange offer, sale of substantially all assets or similar transaction to consider the effects on Umpqua's employees, customers, suppliers and communities as well as its shareholders. This provision can be amended only by the affirmative vote of at least 75% of outstanding shares. In addition, under both Oregon and Washington law, certain business combinations involving Umpqua or Sterling with their large shareholders are restricted without the approval of the board of directors of Umpqua or Sterling, respectively. See "Comparison of Shareholders' Rights Anti-Takeover Provisions and Other Shareholder Protections."

These provisions and agreements, and other provisions of Umpqua's or Sterling's articles of incorporation or bylaws or of the Oregon Business Corporation Act (which we refer to as the "OBCA") or WBCA, could make it more difficult for a third-party to acquire control of Umpqua or Sterling or may discourage a potential competing acquirer.

The shares of Umpqua common stock to be received by Sterling shareholders as a result of the merger will have different rights from the shares of Sterling common stock.

Upon completion of the merger, Sterling shareholders will become Umpqua shareholders and their rights as shareholders will be governed by the OBCA and the Umpqua articles of incorporation and bylaws. The rights associated with Sterling common stock are different from the rights associated with Umpqua common stock. For example, members of Umpqua's board of directors are elected by a plurality of votes cast, whereas members of Sterling's board of directors are elected if the votes cast for a nominee exceeds the votes cast against (other than in contested elections). For Umpqua's shareholders, the Oregon Control Share Act restricts a shareholder's ability to vote shares acquired in certain transactions not approved by the Umpqua board of directors, and no such rule exists under Washington law for Sterling. Finally, under Washington law, dissenters' rights are available to holders of shares of public companies, such as Sterling, whereas generally under Oregon law dissenters' rights are not available to holders of shares of public companies, such as Umpqua. Please see "Comparison of Shareholders' Rights" beginning on page [] for a further discussion of the different rights associated with Umpqua common stock.

Holders of Sterling and Umpqua common stock will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Holders of Sterling and Umpqua common stock currently have the right to vote in the election of the board of directors and on other matters affecting Sterling and Umpqua, respectively. Upon the completion of the merger, each Sterling shareholder who receives shares of Umpqua common stock will

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become a shareholder of Umpqua with a percentage ownership of Umpqua that is smaller than such shareholder's percentage ownership of Sterling. It is currently expected that the former shareholders of Sterling as a group will receive shares in the merger constituting approximately 49.9% of the outstanding shares of Umpqua common stock immediately after the merger. As a result, current shareholders of Umpqua as a group will own approximately 50.1% of the outstanding shares of Umpqua common stock immediately after the merger. Because of this, Sterling shareholders may have less influence on the management and policies of Umpqua than they now have on the management and policies of Sterling, and current Umpqua shareholders may have less influence than they now have on the management and policies of Umpqua.

Pending litigation against Sterling and Umpqua could result in an injunction preventing the completion of the merger or a judgment resulting in the payment of damages.

In connection with the merger, purported Sterling shareholders have filed putative shareholder class action lawsuits against Sterling, the members of the Sterling board of directors and Umpqua. Among other remedies, the plaintiffs seek to enjoin the merger. Although the parties to the litigation have entered into a memorandum of understanding to settle the consolidated litigation, the settlement is subject to certain conditions. If the cases are not resolved, these lawsuits could prevent or delay completion of the merger and result in substantial costs to Umpqua and Sterling, including any costs associated with the indemnification of directors and officers. Plaintiffs may file additional lawsuits against Umpqua, Sterling and/or the directors and officers of either company in connection with the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect Umpqua's business, financial condition, results of operations and cash flows. See "The Merger Litigation Relating to the Merger" beginning on page [].

Following the merger and related transactions, the combined company will have a large number of authorized but unissued shares.

Following the merger and related transactions, including the amendment to Umpqua's restated articles of incorporation described herein, based on the number of shares of Sterling common stock, Sterling stock options, Sterling restricted stock units, and warrants to purchase Sterling Common stock outstanding as of the record date, the combined company will have approximately 230,423,959 shares outstanding, leaving 169,576,041 authorized but unissued shares. The combined company will be able to issue these shares without stockholder approval, unless stockholder approval is required by applicable law or stock exchange rules. Issuing additional shares may dilute the interest of existing stockholders and cause the market price of the combined company's common stock to decline. For a discussion of the proposed amendment to Umpqua's articles of incorporation, including an explanation of why Umpqua is seeking to increase its number of authorized shares by 200,000,000, see "The Merger Amendment to Umpqua's Articles of Incorporation."

Following the merger, a high percentage of the combined company's loan portfolio will remain in the Pacific Northwest and in commercial real estate. Deteriorations in economic conditions in the Pacific Northwest or in the real estate market generally could be more harmful to the combined company compared to more diversified institutions.

As of September 30, 2013, approximately \$4.5 billion, or 62%, of Sterling's loan portfolio was comprised of loans to businesses and individuals in the Pacific Northwest, and \$4.6 billion, or 64%, of Sterling's loan portfolio was comprised of commercial real estate loans (including owner-occupied commercial real estate). As of September 30, 2013, approximately \$4.0 billion, or 56% of Umpqua's loan portfolio was comprised of loans to businesses and individuals in the Pacific Northwest, and \$4.3 billion, or 60%, of Umpqua's loan portfolio was comprised of commercial real estate loans (including owner-occupied commercial real estate). As a result of the merger, the combined company's

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loan portfolio (excluding loans covered by loss-sharing agreements with the FDIC), as of September 30, 2013 would have consisted of \$8.5 billion, or 59%, of loans to businesses and individuals in the Pacific Northwest and \$8.9 billion, or 62%, of commercial real estate loans (including owner-occupied commercial real estate).

The Pacific Northwest has had one of the nation's highest unemployment rates and major employers in Oregon and Washington have implemented substantial employee layoffs or scaled back growth plans. Despite the merger, as a result of the continued high concentration of the combined company's loan portfolio in the Pacific Northwest, the combined company may be more sensitive, compared to more diversified institutions, to further deterioration in economic conditions or a prolonged delay in economic recovery in this area, which could lead to losses which could have a material adverse effect on the business, financial condition and results of operations of the combined company.

In addition, since 2007, the commercial real estate market has experienced periods of significant disruption, including increased delinquencies and declining property values. Despite the merger, as a result of the continued high concentration of the combined company's loan portfolio in loans secured by commercial real estate, the combined company may be more sensitive, compared to more diversified institutions, to future disruptions in, and deterioration of, this market, which could lead to losses which could have a material adverse effect on the business, financial condition and results of operations of the combined company.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this joint proxy statement/prospectus are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 giving Umpqua's or Sterling's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "plan," "project," "continue," "positions," "prospects" or "potential," by future conditional verbs such as "will," "would," "should," "could" or "may," or by variations of such words or by similar expressions. Such forward-looking statements include, but are not limited to, statements about the benefits of the business combination transaction involving Sterling and Umpqua, including future financial and operating results, the combined company's plans, objectives, expectations, strategies and intentions and other statements that are not historical facts. These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. In addition to factors previously disclosed in Umpqua's and Sterling's reports filed with the SEC, the following factors, among others, could cause actual results to differ materially from forward-looking statements: ability to obtain regulatory approvals and meet other closing conditions to the merger, including approval by Umpqua and Sterling shareholders, on the expected terms and schedule; delay in closing the merger; difficulties and delays in integrating the Umpqua and Sterling businesses or fully realizing cost savings and other benefits; business disruption following the proposed transaction; diversion of management time on issues relating to the merger and the bank merger; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer borrowing, repayment, investment and deposit practices; customer disintermediation; the introduction, withdrawal, success and timing of business initiatives; competitive conditions; economic conditions; changes in Umpqua's stock price before closing, including as a result of the financial performance of Sterling prior to closing; the reaction to the transaction of the companies' customers, employees and counterparties; the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board, the FDIC, the Oregon Director or the Washington DFI and legislative and regulatory actions and reforms; and failure to consummate or delay in consummating the merger for any other reason.

For any forward-looking statements made in this joint proxy statement/prospectus or in any documents incorporated by reference into this joint proxy statement/prospectus, Umpqua and Sterling claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus or the date of the applicable document incorporated by reference in this joint proxy statement/prospectus. Umpqua and Sterling do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this joint proxy statement/prospectus and attributable to Umpqua, Sterling or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this joint proxy statement/prospectus.

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THE STERLING SPECIAL MEETING

This section contains information for Sterling shareholders about the special meeting that Sterling has called to allow its shareholders to consider and vote on the merger agreement and other related matters. Sterling is mailing this joint proxy statement/prospectus to Sterling shareholders, on or about []. This joint proxy statement/prospectus is accompanied by a notice of the special meeting of Sterling shareholders and a form of proxy card that Sterling's board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting. References to "you" and "your" in this section are to Sterling shareholders.

Date, Time and Place of Meeting

The special meeting of Sterling shareholders will be held at Sterling Bank, 111 North Wall Street, Spokane, Washington 99201 at 3:00 p.m., local time, on February 25, 2014.

Matters to Be Considered

At the Sterling special meeting, Sterling shareholders will be asked to consider and vote upon the following matters:

a proposal to approve the merger agreement;

a proposal to approve, on an advisory (non-binding) basis, the compensation that is tied to or based on the merger and that will or may be paid to Sterling's named executive officers in connection with the merger (which we refer to as the "Sterling compensation proposal"); and

a proposal to adjourn the Sterling special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Sterling merger proposal.

Recommendation of Sterling's Board of Directors

Sterling's board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of Sterling and its shareholders, has unanimously approved and adopted the merger agreement and unanimously recommends that you vote "**FOR**" the Sterling merger proposal, "**FOR**" the Sterling compensation proposal and "**FOR**" the Sterling adjournment proposal, if necessary or appropriate. See "The Merger Sterling's Reasons for the Merger; Recommendation of Sterling's Board of Directors" for a more detailed discussion of Sterling's board of directors' recommendation.

Record Date and Quorum

The Sterling board of directors has fixed the close of business on January 15, 2014, as the record date for determining the holders of Sterling common stock entitled to receive notice of and to vote at the Sterling special meeting.

As of the Sterling record date, there were 62,363,741 shares of Sterling common stock outstanding and entitled to vote at the Sterling special meeting held by approximately 1,237 holders of record. Each share of Sterling common stock entitles the holder to one vote at the Sterling special meeting on each proposal to be considered at the Sterling special meeting.

The representation (in person or by proxy) of at least a majority of the shares of Sterling common stock entitled to vote at the Sterling special meeting will constitute a quorum for the transaction of business. All shares of Sterling common stock, whether present in person or represented by proxy, including abstentions and broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Sterling special meeting.

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Required Vote; Treatment of Abstentions and Failure to Vote

To approve the Sterling merger proposal, two-thirds of the shares of Sterling common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. To approve the Sterling adjournment proposal, a majority of the shares of Sterling common stock represented at the special meeting must be voted in favor of the proposal. The Sterling compensation proposal will be approved if the votes cast in favor of such proposal at the Sterling special meeting exceed the votes cast in opposition. If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy or vote by telephone or internet or in person at the Sterling special meeting or fail to instruct your bank or broker how to vote with respect to the Sterling merger proposal, it will have the same effect as a vote "AGAINST" the proposal. If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy or vote by telephone or internet or in person at the Sterling special meeting or fail to instruct your bank or broker how to vote with respect to the Sterling compensation proposal, it will have no effect on the proposal. If you mark "ABSTAIN" on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Sterling adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If you are not a "street name" holder and fail to either submit a proxy card entirely or vote by telephone or internet or in person at the Sterling special meeting, it will have no effect on the adjournment proposal.

Shares Held by Officers and Directors

As of the record date, there were 62,363,741 shares of Sterling common stock entitled to vote at the special meeting. Also as of the record date, and excluding shares owned by Warburg Pincus and THL, the directors and executive officers of Sterling and their affiliates beneficially owned and were entitled to vote approximately 1,077,204 shares of Sterling common stock, representing approximately 1.7% of the shares of Sterling common stock outstanding on that date. Sterling currently expects that Sterling's directors and executive officers will vote their shares in favor of the Sterling merger proposal, the Sterling compensation proposal and the Sterling adjournment proposal, although none of them has entered into any agreements obligating them to do so. As of the record date, Umpqua and its directors and executive officers beneficially held no shares of Sterling common stock.

In addition, Warburg Pincus and THL, each of which is associated with one of Sterling's directors and as of the record date had the right to vote approximately 12,950,796, or approximately 20.8%, of the outstanding shares of Sterling common stock, have agreed, subject to certain exceptions, to vote their shares of Sterling common stock in favor of the Sterling merger proposal. For further information, see "The Merger Investor Letter Agreements."

Voting on Proxies; Incomplete Proxies

A Sterling shareholder may vote by proxy or in person at the Sterling special meeting. If you hold your shares of Sterling common stock in your name as a shareholder of record, to submit a proxy, you, as a Sterling shareholder, may use one of the following methods:

Through the internet: by visiting the website indicated on the proxy card and following the instructions. You are encouraged to vote through the internet.

By telephone: by calling the toll-free number indicated on the proxy card and following the recorded instructions.

By mail: by completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Sterling requests that Sterling shareholders vote through the internet, by telephone or by completing and signing the accompanying proxy card and returning it to Sterling as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy card is returned properly executed,

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the shares of Sterling stock represented by it will be voted at the Sterling special meeting in accordance with the instructions contained on the proxy card. If any proxy card is returned without indication as to how to vote, the shares of Sterling common stock represented by the proxy card will be voted as recommended by the Sterling board of directors.

If a Sterling shareholder's shares are held in "street name" by a broker, bank or other nominee, the shareholder should check the voting form used by that firm to determine how to vote, including whether it may vote by the internet or telephone.

Every Sterling shareholder's vote is important. Accordingly, each Sterling shareholder should sign, date and return the enclosed proxy card, or vote via the internet or by telephone, whether or not the Sterling shareholder plans to attend the Sterling special meeting in person. Sending in your proxy card or voting by the internet or telephone will not prevent you from voting your shares personally at the meeting, since you may revoke your proxy at any time before it is voted.

Shares Held in "Street Name"; Broker Non-Votes

Under stock exchange rules, banks, brokers and other nominees who hold shares of Sterling common stock in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be "non-routine," without specific instructions from the beneficial owner. Sterling expects that all proposals to be voted on at the Sterling special meeting will be "non-routine" matters. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the Sterling special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker, bank or other nominee holds your shares of Sterling common stock in "street name," your broker, bank or other nominee will vote your shares of Sterling common stock only if you provide instructions on how to vote by complying with the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

Revocability of Proxies and Changes to a Sterling Shareholder's Vote

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Sterling's corporate secretary, (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting or (4) voting by telephone or the internet at a later time.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying Sterling's corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy card should be addressed to:

Sterling Financial Corporation
111 North Wall Street
Spokane, WA 99201
Attention: Corporate Secretary

If your shares are held in "street name" by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

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Participants in the Sterling 401(k) Plan

If you hold shares indirectly in the Sterling 401(k) Plan, you have the right to direct the plan trustee how to vote the shares that you hold in your account. In accordance with the terms of the plan, if you fail to instruct the plan trustee how to vote your plan shares, the trustee will not vote your plan shares, except as required by law.

Solicitation of Proxies

Sterling is soliciting your proxy in conjunction with the merger. Sterling will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Sterling will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Sterling common stock and secure their voting instructions. Sterling will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, Sterling may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the Sterling shareholders, either personally or by telephone, facsimile, letter or electronic means. Sterling has also made arrangements with AST Phoenix Advisors to assist it in soliciting proxies and has agreed to pay AST Phoenix Advisors approximately \$3,500 plus reasonable expenses for these services.

Attending the Meeting

Subject to space availability, all Sterling shareholders as of the record date, or their duly appointed proxies, may attend the Sterling special meeting. Since seating is limited, admission to the Sterling special meeting will be on a first-come, first-served basis. Registration and seating will begin at 2:30 p.m., local time.

If you hold your shares of Sterling common stock in your name as a shareholder of record and you wish to attend the Sterling special meeting, please bring your proxy card and evidence of your stock ownership, such as your most recent account statement, to the Sterling special meeting. You should also bring valid picture identification. We encourage you to register your vote through the internet or by telephone whenever possible. When a shareholder submits a proxy through the internet or by telephone, his or her proxy is recorded immediately. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted whether through the internet, by telephone or by mail will be superseded by any vote that you cast at the Sterling special meeting.

If your shares of Sterling common stock are held in "street name" in a stock brokerage account or by a bank or nominee and you wish to attend the Sterling special meeting, you need to bring a copy of a bank or brokerage statement to the Sterling special meeting reflecting your stock ownership as of the record date. You should also bring valid picture identification.

Delivery of Proxy Materials

As permitted by applicable law, only one copy of this joint proxy statement/prospectus is being delivered to shareholders residing at the same address, unless such shareholders have notified Sterling of their desire to receive multiple copies of the joint proxy statement/prospectus.

Sterling will promptly deliver, upon oral or written request, a separate copy of the joint proxy statement/prospectus to any shareholder residing at an address to which only one copy of such document was mailed. Requests for additional copies should be directed to Investor Relations, at 111 North Wall Street, Spokane, WA 99201 or by telephone at (509) 358-8097.

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Assistance

If you need assistance in completing your proxy card, have questions regarding Sterling's special meeting, or voting by mail, telephone or the internet or would like additional copies of this joint proxy statement/prospectus, please contact Investor Relations at 111 North Wall Street, Spokane, WA 99201 or Sterling's proxy solicitor, AST Phoenix Advisors, at the following address or phone number: 6201 15th Avenue, 3rd Floor, Brooklyn, New York 11219 or (212) 493-3914.

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THE UMPQUA SPECIAL MEETING

This section contains information for Umpqua shareholders about the special meeting that Umpqua has called to allow its shareholders to consider and vote on the merger agreement and other related matters. Umpqua is mailing this joint proxy statement/prospectus to Umpqua shareholders, on or about []. This joint proxy statement/prospectus is accompanied by a notice of the special meeting of Umpqua shareholders and a form of proxy card that Umpqua's board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting. Reference to "you" and "your" in this section are to Umpqua shareholders.

Date, Time and Place of Meeting

The special meeting of Umpqua shareholders will be held on February 25, 2014 at the River Place Hotel, 1510 SW Harbor Way, Portland, Oregon, at 6:00 p.m. local time.

Matters to Be Considered

At the special meeting of shareholders, you will be asked to consider and vote upon the following matters:

a proposal to approve the merger agreement;

a proposal to amend the Restated Articles of Incorporation of Umpqua to increase the number of authorized shares of no par value common stock to 400,000,000; and

a proposal to adjourn the Umpqua special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Umpqua merger proposal and the articles amendment proposal.

Recommendation of Umpqua's Board of Directors

Umpqua's board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of Umpqua and its shareholders, has unanimously approved and adopted the merger agreement and unanimously recommends that you vote "**FOR**" the Umpqua merger proposal, "**FOR**" the articles amendment proposal and "**FOR**" the Umpqua adjournment proposal, if necessary or appropriate. See "The Merger Umpqua's Reasons for the Merger; Recommendation of Umpqua's Board of Directors" for a more detailed discussion of Umpqua's board of directors' recommendation.

Record Date and Quorum

The Umpqua board of directors has fixed the close of business on January 15, 2014, as the record date for determining the holders of Umpqua common stock entitled to receive notice of and to vote at the Umpqua special meeting.

As of the Umpqua record date, there were 112,001,584 shares of Umpqua common stock outstanding and entitled to vote at the Umpqua special meeting held by approximately 4,296 holders of record. Each share of Umpqua common stock entitles the holder to one vote at the Umpqua special meeting on each proposal to be considered at the Umpqua special meeting.

The representation (in person or by proxy) of a majority of the shares of Umpqua common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. All shares of Umpqua common stock present in person or represented by proxy, including abstentions and broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Umpqua special meeting.

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Required Vote; Treatment of Abstentions and Failure to Vote

To approve the Umpqua merger proposal, a majority of the shares of Umpqua common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. To approve the Umpqua adjournment proposal, a majority of the shares of Umpqua common stock represented at the special meeting must be voted in favor of the proposal. The articles amendment proposal will be approved if the votes cast in favor of the proposal at the Umpqua special meeting exceed the votes cast in opposition. If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy or vote by telephone or internet or in person at the Umpqua special meeting or fail to instruct your bank or broker how to vote with respect to the Umpqua merger proposal, it will have the same effect as a vote "AGAINST" the proposal. If you mark "ABSTAIN" on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Umpqua adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If you are not a "street name" holder and fail to either submit a proxy card entirely or vote by telephone or internet in person at the Umpqua special meeting, it will have no effect on the adjournment proposal. If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy or vote by telephone or internet or in person at the Umpqua special meeting or fail to instruct your bank or broker how to vote with respect to the articles amendment proposal, it will have no effect on the proposal.

Shares Held by Officers and Directors

As of the record date, there were 112,001,584 shares of Umpqua common stock entitled to vote at the special meeting. Also as of the record date, the directors and executive officers of Umpqua and their affiliates beneficially owned and were entitled to vote approximately 1,213,226 shares of Umpqua common stock representing approximately 1.1% of the shares of Umpqua common stock outstanding on that date. Umpqua currently expects that Umpqua's directors and executive officers will vote their shares in favor of each of the proposals to be considered and voted upon at the Umpqua special meeting, although none of them has entered into any agreements obligating them to do so. As of the record date, Sterling beneficially held [] shares of Umpqua common stock and Sterling's directors and executive officers beneficially held [] shares of Umpqua common stock.

Voting of Proxies; Incomplete Proxies

An Umpqua shareholder may vote by proxy or in person at the Umpqua special meeting. If you hold your shares of Umpqua common stock in your name as a shareholder of record, to submit a proxy, you, as an Umpqua shareholder, may use one of the following methods:

Through the internet: by visiting the website indicated on their proxy card and following the instructions. You are encouraged to vote through the internet.

By telephone: by calling the toll-free number indicated on their proxy card and following the recorded instructions.

By mail: by completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Umpqua requests that Umpqua shareholders vote through the internet, by telephone or by completing and signing the accompanying proxy card and returning it to Umpqua as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy card is returned properly executed, the shares of Umpqua stock represented by it will be voted at the Umpqua special meeting in accordance with the instructions contained on the proxy card. If any proxy card is returned without indication as to how to vote, the shares of Umpqua common stock represented by the proxy card will be voted as recommended by the Umpqua board of directors.

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If an Umpqua shareholder's shares are held in "street name" by a broker, bank or other nominee, the shareholder should check the voting form used by that firm to determine how to vote, including whether it may vote by the internet or telephone.

Every Umpqua shareholder's vote is important. Accordingly, each Umpqua shareholder should sign, date and return the enclosed proxy card, or vote via the internet or by telephone, whether or not the Umpqua shareholder plans to attend the Umpqua special meeting in person. Sending in your proxy card or voting by the internet or telephone will not prevent you from voting your shares personally at the meeting, since you may revoke your proxy at any time before it is voted.

Shares Held in "Street Name"; Broker Non-Votes

Under stock exchange rules, banks, brokers and other nominees who hold shares of Umpqua common stock in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be "non-routine," without specific instructions from the beneficial owner. Umpqua expects that all proposals to be voted on at the Umpqua special meeting will be "non-routine" matters. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the Umpqua special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker, bank or other nominee holds your shares of Umpqua common stock in "street name," your broker, bank or other nominee will vote your shares of Umpqua common stock only if you provide instructions on how to vote by complying with the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

Revocability of Proxies and Changes to an Umpqua Shareholder's Vote

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Umpqua's corporate secretary, (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting or (4) voting by telephone or the internet at a later time.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying Umpqua's corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy card should be addressed to:

Umpqua Holdings Corporation
P.O. Box 1560
Eugene, OR 97440
Attention: Corporate Secretary

If your shares are held in "street name" by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

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Participants in the Umpqua Bank 401(k) and Profit Sharing Plan or the Umpqua Supplemental Retirement/Deferred Compensation Plan

Umpqua Bank 401(k) and Profit Sharing Plan: You will be given the opportunity to instruct the trustee of the Umpqua Bank 401(k) and Profit Sharing Plan how to vote the shares that you hold in your account. To the extent that you do not timely give such instructions, the Advisory Committee will instruct the trustee to vote all unvoted shares held in the Umpqua Bank 401(k) and Profit Sharing Plan in the same proportion as the shares voted pursuant to the instructions of account holders.

Umpqua Supplemental Retirement/Deferred Compensation Plan: You will be given the opportunity to instruct the trustee of the Umpqua Supplemental Retirement/Deferred Compensation Plan how to vote the shares that you hold in your account. To the extent that you do not timely give such instructions, the Advisory Committee will instruct the trustee to vote all unvoted shares held in the Umpqua Supplemental Retirement/Deferred Compensation Plan as recommended by the board of directors.

Solicitation of Proxies

Umpqua is soliciting your proxy in conjunction with the merger. Umpqua will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Umpqua will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Umpqua common stock and secure their voting instructions. Umpqua will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, Umpqua may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the Umpqua shareholders, either personally or by telephone, facsimile, letter or electronic means. Umpqua has also made arrangements with AST Phoenix Advisors to assist it in soliciting proxies and has agreed to pay AST Phoenix Advisors approximately \$9,000 plus reasonable expenses for these services.

Attending the Meeting

Subject to space availability, all Umpqua shareholders as of the record date, or their duly appointed proxies, may attend the Umpqua special meeting. Since seating is limited, admission to the Umpqua special meeting will be on a first-come, first-served basis. Registration and seating will begin at 5:30 p.m., local time.

If you hold your shares of Umpqua common stock in your name as a shareholder of record and you wish to attend the Umpqua special meeting, please bring your proxy card and evidence of your stock ownership, such as your most recent account statement, to the Umpqua special meeting. You should also bring valid picture identification. We encourage you to register your vote through the internet or by telephone whenever possible. When a shareholder submits a proxy through the internet or by telephone, his or her proxy is recorded immediately. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted whether through the internet, by telephone or by mail will be superseded by any vote that you cast at the Umpqua special meeting.

If your shares of Umpqua common stock are held in "street name" in a stock brokerage account or by a bank or nominee and you wish to attend the Umpqua special meeting, you need to bring a copy of a bank or brokerage statement to the Umpqua special meeting reflecting your stock ownership as of the record date. You should also bring valid picture identification.

Delivery of Proxy Materials

As permitted by applicable law, only one copy of this joint proxy statement/prospectus is being delivered to shareholders residing at the same address, unless such shareholders have notified Umpqua of their desire to receive multiple copies of the joint proxy statement/prospectus.

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Umpqua will promptly deliver, upon oral or written request, a separate copy of the joint proxy statement/prospectus to any shareholder residing at an address to which only one copy of such document was mailed. Requests for additional copies should be directed to Investor Relations, at 20085 N.W. Tanasbourne Drive, Hillsboro, OR 97124 or by telephone at (503) 268-6675.

Assistance

If you need assistance in completing your proxy card, have any questions regarding Umpqua's special meeting, or voting by mail, telephone or the internet or would like additional copies of this joint proxy statement/prospectus, please contact Investor Relations at 20085 N.W. Tanasbourne Drive, Hillsboro, OR 97124 or by telephone at (503) 268-6675, or Umpqua's proxy solicitor, AST Phoenix Advisors, at the following address or phone number: 6201 15th Avenue, 3rd Floor, Brooklyn, NY 11219 or (212) 493-3914.

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INFORMATION ABOUT UMPQUA

Umpqua Holdings Corporation, an Oregon corporation, is a bank holding company with two principal operating subsidiaries, Umpqua Bank and Umpqua Investments, Inc. With headquarters in Roseburg, Oregon, Umpqua Bank provides a wide range of banking, wealth management, mortgage and other financial services to corporate, institutional and individual customers. Umpqua Investments is a registered broker-dealer and investment advisor with offices in Portland, Lake Oswego, and Medford, Oregon and products and services offered through Umpqua Bank Stores. Umpqua Investments offers a full range of investment products and services including stocks, fixed income securities, mutual funds, annuities, options, retirement planning, money management services and life insurance. At September 30, 2013, Umpqua had, on a consolidated basis, assets of \$11.6 billion, deposits of \$9.1 billion and shareholders' equity of \$1.7 billion.

Umpqua's stock is traded on the NASDAQ Global Select Market under the symbol "UMPQ."

The principal executive offices of Umpqua are located at One SW Columbia Street, Suite 1200, Portland, Oregon 97258, and its telephone number at that location is (503) 727-4100. Additional information about Umpqua and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information," beginning on page [].

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INFORMATION ABOUT STERLING

Sterling Financial Corporation, with headquarters in Spokane, Washington, is organized under the laws of Washington State as the bank holding company for Sterling Savings Bank. Sterling Savings Bank is a Washington state-chartered commercial bank that does business as Sterling Bank in Washington, Oregon and Idaho and as Argent Bank in California. Sterling Savings Bank offers retail and commercial banking products and services, mortgage lending and wealth management to individuals, small businesses, commercial organizations and corporations. At September 30, 2013, Sterling had, on a consolidated basis, assets of \$10.0 billion, deposits of \$6.9 billion and shareholders' equity of \$1.2 billion.

Sterling's stock is traded on the NASDAQ Capital Market under the symbol "STSA."

The principal executive offices of Sterling are located at 111 North Wall Street, Spokane, Washington 99201, and its telephone number at that location is (509) 358-8097. Additional information about Sterling and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information," beginning on page [].

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THE MERGER

The following discussion contains certain information about the merger. The discussion is subject, and qualified in its entirety by reference, to the merger agreement attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference. We urge you to read carefully this entire joint proxy statement/prospectus, including the merger agreement attached as Annex A, for a more complete understanding of the merger.

Terms of the Merger

Each of Umpqua's and Sterling's respective boards of directors has approved and adopted the merger agreement. The merger agreement provides for the merger of Sterling with and into Umpqua, with Umpqua continuing as the surviving corporation. Umpqua's restated articles of incorporation will be amended at the effective time of the merger to increase the number of authorized shares of Umpqua no par value common stock to 400,000,000. Immediately following the completion of the merger, Sterling's wholly owned bank subsidiary, Sterling Savings Bank, will merge with and into Umpqua's wholly owned bank subsidiary, Umpqua Bank. Umpqua Bank will be the surviving bank in the bank merger.

In the merger, each share of Sterling common stock, no par value per share, issued and outstanding immediately prior to the effective time of the merger, except for specified shares of Sterling common stock held by Sterling or Umpqua and any dissenting shares, will be converted into the right to receive 1.671 shares of Umpqua common stock, no par value per share, and \$2.18 in cash, without interest. No fractional shares of Umpqua common stock will be issued in connection with the merger, and holders of Sterling common stock that would otherwise receive a fractional share will be entitled to receive cash in lieu thereof. Sterling shareholders and Umpqua shareholders are being asked to approve the merger agreement. See "The Merger Agreement" for additional and more detailed information regarding the legal documents that govern the merger, including information about the conditions to the completion of the merger and the provisions for terminating or amending the merger agreement.

Background of the Merger

As part of their ongoing consideration and evaluation of their respective long-term prospects and strategies, each of Sterling's and Umpqua's board of directors and senior management have regularly reviewed and assessed their respective business strategies and objectives, including potential strategic opportunities, all with the goal of enhancing value for their respective shareholders. These potential strategic opportunities, from time to time, have included, among other things, the consideration of potential business combination transactions. The strategic considerations have focused on, among other things, the business and regulatory environment facing financial institutions generally and Sterling and Umpqua, respectively, in particular, as well as conditions and ongoing consolidation in the financial services industry.

Beginning in November 2012, Raymond P. Davis, President and Chief Executive Officer of Umpqua, and J. Gregory Seibly, President and Chief Executive Officer of Sterling, met to discuss, among other things, the financial services industry and the businesses of their respective companies. During these discussions, Mr. Davis indicated that Umpqua was interested in discussing a potential strategic business combination with Sterling, although no specific terms of a potential strategic business combination were discussed. Mr. Seibly reviewed these conversations with members of the board of directors of Sterling (the "Sterling Board"). In mid-November, Umpqua and Sterling entered into a confidentiality agreement, and began exchanging certain non-public information concerning their respective businesses.

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During late 2012, Mr. Davis, Mr. Seibly and the respective Chief Financial Officers of Umpqua and Sterling had several preliminary discussions regarding their respective businesses, the potential strategic fit of those businesses, and the potential merits of a strategic business combination of Umpqua and Sterling. During this time period Mr. Seibly updated, and received guidance from, members of the Sterling Board with respect to the discussions involving Umpqua including at a meeting of the Sterling Board on December 12, 2012. At the conclusion of this meeting, the Sterling Board authorized Mr. Seibly to continue discussions with Umpqua. During this time period, Mr. Davis updated the board of directors of Umpqua (the "Umpqua Board") with respect to the status of discussions with Umpqua and the Umpqua Board authorized him to continue discussions and to make a proposal to Sterling.

In late December 2012, Messrs. Seibly and Davis met in person to discuss the terms of a potential strategic business combination transaction and following that meeting, Umpqua sent Sterling a preliminary draft proposal. Umpqua proposed, among other things, a stock-for-stock transaction in which each company would be valued based on its trading value, with no premium being attributed to the value of the Sterling common stock; that the combined company would operate under the Umpqua name and would be headquartered in Portland, Oregon; that Mr. Davis would serve as Chief Executive Officer of the combined company; and that the board of directors of the combined company would consist of thirteen directors, comprised of six independent directors from each of Umpqua and Sterling plus Mr. Davis. Umpqua's preliminary draft proposal did not include express financial terms of cash price and/or exchange ratio.

Mr. Seibly discussed the proposal with members of the Sterling Board on several occasions throughout the remainder of December 2012 and January 2013 and Messrs. Davis and Seibly and the respective Chief Financial Officers of Umpqua and Sterling continued their preliminary discussions and diligence during this time period. At a meeting of the Sterling Board on January 24, 2013, Mr. Seibly updated the Sterling Board regarding the continuing discussions with Umpqua. The Sterling Board discussed that, given the possibility that discussions with Umpqua could become more serious, it was important to have a coordinated plan for communications between the two companies. Given, among other things, Mr. Seibly's familiarity with Sterling's business and the financial services industry, and the fact that Mr. Davis had been leading the discussions on behalf of Umpqua, the Sterling Board concluded that it was in the best interests of Sterling's shareholders for Mr. Seibly to be the spokesperson on behalf of the Sterling Board in connection with continued discussions with Umpqua. The Sterling Board emphasized that any discussions or negotiations with Umpqua would only be carried out at the direction, and subject to the supervision, of the Sterling Board.

In mid-January 2013, the Umpqua Board held a meeting where Mr. Davis updated the directors on the status of negotiations with Sterling and due diligence efforts. The Umpqua Board discussed the strategic rationale of a transaction with Sterling and the potential terms thereof and authorized Mr. Davis and other members of management to continue due diligence and discussions with Sterling.

In late January and early February 2013, Sterling had discussions with a number of investment banks regarding their potential service as financial advisor to Sterling in connection with Sterling's consideration of a potential strategic business combination. In connection therewith, Mr. Seibly consulted with a group of Sterling directors, consisting of Leslie S. Biller, Chairman of the Sterling Board, David A. Coulter, Scott L. Jaeckel and Robert H. Hartheimer, which, with Mr. Seibly, had previously been designated by the Sterling Board to serve as a working group (the "Sterling M&A Working Group") with respect to merger and acquisition matters from time to time. The members of the Sterling M&A Working Group had been selected based on the directors' respective experience in the financial services industry, experience with mergers and acquisition transactions, and availability. The purpose of the Sterling M&A Working Group, which had initially been informally designated in 2010, was to consider promptly and recommend action to the full Sterling Board on any strategic transactions that might arise. Other than its activities described in this section, it previously considered potential acquisitions by Sterling, including those acquisitions publicly announced by Sterling and

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completed in 2012 and 2013. Following the discussions with the investment banks, on February 9, 2013, the Sterling Board authorized the retention of Sandler O'Neill + Partners, L.P. ("Sandler O'Neill") as its financial advisor in connection with the potential transaction. Also in early 2013, Sterling retained Davis Polk & Wardwell LLP ("Davis Polk") as its legal advisor in connection with the potential transaction.

On February 9, 2013, the Sterling Board held a meeting to discuss Umpqua's December 2012 proposal and the discussions between Sterling and Umpqua to date. Representatives of Davis Polk reviewed the fiduciary duties of Sterling's directors in connection with their consideration of a potential transaction. Representatives of Sandler O'Neill reviewed certain financial analyses and data regarding Sterling and Umpqua, various preliminary valuation observations, and various process considerations. The Sterling Board discussed the opportunities and risks associated with a transaction with Umpqua. During this discussion, the Sterling Board noted the importance of ensuring an appropriate balance of executives of Sterling in the management of the combined company whose familiarity with Sterling's business would help minimize integration risk, which in turn would maximize the opportunity for Sterling's shareholders to participate in the synergies of the transaction as continuing shareholders of the combined company.

Over the several weeks that followed, representatives of Umpqua and Sterling continued preliminary discussions regarding a potential transaction and its economic and other material terms. Also during this time the Boards of each company were regularly updated on status of discussions, including at multiple formal meetings.

On February 22, 2013 and following the negotiations that had taken place over the prior weeks, Sterling and Umpqua agreed to proceed forward with negotiations on the basis that in the contemplated transaction the common stock of Sterling would be attributed an 11% premium (although the parties did not agree on express financial terms of cash price and/or exchange ratio), Mr. Davis would be the Chief Executive Officer of the combined company and the board of the combined company would be comprised of six independent Umpqua directors, six independent Sterling directors and Mr. Davis. Umpqua stated, however, that its willingness to proceed forward on these terms was subject to the parties agreeing to a 30-day mutual exclusivity period.

On February 24, 2013, Umpqua and Sterling entered into a new confidentiality agreement, which included a mutual 30-day exclusivity requirement that would expire on March 26, 2013.

At meetings of the Sterling Board on February 27 and 28, 2013, the directors discussed the status of negotiations, due diligence with Umpqua, and whether to seek a "collar" with respect to the price of the Umpqua common stock in a definitive merger agreement. The Sterling Board concluded that a collar was not in the best interests of Sterling's shareholders given its view that the market reaction to the announcement of a merger of Sterling and Umpqua was likely to be positive and thus a collar could limit the benefit to Sterling's shareholders of an increase in the price of Umpqua common stock.

On February 27, 2013, the Sterling Board had an introductory meeting with Mr. Davis to discuss Umpqua's business and operations, as well as certain aspects of the potential transaction with Umpqua.

During the weeks of March 4 and March 11, Umpqua's outside legal advisor, Wachtell, Lipton, Rosen & Katz ("Wachtell Lipton") sent Sterling proposed draft investor support agreements with each of Warburg and THL, regarding Warburg and THL's support of the transaction and proposed amendments to certain terms of their existing investment agreements with Sterling, and an initial proposed draft merger agreement.

At a meeting on March 7, 2013, the Sterling Board discussed the proposed transaction and the status of negotiations with Umpqua.

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During the week of March 11, 2013, representatives of Sterling and Umpqua met to conduct diligence and discuss the potential combination of Sterling and Umpqua. During this time, representatives of Warburg and THL separately conducted diligence and met with representatives of Sterling and Umpqua to discuss the potential combination.

At meetings of the Sterling Board held on March 11 and 12, 2013, the Sterling Board and its advisors reviewed the discussions that had occurred between Sterling and Umpqua since the last Sterling Board meeting, as well as the progress of the parties' respective due diligence.

Following those meetings, Messrs. Davis and Seibly discussed the status of negotiations with respect to a potential transaction between Umpqua and Sterling. At that meeting, Mr. Davis suggested that, in view of the upcoming end of the first quarter, it may be appropriate for discussions to be put on hold pending the release of Sterling's first quarter earnings results.

At a meeting of the Sterling Board on the following day, March 14, 2013, Mr. Seibly reported his conversation with Mr. Davis to the other directors. The Sterling Board and senior management discussed with its financial and legal advisors the negotiations between Umpqua and Sterling, including the draft merger agreement proposed by Umpqua. The Sterling Board determined, based on Umpqua's proposal to suspend discussions pending the release of Sterling's first quarter earnings results, it would be advisable to suspend discussions with Umpqua, without foreclosing the possibility of restarting discussions at a later date.

During the meeting of the Sterling Board on April 29 and 30, 2013, the Sterling Board discussed the prior discussions with Umpqua and also discussed the potential value of a combination of Sterling and Umpqua.

In mid-July, Mr. Seibly and a representative of a financial institution (which we refer to as Party A), discussed the possibility of a strategic combination between Sterling and Party A.

In late July and early August 2013, Mr. Davis, with the authorization of the Umpqua Board, separately approached representatives of Warburg, representatives of THL and Mr. Seibly about the possibility of Umpqua reengaging with Sterling regarding a potential transaction.

At a meeting of the Sterling Board held on August 6 and 7, 2013, Mr. Seibly informed the Sterling Board of the renewed indication of interest from Umpqua, as well as communications with other potentially interested parties, including Party A. The Sterling Board considered each of these indications of interest and possible alternatives, including, among other things, continuing to do business as a standalone entity, and the potential benefits and risks to Sterling's shareholders of each such alternative. The Sterling Board determined to conduct a focused market check, with the assistance of Sandler O'Neill, to gauge the interest in a potential strategic transaction. The Sterling Board identified four parties that it believed could potentially be interested in a strategic transaction with Sterling: Umpqua, Party A, a financial institution that we refer to as Party B and a financial institution that we refer to as Party C.

After the meeting, Mr. Seibly conferred with representatives of Sandler O'Neill who were of the view that Umpqua, Party A and Party B were likely the only parties with both the financial capability and strategic interest in pursuing a potential strategic transaction with Sterling and that, based on a recent discussion with Party C and Party C's failure to engage in any follow-up to that discussion, Sandler O'Neill believed that Party C was not interested in pursuing a potential strategic transaction with Sterling at that time. Based on this information, the decision was made to discuss with Umpqua, Party A and Party B their interest in pursuing a potential strategic transaction with Sterling.

On August 8, 2013, Messrs. Seibly and Davis discussed the possibility of re-engaging in discussions concerning a potential strategic transaction between Sterling and Umpqua. During this conversation, Mr. Davis indicated that Umpqua would be interested in pursuing a transaction that attributed a 15%

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premium to the market price of the Sterling common stock, with a board of directors for the combined company consisting of four independent members of Sterling's existing board of directors, eight independent members of Umpqua's existing board of directors and Mr. Davis. Under the proposal and consistent with their pre-existing rights to each select a member of the Sterling Board, each of Warburg Pincus and THL would have the right to select one representative on the combined company's board, with these representatives constituting two of the four members on the combined Company's board allocated to Sterling. The terms proposed by Mr. Davis did not include express financial terms of cash price and/or exchange ratio. Messrs. Seibly and Davis continued discussions periodically over the next couple weeks, including meeting in person on two occasions to discuss the potential terms of a transaction and Sterling's requests for enhancements thereto.

On August 14, 2013, Mr. Davis provided Mr. Seibly with a proposal regarding post-transaction employment arrangements with Mr. Seibly and certain other Sterling senior executives. Neither Mr. Seibly nor any of the other Sterling executives engaged in discussions with Umpqua concerning these arrangements until after the key economic terms of the transaction had been agreed upon by Sterling and Umpqua on August 27, 2013.

On August 19, 2013, Sterling entered into a confidentiality agreement with Party A in order to facilitate due diligence and discussions, which commenced thereafter.

On August 21, 2013, the Sterling Board held a meeting, in which representatives of Sterling senior management and Sterling's financial and legal advisors participated, to review the status of the analysis of and discussions with the financial institutions identified by the Sterling Board at its August 7, 2013 meeting as representing the most likely parties with both the financial capability and strategic interest in pursuing a potential strategic transaction with Sterling. Representatives of Davis Polk reviewed with the Sterling Board the fiduciary duties of the Sterling directors applicable to their consideration of the proposed transaction. The Sterling Board reviewed the discussions to date with potentially interested parties, including Party A. The Sterling Board then considered Umpqua's recent proposal for a strategic business combination transaction and reviewed the financial and strategic merits and considerations relating to such a transaction. The Sterling Board discussed that the most recent proposal from Umpqua accorded a higher premium to Sterling common stock as well as a more balanced management team for the combined company. Sandler O'Neill also discussed with the Sterling Board the market's reaction to recent similar transactions, which generally had been positive toward the stock of the acquirer. The Sterling Board considered the fact that, as the proposed merger consideration consisted almost entirely of Umpqua stock, the value of such consideration could potentially increase at the time of, and following, the announcement of a transaction. The Sterling Board also discussed the risks that would be associated with gauging the potential interest of a broader group of potential counterparties, including the negative impact that a leak of such discussions could have on Sterling, including Sterling's relationships with customers and the attraction and retention of key employees. Following discussion, the Sterling Board decided to adjourn its discussion until August 26, 2013, and directed management to continue discussions with Umpqua and other potentially interested parties, including Party A.

On August 25, 2013, Party A informed Sterling that Party A was withdrawing from discussions. Party A's communications regarding its interest in a strategic transaction with Sterling remained preliminary and conditional and did not include a definitive valuation range.

On August 26, 2013, the Sterling Board held a meeting, at which the directors and representatives of senior management, Davis Polk and Sandler O'Neill reviewed the discussions with Umpqua and other potentially interested parties and the risks associated with such other potentially interested parties. The Board was also informed that Party A had decided not to proceed with discussions. Sandler O'Neill reviewed certain financial aspects of the proposed transaction with Umpqua. The Sterling Board noted that Umpqua had substantially completed its due diligence and was prepared to

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move forward quickly. The Sterling Board also discussed inquiries from and discussions with other potentially interested parties regarding potential transactions that Sterling and its representatives had received and held during the early months of 2013 and again in the late summer of 2013, including a verbal non-binding indication of interest for a potential acquisition of Sterling for \$30 to \$31 per share in cash, subject to due diligence, which had been communicated to Sterling on August 23, 2013 by Party B. The Sterling Board considered, among other potential alternatives, whether to continue discussions with Party B with a view towards obtaining a definitive proposal that was not subject to a diligence condition or whether to continue negotiations with Umpqua with a view towards entering into a definitive merger agreement. The Sterling Board concluded that it was in the best interests of Sterling's shareholders to seek improvements in the financial and governance terms from Umpqua and to continue negotiations with Umpqua with a view to enter into a definitive merger agreement. The Sterling Board's conclusion was based on, among other things, the indicative premiums offered by Umpqua and Party B; the likelihood of either party increasing its offer; the fact that Umpqua's offer contemplated merger consideration consisting of substantially all Umpqua common stock, therefore giving Sterling shareholders the potential opportunity to benefit from additional appreciation as holders of stock of the combined entity; the risk of Umpqua discontinuing its discussions with Sterling if Sterling did not move forward with Umpqua quickly, which pursuing negotiations with Party B would preclude; the strategic rationale of the proposed transaction with Umpqua and, given the relative sizes of Sterling and Umpqua, the likelihood of the price of Umpqua common stock increasing on announcement of the proposed transaction, thereby increasing the premium received by holders of Sterling common stock, which would not be the case with respect to a strategic transaction with Party B; the fact that Umpqua had conducted significant due diligence in March whereas Party B had not conducted any due diligence and therefore a transaction with Party B was substantially less certain; and the willingness of Warburg and THL to support the transaction with Umpqua. In view of the foregoing and the attractive premium and other features of the Umpqua transaction described under "*Recommendation of the Sterling Board of Directors and Sterling's Reasons for the Transaction*," the risk that the Umpqua proposal would be withdrawn if the parties did not move promptly toward a definitive agreement, and conditioned upon the effort to obtain an improvement in the value of consideration offered by Umpqua, the Sterling Board at that time determined to focus on discussions with Umpqua. The Sterling Board delegated to the Sterling M&A Working Group the authority to formulate the recommended terms of a counteroffer and advance the negotiations with Umpqua, but the Sterling Board did not delegate to the Sterling M&A Working Group the authority to approve a transaction.

Later on August 26, 2013, at the direction of the Sterling M&A Working Group, Mr. Seibly conveyed to Mr. Davis Sterling's request for improved transaction terms, including an increase in the aggregate merger consideration to \$31, an increase in the cash portion of the merger consideration relative to the stock portion, and a board of directors for the combined company that included eight existing Umpqua directors and five existing Sterling directors (as opposed to Umpqua's proposal of nine existing Umpqua directors and four existing Sterling directors). In response, later that same day, Umpqua made a revised proposal, pursuant to which Sterling shareholders would receive 1.671 shares of Umpqua common stock and \$2.18 in cash for each share of Sterling common stock, but Sterling would not receive additional board representation on the board of directors of the combined company. Based on the respective closing prices of the Sterling common stock and the Umpqua common stock that day, the total consideration offered by Umpqua was valued at \$30.47 per share of Sterling common stock (or \$1.965 billion in the aggregate comprised of \$1.825 billion in Umpqua stock and \$141 million in cash), representing a premium of approximately 18% to the market price of the Sterling common stock. Umpqua's prior proposal had provided for Sterling common stock to be accorded a premium of 15% with Sterling shareholders receiving 49% of the shares of the combined company and the remainder of the consideration being paid in cash. The parties had not previously agreed on a basis for calculating the specific number of shares of Umpqua common stock and/or the amount of cash that Umpqua's prior proposal would result in Sterling's shareholders receiving per share of Sterling common

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stock. In delivering its revised proposal, Umpqua stated that it was unwilling to make any further changes to the proposed merger consideration or to change the composition of the board of the combined company, and further stated that its offer was conditioned on the parties entering into a mutual 30-day exclusivity period.

On August 27, 2013, the Sterling Board held a meeting to discuss Umpqua's revised proposal, in which representatives of management, Sandler O'Neill and Davis Polk participated. The Sterling Board determined that it was in the best interests of Sterling's shareholders to move forward with the negotiations with Umpqua and, as required by Umpqua as a condition to doing so, to enter into an amendment to the parties' existing confidentiality agreement providing for a 30-day mutual exclusivity period expiring on September 26, 2013. Later on August 27, 2013, the parties executed an amendment to their existing confidentiality agreement and the parties commenced their respective confirmatory due diligence investigations.

In the ensuing days, Sterling and Umpqua and their respective advisors continued to negotiate the terms of the proposed transaction agreements, including a definitive merger agreement and investor letter agreements for Warburg and THL. During this time, the Sterling Board and the Sterling M&A Working Group each held several meetings, in which representatives of management, Sandler O'Neill and Davis Polk participated, to discuss the negotiations between Sterling and Umpqua and to receive updates with respect to Sterling's due diligence investigation.

Beginning on August 30, 2013, Umpqua, Mr. Seibly and the other Sterling senior executives engaged in discussions and negotiations regarding the employment arrangements with the combined company of Mr. Seibly and certain other Sterling senior executives.

On August 30, 2013 after market close, the press reported that Sterling was seeking takeover bids and had recently held talks with at least two potential bidders. On September 3, 2013, the following trading day, Sterling's stock price closed at \$26.42 per share, up approximately 9% from the closing price on August 30, 2013. Following this news report, through the execution of the merger agreement on September 11, 2013, Sterling did not receive any further inquiries or proposals from any parties other than Umpqua.

Over the next week, outside legal advisors of Umpqua and Sterling exchanged several drafts of the draft merger agreement and related transaction documents.

At meetings on September 4, 2013, September 6, 2013 and September 9, 2013, the Sterling Board reviewed the status of negotiations with Umpqua and various related matters, including updates with respect to Sterling's due diligence.

Later on September 9, 2013, the press reported during trading hours that Umpqua was in talks to acquire Sterling for approximately \$1.8 billion. Sterling's and Umpqua's stock prices closed at \$27.72 and \$17.11, respectively, up approximately 4% and approximately 5%, respectively, from their closing prices on September 6, 2013.

In the following days, Umpqua and Sterling and their advisors, and representatives of Warburg and THL, continued their negotiation of the merger agreement and related transaction documents.

On September 10, 2013, the Umpqua Board held a meeting to consider the terms of the proposed transaction with Sterling. Prior to the meeting, the directors received copies of the draft merger agreement and of the other draft transaction documents and a summary of the terms thereof from Wachtell Lipton, as well as a presentation prepared by its financial advisor, J.P. Morgan. At the meeting, members of Umpqua management reported on the status of due diligence and negotiations with Sterling. Representatives of J.P. Morgan reviewed J.P. Morgan's financial analysis of the proposed transaction, including discussing the various financial methodologies used in its analysis. Representatives of J.P. Morgan then delivered its oral opinion (which was subsequently confirmed in writing by delivery

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of J.P. Morgan's written opinion dated September 10, 2013) that, as of the date of the Umpqua Board meeting and based upon and subject to the various factors, assumptions and limitations set forth in its written opinion, the merger consideration to be paid by Umpqua in connection with the merger was fair, from a financial point of view, to Umpqua. The full text of the written opinion of J.P. Morgan dated September 10, 2013, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex E to this joint proxy statement/prospectus. At the meeting, a representative of Wachtell Lipton reviewed with the Umpqua Board its fiduciary duties and reviewed the key terms of the merger agreement and related agreements (including investor letter agreements with each of Warburg and THL), as described elsewhere in this joint proxy statement/prospectus, based on the discussion materials that had previously been provided to the Umpqua Board, including a summary of the deal protection provisions, the provisions relating to governance of the combined company, and the provisions relating to employee matters.

After considering the proposed terms of the merger agreement and the various presentations of its financial and legal advisors, and taking into consideration the matters discussed during that meeting and prior meetings of the Umpqua Board, including the factors described under "*Recommendation of the Umpqua Board of Directors and Umpqua's Reasons for the Transaction*", the Umpqua Board unanimously determined that a merger with Sterling was consistent with Umpqua's business strategies and in the best interests of Umpqua and Umpqua's shareholders and the directors voted unanimously to approve and adopt the merger agreement and the transactions contemplated thereby and recommended that Umpqua shareholders approve the merger agreement.

On September 11, 2013, the Sterling Board held a meeting to consider the terms of the proposed transaction with Umpqua. Prior to the meeting, the directors received copies of the draft merger agreement and of the other draft transaction documents and a summary of the terms thereof, as well as presentation materials prepared by Sandler O'Neill and Davis Polk. At the meeting, a representative of Davis Polk reviewed with the Sterling Board its fiduciary duties. Mr. Seibly then reported on the status of negotiations with Umpqua, reviewed with the Sterling Board the strategic rationale of the proposed transaction, and provided an overview of certain terms of the proposed transaction. Representatives of Sandler O'Neill reviewed Sandler O'Neill's financial analysis of the proposed transaction, including discussing the various financial methodologies used in its analysis. Representatives of Sandler O'Neill then delivered the oral opinion of Sandler O'Neill (which was subsequently confirmed in writing) that, based upon and subject to the various assumptions and limitations in its written opinion, it was of the opinion, as of the date of the Sterling Board meeting, that the merger consideration was fair, from a financial point of view, to the holders of Sterling common stock. The full text of the written opinion of Sandler O'Neill dated September 11, 2013, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this joint proxy statement/prospectus. Subsequently, representatives of Davis Polk reviewed the key terms of the merger agreement and related agreements (including the employment and services agreements to be entered into with certain key executive officers of Sterling, which had previously been reviewed by the Sterling Compensation Committee), as described elsewhere in this joint proxy statement/prospectus, based on the discussion materials that had previously been provided to the Sterling Board, including a summary of the deal protection provisions, the provisions relating to governance of the combined company, and the provisions relating to employee matters.

After considering the proposed terms of the merger agreement and the various presentations of its financial and legal advisors, and taking into consideration the matters discussed during that meeting and prior meetings of the Sterling Board, including the factors described under "*Recommendation of the Sterling Board of Directors and Sterling's Reasons for the Transaction*", the Sterling Board unanimously determined that a merger with Umpqua was in the best interests of Sterling's shareholders

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and the directors voted unanimously to approve the merger agreement and the transactions contemplated thereby and recommended that Sterling shareholders adopt the merger agreement.

Subsequently, the merger agreement and related agreements were executed and delivered and the transaction was announced on the evening of September 11, 2013, in a press release issued jointly by Umpqua and Sterling.

Sterling's Reasons for the Merger; Recommendation of Sterling's Board of Directors

After careful consideration, the Sterling Board, at a meeting held on September 11, 2013, unanimously determined that the merger agreement is in the best interests of Sterling and its shareholders. Accordingly, the Sterling Board approved and adopted the merger agreement and unanimously recommends that Sterling shareholders vote "FOR" the approval of the merger proposal, "FOR" the approval of the Sterling compensation proposal and "FOR" the approval of the Sterling adjournment proposal.

In reaching its decision to approve and adopt the merger agreement and recommend that Sterling shareholders approve the merger agreement, the Sterling Board consulted with Sterling's management, received advice from its legal and financial advisors, and considered a number of factors, including the following material factors:

its knowledge of Sterling's business, operations, financial condition, asset quality, earnings and prospects, and of Umpqua's business, operations, financial condition, asset quality, earnings and prospects, taking into account the presentations made by Sterling senior management, the results of Sterling's due diligence review of Umpqua, and information provided by Sterling's financial advisor;

its knowledge of the current environment in the financial services industry, including national, regional and local economic conditions and the interest rate environment, continued consolidation, the uncertainties in the regulatory climate for financial institutions, increased operating costs resulting from regulatory initiatives and compliance mandates, increasing competition, the current environment for community banks, particularly in the Pacific Northwest and California, and current financial market conditions and the likely effects of these factors on the two companies' potential growth, development, productivity and strategic options, and the historical market prices of Sterling and Umpqua common stock;

its belief that combining the two companies would create a larger and more diversified financial institution that is both better equipped to respond to economic and industry developments and better positioned to develop and build on its existing market position in the Pacific Northwest and California;

the complementary aspects of Sterling's and Umpqua's businesses, including customer focus, geographic coverage, business orientation and compatibility of the companies' cultures and management and operating styles, and the potential expense-saving and revenue-enhancing opportunities in connection with the merger and the related potential impact on the combined company's earnings;

the fact that the merger consideration consists substantially of Umpqua common stock, giving former Sterling shareholders the opportunity to participate as Umpqua shareholders in the benefits of the combination and the future performance of the combined company generally;

Umpqua's successful track record, including, among other things, with respect to the integration of acquisitions;

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the belief of Sterling's senior management that the management teams and employees of Sterling and Umpqua possess complementary skills and expertise and the potential advantages of a larger institution when pursuing, or seeking to retain, talent;

the continued representation of certain of Sterling's management, including Sterling's current President and Chief Executive Officer, Chief Operating Officer, Executive Vice President and Vice Chairman, and Executive Vice President and General Counsel, on the management team of the combined entity and the Sterling Board's belief that this representation would reduce the integration risk in the combination;

its assessment of the likelihood that the merger would be completed in a timely manner and that the management team of the combined company would be able to successfully integrate and operate the businesses of the combined company after the merger;

the results of discussions with the parties that the Sterling Board believed, after consultation with its financial advisor, were the only other parties likely to have the strategic interest and financial capability to pursue a potential strategic transaction with Sterling;

the fact that the Sterling Board is permitted to change its recommendation that the Sterling shareholders approve the merger agreement in certain circumstances;

the fact (1) that Party A (the only party other than Umpqua with which Sterling had entered into a confidentiality agreement) decided not to submit a proposal for a business combination with Sterling and (2) that during the pendency of Sterling's exclusivity agreement with Umpqua, and even after press reports that Sterling was seeking takeover bids, Sterling did not receive any inquiries from any third parties regarding a potential business combination;

the fact that Warburg Pincus and THL, each of which as of the record date had the right to vote approximately 20.8% of the outstanding shares of Sterling common stock, agreed, subject to certain exceptions, to vote their shares of Sterling common stock in favor of the merger proposal, thereby providing further evidence as to the favorability of the merger proposal for all Sterling shareholders, as Warburg Pincus and THL are receiving the same merger consideration as other shareholders and at no time did Warburg Pincus or THL show interest in pursuing greater or different consideration. For further information, see "The Merger Investor Letter Agreements";

the financial analyses presented by Sandler O'Neill to the Sterling Board, and the opinion delivered to Sterling by Sandler O'Neill to the effect that, as of the date of the opinion, and subject to and based on the qualifications and assumptions set forth in the opinion, the consideration to be received by the holders of common stock of Sterling in the merger was fair, from a financial point of view, to such shareholders;

the Sterling Board's belief that the merger consideration exceeds Sterling's likely value in the absence of a merger, including its potential for future growth, which belief was based on a number of factors, including:

the risks and uncertainties associated with maintaining Sterling's performance as a standalone company; and

the Sterling Board's analysis of other strategic alternatives available to Sterling;

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the financial terms of the merger, including the fact that, based on the closing price on the Nasdaq Global Select Market of Umpqua common stock on September 10, 2013 (the last

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trading day prior to the meeting of the Sterling Board at which the merger was approved), the per-share merger consideration as of such date represented an approximate premium of:

27.7% over the closing price of Sterling shares on the Nasdaq Capital Market as of August 30, 2013 (the last trading day prior to press reports that Sterling was seeking takeover bids);

13.9% over the closing price of Sterling shares on the Nasdaq Capital Market as of September 10, 2013;

17.6% over the average closing price of Sterling shares for the 30-day trading period ended September 10, 2013;

58.0% over the lowest price of Sterling shares for the 52-week trading period ended September 10, 2013;

3.8% over the highest price of Sterling shares for the 52-week trading period ended September 10, 2013;

the greater market capitalization and anticipated trading liquidity of Umpqua common stock after the transaction in the event Sterling shareholders desired to sell the shares of Umpqua common stock to be received by them upon completion of the merger;

the fact that Sterling shareholders who do not vote to adopt the merger agreement and who follow certain prescribed procedures are entitled to appraisal rights under applicable law; and

the expectation that the merger of Sterling with and into Umpqua, with Umpqua continuing as the surviving corporation, would qualify as a "reorganization" for United States federal income tax purposes.

The terms of the merger agreement, including the fixed exchange ratio, expected tax treatment, reciprocal deal protection and termination fee provisions (including the reciprocal prohibition on each party from releasing any third party from, and the obligation on each party to enforce, the confidentiality and standstill provisions of any agreement entered into by such party as of the date of the merger agreement) and the reciprocal restrictions on the conduct of the business of both companies between the date of the merger agreement and the date of consummation of the merger, which it reviewed with its outside financial and legal advisors, which terms are described more fully under "The Merger Agreement";

the need to obtain approval by shareholders of Sterling and Umpqua, as well as regulatory approvals, in order to complete the transaction and the risk that those or other conditions will not be satisfied;

the risks associated with the operations of the combined company including the challenges both of integrating Sterling's businesses, operations and employees with those of Umpqua and of achieving the anticipated cost savings;

the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;

the fact that some of the directors and executive officers of Sterling have interests in the merger and have arrangements that are different from or in addition to those of Sterling shareholders generally.

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The foregoing discussion of the factors considered by the Sterling Board is not intended to be exhaustive, but rather a summary of the material factors considered by the Sterling Board. In reaching its decision to approve and adopt the merger agreement, including the merger and the other transactions contemplated by the merger agreement, the Sterling Board did not quantify or assign any

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relative weights to the factors considered, and individual directors may have given different weights to different factors. The Sterling Board considered the various factors as a whole, including discussions with, and questioning of, Sterling management and Sterling's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

The foregoing discussion of the information and factors considered by the Sterling Board is forward-looking in nature. This information should be read in light of the factors described under the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page [] of this joint proxy statement/prospectus.

Opinion of Sandler O'Neill

By letter dated February 8, 2013, as subsequently amended, Sterling retained Sandler O'Neill & Partners, L.P., or Sandler O'Neill, to act as financial advisor to Sterling's board of directors in connection with a possible business combination transaction. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. Sterling selected Sandler O'Neill to act as Sterling's advisor in connection with a possible business combination based on its qualifications, expertise, reputation and experience in mergers and acquisitions involving financial institutions and because of its familiarity with, and performance in prior engagements for, Sterling.

Sandler O'Neill acted as financial advisor to the Sterling board of directors in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the September 11, 2013 meeting at which Sterling's board of directors considered and approved the merger agreement, Sandler O'Neill delivered to the board its oral opinion, which was subsequently confirmed in writing, that, as of such date, the merger consideration was fair to the holders of Sterling common stock from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Annex D to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Sterling common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to Sterling's board and is directed only to the fairness of the merger consideration to the holders of Sterling common stock from a financial point of view. It does not address the underlying business decision of Sterling to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of Sterling common stock as to how such holder of Sterling common stock should vote at the special meeting with respect to the merger or any other matter. Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in connection with the merger by Sterling's officers, directors, or employees, or any class of such persons, relative to the merger consideration to be received in the merger by any other shareholders of Sterling.

In connection with rendering its opinion on September 11, 2013, Sandler O'Neill reviewed and considered, among other things:

the merger agreement;

certain publicly available financial statements and other historical financial information of Sterling that Sandler O'Neill deemed relevant;

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certain financial statements of Umpqua that Sandler O'Neill deemed relevant;

median publicly available analyst earnings estimates for Sterling for the years ending December 31, 2013 through December 31, 2014 and a long-term earnings growth rate for the years thereafter as provided by senior management of Sterling;

median publicly available analyst earnings estimates for Umpqua for the years ending December 31, 2013 through December 31, 2015 and a long-term earnings growth rate for the years thereafter as provided by senior management of Umpqua;

certain estimated transaction costs, purchase accounting adjustments, expected cost savings and other synergies which were provided by Umpqua;

a comparison of certain financial and other information, including relevant stock trading information, for Sterling and Umpqua with similar publicly available information for certain other commercial banks, the securities of which are publicly traded;

the terms and structures of other recent mergers and acquisition transactions in the commercial banking sector;

the current market environment generally and in the commercial banking sector in particular; and

such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neill also discussed with certain members of the senior management of Sterling the business, financial condition, results of operations and prospects of Sterling and held similar discussions with the senior management of Umpqua regarding the business, financial condition, results of operations and prospects of Umpqua.

In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to Sandler O'Neill from public sources, that was provided to Sandler O'Neill by Sterling or Umpqua or their respective representatives or that was otherwise reviewed by Sandler O'Neill and Sandler O'Neill assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O'Neill further relied on the assurances of the senior management of each of Sterling and Umpqua that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading in a material respect. Sandler O'Neill was not asked to undertake, and did not undertake, an independent verification of any of such information and Sandler O'Neill assumes no responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Sterling or Umpqua or any of their respective subsidiaries. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of Sterling, Umpqua or the combined entity after the merger and Sandler O'Neill did not review any individual credit files relating to Sterling and Umpqua. Sandler O'Neill assumed that the respective allowances for loan losses for Sterling and Umpqua are adequate to cover such losses.

Sandler O'Neill used median publicly available earnings estimates for Sterling and Umpqua and an estimated long-term growth rate as provided by the respective senior managements of Sterling and Umpqua. Sandler O'Neill also received and used in its analyses certain projections of transaction costs, purchase accounting adjustments, expected cost savings and other synergies which were provided by Umpqua. With respect to those projections, estimates and judgments, the respective managements of Sterling and Umpqua confirmed to Sandler O'Neill that those projections, estimates and judgments reflected the best currently available estimates and judgments of those respective managements of the future financial performance of Sterling and Umpqua, respectively, and Sandler O'Neill assumed that

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such performance would be achieved. Sandler O'Neill expresses no opinion as to such estimates or the assumptions on which they are based. Sandler O'Neill assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of Sterling and Umpqua since the date of the most recent financial data made available to Sandler O'Neill. Sandler O'Neill also assumed in all respects material to its analysis that Sterling and Umpqua would remain as a going concern for all the periods relevant to its analyses. Sandler O'Neill expressed no opinion as to any of the legal, accounting and tax matters relating to the merger and any other transaction contemplated in connection therewith.

Sandler O'Neill's opinion was necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of its opinion. Events occurring after the date thereof could materially affect its opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion. Sandler O'Neill expressed no opinion as to the trading values at which the common stock of Sterling or Umpqua may trade at any time or what the value of Umpqua common stock will be once it is actually received by the holders of Sterling common stock.

In rendering its September 11, 2013 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but it is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to Sterling or Umpqua and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Sterling and Umpqua and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be accurately predicted and are beyond the control of Sterling, Umpqua and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Sterling board of directors at its September 11, 2013 meeting. Estimates of the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of Sterling's common stock or the prices at which Sterling's common stock may be sold at any time. The analyses of Sandler O'Neill and its opinion were among a number of factors taken into consideration by Sterling's board of directors in making its determination to approve of Sterling's entry into the merger agreement and the analyses described below should not be viewed as determinative of

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the decision of Sterling's board of directors or senior management with respect to the fairness of the merger.

In arriving at its opinion Sandler O'Neill did not attribute any particular weight to any individual analysis or factor that it considered. Rather it made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinions; rather Sandler O'Neill made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

Transaction Multiples

Sandler O'Neill reviewed the financial terms of the proposed transaction. As described in the merger agreement, Sterling shareholders have the right to receive consideration consisting of 1.671 shares of Umpqua common stock and \$2.18 in cash in exchange for each share of Sterling's common stock. Based upon Umpqua's closing price of \$17.19 as of September 10, 2013, Sandler O'Neill calculated a merger consideration value of \$30.90 per share of Sterling common stock. Based upon 62,314,862 common shares outstanding, 542,865 restricted stock units outstanding, warrants for 2,874,594 shares with a strike price of \$13.26 per share, 245,847 in-the-money options outstanding with a weighted-average strike price of \$21.69 per share and using Umpqua's closing price of \$17.19 as of September 10, 2013, Sandler O'Neill calculated an aggregate merger consideration value of \$1.996 billion. Based upon financial information as of or for the twelve month period ended June 30, 2013, Sandler O'Neill calculated the following transaction ratios:

Transaction Value / Book Value Per Share:	160%
Transaction Value / Tangible Book Value Per Share:	167%
Transaction Value / Last Twelve Months' Earnings Per Share:	19.1x
Transaction Value / Adjusted Last Twelve Months' Earnings Per Share(1):	21.6x
Transaction Value / Median Analyst Estimated 2013 Earnings Per Share:	19.3x
Transaction Value / Median Analyst Estimated 2014 Earnings Per Share:	18.8x
Tangible Book Premium to Core Deposits:	14.2%

- (1) Excludes net positive pretax \$10.7 million in non-recurring items and assumes a 32% tax rate

Historical Stock Trading Analysis

Sandler O'Neill reviewed the historical trading prices for Sterling common stock and observed that the merger consideration reflected a premium to those historical stock trading prices as follows:

Premium to Sterling Stock Price (Sept. 10, 2013):	13.9%
Premium to Sterling Stock Price (Aug. 30, 2013)(1):	27.7%
Premium to Sterling 52 Week High Price:	3.8%
Premium to Sterling 52 Week Low Price:	58.0%
Premium to Sterling 30 Day Average Closing Price (ending Sept. 10, 2013):	17.6%

- (1) August 30, 2013 is the last closing price prior to a Bloomberg news story identifying Sterling as a merger candidate. The following trading day, Sterling stock increased over 9%.

Table of Contents**Comparable Company Analysis**

Sandler O'Neill used publicly available information to compare selected financial information for Sterling and Umpqua and a group of financial institutions selected by Sandler O'Neill based on Sandler O'Neill's professional judgment and experience. The peer group consisted of NASDAQ and NYSE traded bank holding companies headquartered in the Western Region of the United States with assets as of the most recently reported period between \$5 billion and \$20 billion, and excluded thrifts, merger targets and ethnic-focused banks. The following financial institutions were selected for the comparison:

Bank of Hawaii Corporation
Columbia Banking System, Inc.
CVB Financial Corp.
First Interstate BancSystem, Inc.

Glacier Bancorp, Inc.
PacWest Bancorp
Washington Federal, Inc.
Western Alliance Bancorporation

The analysis compared publicly available financial information for Sterling, Umpqua and the mean and median financial and market trading data for the peer group as of or for the period ended June 30, 2013 with pricing data as of September 10, 2013 and in certain instances August 30, 2013. The table below sets forth the data for Sterling and Umpqua and the mean and median data for the peer group.

	Sterling Financial Corp.(1) (9/10/13 pricing)(2)	Sterling Financial Corp.(1) (8/30/13 pricing)(3)	Umpqua Holdings Corp. (9/10/13 pricing)(2)	Comparable Group Median (9/10/13 pricing)(4)	Comparable Group Mean (9/10/13 pricing)(4)
Total Assets (in millions)	\$ 9,940		\$ 11,392	\$ 7,644	\$ 8,854
Last Twelve Months Net Interest Margin	3.57%		3.85%	3.71%	3.97%
Last Twelve Months Return on Average Assets	0.96%		0.89%	1.11%	1.13%
Last Twelve Months Return on Average Equity	7.3%		6.0%	9.8%	10.2%
Last Twelve Months Efficiency Ratio	68%		63%	57%	58%
Non-Performing Assets / Total Assets	1.70%		1.19%	2.34%	2.34%
Tangible Common Equity / Tangible Assets	11.7%		9.6%	9.3%	9.4%
Tier 1 Leverage Ratio	12.2%		11.7%	9.9%	10.4%
Total Risk Based Capital Ratio	17.6%		16.7%	16.5%	17.6%
Market Capitalization (in millions)	\$ 1,691	\$ 1,508	\$ 1,924	\$ 1,551	\$ 1,639
Price / Book Value Per Share	140%	125%	112%	189%	177%
Price / Tangible Book Value Per Share	147%	131%	186%	212%	211%
Price / Last Twelve Months' Earnings Per Share	18.9x	16.9x	18.9x	17.2x	17.0x
Price / Estimated 2013 Earnings Per Share	17.0x	15.1x	18.1x	15.6x	15.9x
Price / Estimated 2014 Earnings Per Share	16.5x	14.8x	16.1x	14.6x	14.7x
Dividend Yield	2.95%	3.31%	3.49%	2.48%	2.50%

(1) Sterling LTM earnings excludes net positive pretax \$10.7 million in non-recurring items and assumes a 32% tax rate

(2) Sterling stock price as of 9/10/13: \$27.14. Umpqua stock price as of 9/10/13: \$17.19

(3) Sterling stock price as of 8/30/13: \$24.20. 8/30/13 is the last closing price prior to a Bloomberg news story identifying Sterling as a merger candidate. The following trading day, Sterling's closing stock price increased over 9%

(4) LTM of certain peer group members adjusted for certain material non-recurring items

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The following tables provide information for each of the peer group members. Financial information in the tables is based on GAAP results as of June 30, 2013, and Price / Estimated Earnings Per Share information is based on median consensus earnings per share estimates.

	Bank of Hawaii Corporation (9/10/13 pricing)	Washington Federal, Inc. (9/10/13 pricing)	Western Alliance Bancorporation (9/10/13 pricing)	Glacier Bancorp, Inc. (9/10/13 pricing)
Total Assets (in millions)	\$ 13,733	\$ 13,012	\$ 8,594	\$ 7,997
Last Twelve Months Net Interest Margin	2.86%	3.13%	4.42%	3.18%
Last Twelve Months Return on Average Assets	1.15%	1.09%(1)	1.10%(2)	1.09%
Last Twelve Months Return on Average Equity	15.0%	7.3%(1)	11.4%(2)	9.2%
Last Twelve Months Efficiency Ratio	58%	52%	54%	58%
Non-Performing Assets / Total Assets	0.55%	4.80%	2.91%	2.63%
Tangible Common Equity / Tangible Assets	7.0%	13.0%	7.4%	10.2%
Tier 1 Leverage Ratio	7.0%	N/A	9.9%	11.9%
Total Risk Based Capital Ratio	16.8%	26.6%	12.0%	19.5%
Market Capitalization (in millions)	\$ 2,335	\$ 2,157	\$ 1,518	\$ 1,800
Price / Book Value Per Share	237%	112%	230%	192%
Price / Tangible Book Value Per Share	245%	130%	241%	222%
Price / Last Twelve Months' Earnings Per Share	15.0x	15.6x(1)	17.2x(2)	20.9x
Price / Estimated 2013 Earnings Per Share	15.6x	15.0x	13.8x	18.9x
Price / Estimated 2014 Earnings Per Share	15.4x	13.9x	13.4x	16.6x
Dividend Yield	3.44%	1.73%	N/A	2.48%

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- (1) Net income adjusted for material non-recurring items: Net negative \$6 million pretax adjustment related to penalties on the debt prepayment expense more than offset by gains on sale of securities.
- (2) Net income adjusted for material non-recurring items: Net negative \$24 million pretax adjustment related primarily to bargain purchase gains less merger transaction expenses.

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	First Interstate BancSystem, Inc. (9/10/13 pricing)	Columbia Banking System, Inc. (9/10/13 pricing)	PacWest Bancorp (9/10/13 pricing)	CVB Financial Corp. (9/10/13 pricing)
Total Assets (in millions)	\$ 7,292	\$ 7,070	\$ 6,709	\$ 6,426
Last Twelve Months Net Interest Margin	3.57%	5.22%	5.55%	3.86%
Last Twelve Months Return on Average Assets	1.00%	1.11%(3)	1.28%(4)	1.22%
Last Twelve Months Return on Average Equity	9.6%	7.5%(3)	11.7%(4)	10.1%
Last Twelve Months Efficiency Ratio	60%	68%	57%	54%
Non-Performing Assets / Total Assets	2.06%	1.26%	2.63%	1.89%
Tangible Common Equity / Tangible Assets	8.2%	9.8%	8.8%	10.9%
Tier 1 Leverage Ratio	9.7%	9.9%	12.8%	11.6%
Total Risk Based Capital Ratio	16.3%	14.1%	16.3%	19.4%
Market Capitalization (in millions)	\$ 1,074	\$ 1,244	\$ 1,585	\$ 1,401
Price / Book Value Per Share	139%	121%	198%	186%
Price / Tangible Book Value Per Share	185%	190%	277%	202%
Price / Last Twelve Months' Earnings Per Share	14.7x	17.1x(3)	17.7x(4)	18.0x
Price / Estimated 2013 Earnings Per Share	13.3x	15.9x	19.0x	15.6x
Price / Estimated 2014 Earnings Per Share	14.2x	14.3x	15.0x	15.2x
Dividend Yield	2.29%	1.65%	2.91%	3.00%

(3) Net income adjusted for material non-recurring items: Net positive \$12 million pretax adjustment related primarily to merger transaction expenses.

(4) Net income adjusted for material non-recurring items: Net positive \$27 million pretax adjustment related primarily to merger/divestiture transaction expenses.

Stock Price Performance

Sandler O'Neill reviewed the publicly reported trading prices of Sterling's and Umpqua's common stock for the one-year and three-year periods ended September 10, 2013. Sandler O'Neill then compared the relationship between the movements in the price of Sterling's and Umpqua's common stock against the movements in the prices of the peer group referenced above, the S&P 500 Index and the NASDAQ Bank Index.

One-Year Comparative Stock Performance

	Beginning Value September 10, 2012	Ending Value September 10, 2013
Sterling	100%	127%
Umpqua	100%	132%
Peer Group	100%	132%
S&P 500 Index	100%	118%
NASDAQ Bank Index	100%	125%

Table of Contents**Three-Year Comparative Stock Performance**

	Beginning Value September 10, 2010	Ending Value September 10, 2013
Sterling	100%	59%
Umpqua	100%	152%
Peer Group	100%	155%
S&P 500 Index	100%	152%
NASDAQ Bank Index	100%	143%

Research Analyst Estimates and Price Targets

Sandler O'Neill reviewed analyst estimated earnings per share for Sterling for 2013 and 2014 along with analyst estimated future price targets. The mean and median for 2013 and 2014 earnings per share and future price targets for Sterling were based on reports from six research analysts.

Summary of Sterling Analyst Estimates and Price Targets

	EPS		Future Price Target
	2013	2014	
Mean	\$ 1.61	\$ 1.65	\$ 28.00
Median	\$ 1.60	\$ 1.64	\$ 28.00

Sandler O'Neill reviewed analyst estimated earnings per share for Umpqua for 2013, 2014 and 2015 along with analyst estimated future price targets. The mean and median for 2013 and 2014 earnings per share were based on reports from ten research analysts. The mean and median for 2015 earnings per share were based on reports from four analysts. The future price targets were based on reports from five research analysts. In some cases earnings per share estimates and future price target information was not available from all analysts.

Summary of Umpqua Analyst Estimates and Price Targets

	EPS			Future Price Target
	2013	2014	2015	
Mean	\$ 0.95	\$ 1.06	\$ 1.17	\$ 16.70
Median	\$ 0.95	\$ 1.07	\$ 1.19	\$ 17.00

Sterling Net Present Value Analysis

Sandler O'Neill performed an analysis that estimated the net present value per share of Sterling common stock under various scenarios using June 30, 2013 as the valuation date. Sandler O'Neill assumed, after discussions with Sterling management in which management concluded that such assumptions were reasonable, that Sterling performed in accordance with the publicly available median analyst estimated earnings per share for the years ending December 31, 2013 and December 31, 2014 and an estimated long-term growth rate of 8% as provided by Sterling's senior management for the years thereafter. Sandler O'Neill's analysis also included assumptions with respect to (1) an annual asset growth rate of approximately 5.0% beginning in 2014; (2) 5.0% share repurchase activity in each of 2014 and 2015 and (3) annual cash dividend payments of \$0.60 in 2013 and \$1.00 per share for the years thereafter, in each case as provided by senior management of Sterling. This analysis resulted in the following forecasted information for Sterling for each of the years ending December 31, 2013 through December 31, 2018.

Table of Contents**Certain Forecasted Financial Information for Sterling**

	Year Ending December 31,					
	2013	2014	2015	2016	2017	2018
	(\$ in thousands, except per share amounts and percentages)					
Net Income	\$ 101,582	\$ 101,599	\$ 105,059	\$ 110,674	\$ 119,664	\$ 129,465
Earnings Per Share	\$ 1.60	\$ 1.64	\$ 1.78	\$ 1.92	\$ 2.07	\$ 2.24
Tangible Book Value Per Share	\$ 18.57	\$ 18.95	\$ 19.48	\$ 20.50	\$ 21.65	\$ 22.96
Tangible Equity /						
Tangible Assets	11.43%	10.55%	9.80%	9.82%	9.88%	9.97%
Return on Average Assets	1.09%	1.00%	0.98%	0.98%	1.00%	1.02%

To approximate the terminal value of Sterling common stock at December 31, 2018, Sandler O'Neill applied price to earnings multiples ranging from 14.0x to 21.5x and multiples of tangible book value ranging from 125% to 275%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 11.5% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Sterling's common stock.

As illustrated in the following tables, the analysis indicates an imputed range of values per share of Sterling common stock of \$21.39 to \$34.39 when applying multiples of earnings to the applicable amounts indicated in the Sterling projections and \$20.08 to \$43.89 when applying multiples of tangible book value to the applicable amounts indicated in the Sterling projections.

Discount Rate	Earnings Per Share Multiples					
	14.0x	15.5x	17.0x	18.5x	20.0x	21.5x
9.00%	\$ 23.95	\$ 26.04	\$ 28.12	\$ 30.21	\$ 32.30	\$ 34.39
9.50%	\$ 23.41	\$ 25.44	\$ 27.48	\$ 29.51	\$ 31.55	\$ 33.59
10.00%	\$ 22.88	\$ 24.87	\$ 26.85	\$ 28.84	\$ 30.82	\$ 32.81
10.50%	\$ 22.37	\$ 24.31	\$ 26.24	\$ 28.18	\$ 30.12	\$ 32.05
11.00%	\$ 21.87	\$ 23.76	\$ 25.65	\$ 27.54	\$ 29.43	\$ 31.32
11.50%	\$ 21.39	\$ 23.23	\$ 25.08	\$ 26.92	\$ 28.76	\$ 30.61

Discount Rate	Tangible Book Value Multiples					
	125%	155%	185%	215%	245%	275%
9.00%	\$ 22.45	\$ 26.74	\$ 31.03	\$ 35.32	\$ 39.61	\$ 43.89
9.50%	\$ 21.95	\$ 26.13	\$ 30.31	\$ 34.50	\$ 38.68	\$ 42.86
10.00%	\$ 21.46	\$ 25.54	\$ 29.62	\$ 33.70	\$ 37.77	\$ 41.85
10.50%	\$ 20.99	\$ 24.97	\$ 28.94	\$ 32.92	\$ 36.90	\$ 40.88
11.00%	\$ 20.53	\$ 24.41	\$ 28.29	\$ 32.17	\$ 36.05	\$ 39.93
11.50%	\$ 20.08	\$ 23.86	\$ 27.65	\$ 31.43	\$ 35.22	\$ 39.01

Sandler O'Neill also considered and discussed with the Sterling board of directors how this analysis would be affected by possible changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a sensitivity analysis assuming Sterling net income varied from 25% above projections to 25% below projections. This sensitivity

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analysis resulted in the following range of per share values for Sterling common stock, using the same price to earnings multiples of 14.0x to 21.5x and a discount rate of 9.6%.

Annual Variance	Earnings Per Share Multiples					
	14.0x	15.5x	17.0x	18.5x	20.0x	21.5x
-25.00%	\$ 18.56	\$ 20.07	\$ 21.59	\$ 23.11	\$ 24.63	\$ 26.15
-20.00%	\$ 19.50	\$ 21.12	\$ 22.74	\$ 24.36	\$ 25.98	\$ 27.60
-15.00%	\$ 20.44	\$ 22.17	\$ 23.89	\$ 25.61	\$ 27.33	\$ 29.05
-10.00%	\$ 21.39	\$ 23.21	\$ 25.03	\$ 26.86	\$ 28.68	\$ 30.05
-5.00%	\$ 22.33	\$ 24.26	\$ 26.18	\$ 28.10	\$ 30.03	\$ 31.95
0.00%	\$ 23.28	\$ 25.30	\$ 27.33	\$ 29.35	\$ 31.38	\$ 33.40
5.00%	\$ 24.22	\$ 26.35	\$ 28.47	\$ 30.60	\$ 32.73	\$ 34.85
10.00%	\$ 25.17	\$ 27.40	\$ 29.62	\$ 31.85	\$ 34.08	\$ 36.30
15.00%	\$ 26.11	\$ 28.44	\$ 30.77	\$ 33.10	\$ 35.42	\$ 37.75
20.00%	\$ 27.06	\$ 29.49	\$ 31.92	\$ 34.35	\$ 36.77	\$ 39.20
25.00%	\$ 28.00	\$ 30.53	\$ 33.06	\$ 35.59	\$ 38.12	\$ 40.65

The following table describes a discount rate calculation for Sterling prepared by Sandler O'Neill. The discount rate equals the product of two year beta and equity risk premium plus the risk free rate.

Risk Free Rate	2.95% 10 Year UST Yield
Two Year Beta	1.17 Per Bloomberg
Equity Risk Premium	5.70% Ibbotson 60 year market analysis

Discount Rate 9.62%

During the September 11, 2013 meeting of the Sterling board of directors, Sandler O'Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Umpqua Net Present Value Analysis

Sandler O'Neill also performed an analysis that estimated the net present value per share of Umpqua common stock under various scenarios using June 30, 2013 as the valuation date. In performing this analysis, Sandler O'Neill made certain assumptions about Umpqua's estimated earnings per share, asset growth rates and dividends. Umpqua's management communicated that publicly available median analyst estimates for earnings per share (including the long-term earnings growth rate), asset growth rate and dividends were reasonable and confirmed that, at that time, an estimated long term annual earnings growth rate of 8%, an annual asset growth rate of approximately 5% beginning in 2014 and annual cash dividend payments of \$0.60 beginning in 2013 were consistent with publicly available median analyst estimates. Accordingly, in its financial analysis, Sandler O'Neill assumed (i) that Umpqua performed in accordance with such estimates of earnings per share for the years ended December 31, 2013, December 31, 2014 and December 31, 2015 and thereafter at an estimated long-term growth rate of 8%, (ii) an annual asset growth rate of approximately 5.0% beginning in 2014 and (iii) annual cash dividend payments of \$0.60 beginning in 2013. This analysis resulted in the following forecasted information for each of the years ending December 31, 2013 through December 31, 2018.

Table of Contents**Certain Forecasted Financial Information for Umpqua**

	Year Ending December 31,					
	2013	2014	2015	2016	2017	2018
	(\$ in thousands, except per share amounts and percentages)					
Net Income	\$ 106,695	\$ 120,013	\$ 133,665	\$ 144,441	\$ 156,136	\$ 168,744
Earnings Per Share	\$ 0.95	\$ 1.07	\$ 1.19	\$ 1.29	\$ 1.39	\$ 1.50
Tangible Book Value Per Share	\$ 8.66	\$ 9.17	\$ 9.79	\$ 10.50	\$ 11.31	\$ 12.23
Tangible Equity / Tangible Assets	8.84%	8.88%	9.00%	9.16%	9.38%	9.63%
Return on Average Assets	0.93%	1.00%	1.06%	1.09%	1.12%	1.15%

To approximate the terminal value of Umpqua common stock at December 31, 2018, Sandler O'Neill applied price to earnings multiples ranging from 14.0x to 21.5x and multiples of tangible book value ranging from 125% to 275%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 11.5% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Umpqua's common stock.

As illustrated in the following tables, the analysis indicates an imputed range of values per share of Umpqua common stock of \$13.90 to \$22.61 when applying earnings multiples to the applicable amounts indicated in the Umpqua projections and \$10.76 to \$23.46 when applying multiples of tangible book value to the applicable amounts indicated in the Umpqua projections.

Discount Rate	Earnings Per Share Multiples					
	14.0x	15.5x	17.0x	18.5x	20.0x	21.5x
9.00%	\$ 15.60	\$ 17.00	\$ 18.40	\$ 19.80	\$ 21.21	\$ 22.61
9.50%	\$ 15.24	\$ 16.61	\$ 17.97	\$ 19.34	\$ 20.71	\$ 22.07
10.00%	\$ 14.89	\$ 16.22	\$ 17.56	\$ 18.89	\$ 20.22	\$ 21.56
10.50%	\$ 14.55	\$ 15.85	\$ 17.15	\$ 18.45	\$ 19.75	\$ 21.05
11.00%	\$ 14.22	\$ 15.49	\$ 16.76	\$ 18.03	\$ 19.29	\$ 20.56
11.50%	\$ 13.90	\$ 15.14	\$ 16.37	\$ 17.61	\$ 18.85	\$ 20.09

Discount Rate	Tangible Book Value Multiples					
	125%	155%	185%	215%	245%	275%
9.00%	\$ 12.04	\$ 14.32	\$ 16.61	\$ 18.89	\$ 21.18	\$ 23.46
9.50%	\$ 11.77	\$ 14.00	\$ 16.22	\$ 18.45	\$ 20.68	\$ 22.91
10.00%	\$ 11.51	\$ 13.68	\$ 15.85	\$ 18.02	\$ 20.20	\$ 22.37
10.50%	\$ 11.25	\$ 13.37	\$ 15.49	\$ 17.61	\$ 19.73	\$ 21.84
11.00%	\$ 11.00	\$ 13.07	\$ 15.14	\$ 17.20	\$ 19.27	\$ 21.34
11.50%	\$ 10.76	\$ 12.78	\$ 14.79	\$ 16.81	\$ 18.83	\$ 20.84

Sandler O'Neill also considered and discussed with the Sterling board of directors how this analysis would be affected by possible changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a sensitivity analysis assuming Umpqua net income varied from 25% above projections to 25% below projections. This sensitivity

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analysis resulted in the following range of per share values for Umpqua common stock, using the same price to earnings multiples of 14.0x to 21.5x and a discount rate of 9.8%:

Annual Variance	Earnings Per Share Multiples					
	14.0x	15.5x	17.0x	18.5x	20.0x	21.5x
-25.00%	\$ 11.89	\$ 12.90	\$ 13.91	\$ 14.92	\$ 15.93	\$ 16.94
-20.00%	\$ 12.52	\$ 13.60	\$ 14.68	\$ 15.75	\$ 16.83	\$ 17.91
-15.00%	\$ 13.15	\$ 14.29	\$ 15.44	\$ 16.58	\$ 17.73	\$ 18.87
-10.00%	\$ 13.78	\$ 14.99	\$ 16.20	\$ 17.41	\$ 18.63	\$ 19.84
-5.00%	\$ 14.41	\$ 15.69	\$ 16.97	\$ 18.25	\$ 19.53	\$ 20.81
0.00%	\$ 15.03	\$ 16.38	\$ 17.73	\$ 19.08	\$ 20.42	\$ 21.77
5.00%	\$ 15.66	\$ 17.08	\$ 18.49	\$ 19.91	\$ 21.32	\$ 22.74
10.00%	\$ 16.29	\$ 17.77	\$ 19.26	\$ 20.74	\$ 22.22	\$ 23.70
15.00%	\$ 16.92	\$ 18.47	\$ 20.02	\$ 21.57	\$ 23.12	\$ 24.67
20.00%	\$ 17.55	\$ 19.17	\$ 20.78	\$ 22.40	\$ 24.02	\$ 25.63
25.00%	\$ 18.18	\$ 19.86	\$ 21.55	\$ 23.23	\$ 24.92	\$ 26.60

The following table describes a discount rate calculation for Umpqua prepared by Sandler O'Neill. The discount rate equals the product of two year beta and equity risk premium plus the risk free rate.

Risk Free Rate	2.95% 10 Year UST Yield
Two Year Beta	1.20 Per Bloomberg
Equity Risk Premium	5.70% Ibbotson 60 year market analysis

Discount Rate 9.79%

At the September 11, 2013 meeting of the Sterling board of directors, Sandler O'Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Analysis of Selected Merger Transactions

Sandler O'Neill reviewed a group of comparable mergers and acquisitions. The group of mergers and acquisitions was comprised of the eight transactions announced between January 1, 2012 and September 10, 2013 involving nationwide commercial bank holding companies with announced deal values greater than \$500 million, with the \$500 million threshold selected based on Sandler O'Neill's professional judgment and experience. The group was composed of the following transactions:

Buyer/Target

PacWest Bancorp/ CapitalSource Inc.
 MB Financial, Inc./ Taylor Capital Group, Inc.
 Banco de Credito e Inversiones SA/ CM Florida Holdings, Inc.
 Columbia Banking System, Inc./ West Coast Bancorp
 FirstMerit Corporation/ Citizens Republic Bancorp, Inc.
 Hilltop Holdings Inc./ PlainsCapital Corporation
 Mitsubishi UFJ Financial Group, Inc./ Pacific Capital Bancorp
 Prosperity Bancshares, Inc./ American State Financial Corporation

Sandler O'Neill then reviewed the following merger valuation multiples for each of the transactions: transaction price to book value, transaction price to tangible book value, transaction price to last twelve months' earnings per share, transaction price to estimated current year earnings per share, tangible book premium to core deposits, transaction price to target company's stock price two

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days before transaction announcement and transaction price to target company's stock price two weeks before announcement. As illustrated in the following table, Sandler O'Neill compared the proposed merger valuation multiples to the median and mean multiples of the comparable transactions.

	Sterling / Umpqua	Median Transactions	Mean Transactions
Transaction Value / Book Value Per Share:	160%	146%	146%
Transaction Value / Tangible Book Value Per Share:	167%	174%	172%
Transaction Value / Last Twelve Months Earnings Per Share:(1)	19.1x	18.1x	17.7x
Transaction Value / Median Estimated 2013 Earnings Per Share:	19.3x	19.1x	18.1x
Tangible Book Premium to Core Deposits:	14.2%	11.7%	13.1%
Premium to Sterling Stock Price (Sept. 10, 2013):	13.9%	20.1%	26.8%
Premium to Sterling Stock Price (Aug. 30, 2013):(2)	27.7%	19.0%	27.5%

(1) Sterling LTM excludes net positive pretax \$10.7 million in non-recurring items and assumes a 32% tax rate. LTM of certain target companies in comparable transactions adjusted for certain material non-recurring items.

(2) August 30, 2013 is the last closing price prior to a Bloomberg news story identifying Sterling as a merger candidate. The following trading day, Sterling stock increased over 9%. Precedent merger transactions illustrates a premium relative to the market price 2 weeks prior to announcement

The following tables provide information for each of the comparable transactions above.

	PacWest Bancorp/ CapitalSource Inc.	MB Financial, Inc./ Taylor Capital Group, Inc.	Banco de Credito e Inversiones SA/CM Florida Holdings, Inc.	Columbia Banking System, Inc./ West Coast Bancorp
Transaction Value / Book Value Per Share:	148%	182%	101%	145%
Transaction Value / Tangible Book Value Per Share:	166%	182%	191%	145%
Transaction Value / Last Twelve Months Earnings Per Share:	17.9x	11.4x	22.3x(1)	23.2x(2)
Transaction Value / Median Estimated 2013 Earnings Per Share:	19.1x	14.0x	N/A	21.4x
Tangible Book Premium to Core Deposits:	33.9%	3.0%	13.8%	9.9%
Target's Tangible Equity / Tangible Assets (quarter prior to announcement)	16.2%	9.5%	11.0%	13.6%
Target's Non-Performing Assets / Total Assets (quarter prior to announcement)	2.1%	1.9%	1.0%	3.0%
Target's Last Twelve Months Return on Average Assets (quarter prior to announcement)	1.6%	1.3%	NM	1.5%

(1) Assumes an estimated normalized 35% tax rate.

(2) Excludes one-time items related to deferred tax asset reversal, FHLB prepayment penalties and branch closure costs, assumes normalized tax rate of 35%.

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	FirstMerit Corporation/ Citizens Republic Bancorp, Inc.	Hilltop Holdings Inc./ PlainsCapital Corporation	Mitsubishi UFJ Financial Group, Inc./ Pacific Capital Bancorp	Prosperity Bancshares, Inc./ American State Financial Corporation
Transaction Value / Book Value Per Share:	90%	114%	199%	189%
Transaction Value / Tangible Book Value Per Share:	130%	128%	224%	206%
Transaction Value / Last Twelve Months Earnings Per Share:	18.4x(3)	8.6x	27.2x(4)	12.6x
Transaction Value / Median Estimated 2013 Earnings Per Share:	NM	N/A	N/A	N/A
Tangible Book Premium to Core Deposits:	4.1%	4.4%	22.2%	13.5%
Target's Tangible Equity / Tangible Assets (quarter prior to announcement)	10.8%	8.6%	11.7%	8.4%
Target's Non-Performing Assets / Total Assets (quarter prior to announcement)	1.2%	1.7%	1.2%	0.3%
Target's Last Twelve Months Return on Average Assets (quarter prior to announcement)	NM	1.2%	NM	1.5%

(3) Assumes an estimated normalized 24% tax rate.

(4) Assumes an estimated normalized 34% tax rate.

Imputed Valuation Analysis

The following table sets forth the imputed valuation for Sterling based on the mean and median valuation multiples from the selected merger transactions above.

	Selected Merger Transactions		Imputed Valuation	
	Mean	Median	Mean	Median
Book Value Per Share	146%	146%	\$ 28.25	\$ 28.34
Tangible Book Value Per Share	172%	174%	\$ 31.72	\$ 32.15
Last Twelve Months EPS(1)	17.7x	18.1x	\$ 25.30	\$ 25.95
Analyst Estimated Current Year EPS	18.1x	19.1x	\$ 29.03	\$ 30.53
Core Deposits	13.1%	11.7%	\$ 31.00	\$ 29.63
One Day Market Premium	26.8%	20.1%	\$ 34.41	\$ 32.60
Two Week Market Premium(2)	27.5%	19.0%	\$ 30.87	\$ 28.80

(1) Sterling LTM excludes net positive pretax \$10.7 million in non-recurring items and assumes a 32% tax rate. LTM of certain target companies in comparable transactions adjusted for certain material non-recurring items.

(2) Two week premium based on August 30, 2013 price for Sterling. August 30, 2013 is the last closing price prior to a Bloomberg news story identifying Sterling as a merger candidate. The following trading day, Sterling stock increased over 9%. Precedent merger transactions illustrates a premium relative to the market price 2 weeks prior to announcement

Table of Contents***Pro Forma Results and Capital Ratios***

Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes on March 31, 2014; (2) per share merger consideration value of \$30.90, based on Umpqua's closing stock price on September 10, 2013 of \$17.19; (3) Umpqua is able to achieve cost savings of approximately 28% of Sterling projected operating expense and such savings are 50% realized in 2014 (approximately \$44 million pretax annualized) and fully realized in 2015 (approximately \$88 million pretax), after Umpqua management communicated that it had concluded that such assumptions were reasonable; (4) total pretax transaction costs and expenses of approximately \$80 million, with 100% of the expenses recognized prior to or at closing; (5) a charge associated with estimated facilities upgrade cost of approximately \$41 million to be capitalized at closing (10 year, straight line depreciation); (6) a core deposit intangible of approximately \$61 million (10 year, sum-of-years-digits amortization); (7) Sterling's performance is consistent with publicly available median analyst estimated earnings per share for the years ending December 31, 2013 and December 31, 2014 and an estimated long-term growth rate of 8% for the years thereafter; (8) Umpqua's performance is consistent with publicly available median analyst earnings estimates for the years ending December 31, 2013, December 31, 2014 and December 31, 2015 and an estimated long-term growth rate of 8% for the years thereafter; (9) various purchase accounting adjustments, including credit and interest rate mark-to-market adjustments and other accounting adjustments on Sterling's loan portfolio, other real estate owned, mortgage servicing rights, deposits, borrowings and other liabilities resulting in an estimated aggregate pretax mark on assets of approximately negative \$300 million and an estimated aggregate mark on liabilities of approximately negative \$66 million; (10) estimated pretax liability restructuring costs of approximately \$61 million and a reduction in borrowings of approximately \$500 million; and (11) an estimated deposit and loan divestiture of approximately \$316 million and approximately \$45 million, respectively. The analyses indicated that for the year ending December 31, 2014, the merger (excluding transaction expenses) would be accretive to Umpqua's projected earnings per share and, as of March 31, 2014 the merger would be dilutive to Umpqua's tangible book value per share. The analyses also indicated that as of March 31, 2014, the merger (taking into account estimated transaction expenses) would maintain Umpqua's regulatory capital ratios in excess of the regulatory guidelines for "well capitalized" status. The actual results achieved by the combined company, however, may vary from projected results and the variations may be material.

The table below shows Sandler O'Neill's projected accretion/dilution percentages for both Sterling and Umpqua as of closing and for each of the years 2014-2018.

	As of or for the year ending:					
	Closing	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Umpqua EPS Accretion/(Dilution) excluding transaction expenses		6.4%	12.7%	9.6%	8.5%	7.6%
Sterling EPS Accretion/(Dilution) excluding transaction expenses (assumes 100% stock allocation)		24.8%	35.7%	32.1%	31.1%	29.7%
Umpqua TBVPS Accretion/(Dilution)	(4.5)%	(3.2)%	(1.1)%	0.4%	1.6%	2.6%
Sterling TBVPS Accretion/(Dilution)	(19.2)%	(15.8)%	(10.7)%	(7.6)%	(4.6)%	(1.7)%

Miscellaneous

Following the issuance of the opinion, Sander O'Neill provided the Sterling board of directors with a revised version of its September 11, 2013 presentation in support of its opinion, which reflected certain corrected information that did not materially impact the projected results of the pro forma combined entity and did not affect Sandler O'Neill's opinion.

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Sandler O'Neill acted as the financial advisor to Sterling's board of directors in connection with the merger and will receive a fee of 0.30% of the aggregate consideration payable in the merger (which consideration will be calculated in part based on the price of Umpqua stock prior to closing; and which fee would be approximately \$[] if the merger had closed on the date of this joint proxy statement/prospectus), of which \$1 million was received upon execution of the definitive merger agreement and the remainder is contingent on the consummation of the merger. Sterling has also agreed to reimburse Sandler O'Neill's reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employee and agents against certain expenses and liabilities, including liabilities under the securities laws.

In the ordinary course of its respective broker and dealer businesses, Sandler O'Neill may purchase securities from and sell securities to Sterling and Umpqua and their respective affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of Sterling or Umpqua or their respective affiliates for their own accounts and for the accounts of their customers and, accordingly may at any time hold a long or short position in such securities. Sandler O'Neill has provided investment banking services to, and received fees for such services from, Sterling, most recently, in connection with Sterling's private placement of common and preferred shares in 2010. In 2012, Sandler O'Neill received \$717,330 from the U.S. Treasury for Sandler O'Neill's role as joint book running manager in connection with the sale of Sterling common stock. In addition, in 2011 and 2012 Sandler O'Neill or its affiliates received an aggregate of approximately \$220,000 in connection with the provision of certain other investment banking services to Sterling. After the execution of the merger agreement, Sandler O'Neill was engaged by Umpqua, with the express consent of Sterling, to sell certain branches of the combined entity subsequent to the merger and will be paid customary fees for such engagement. If a sale occurs Sandler O'Neill estimates it will receive fees of approximately \$150,000 from Umpqua for its engagement to sell these branches. In the two years prior to the execution of the merger agreement, Sandler O'Neill has not provided investment banking services to, or received fees for such services from, Umpqua.

Umpqua's Reasons for the Merger; Recommendation of Umpqua's Board of Directors

After careful consideration, Umpqua's board of directors, at a meeting held on September 10, 2013, unanimously determined that the merger agreement is in the best interests of Umpqua and its shareholders. Accordingly, Umpqua's board of directors adopted the merger agreement and unanimously recommends that Umpqua shareholders vote "FOR" the Umpqua merger proposal, "FOR" the articles amendment proposal and "FOR" the Umpqua adjournment proposal, if necessary or appropriate.

In reaching its decision to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that its shareholders approve the merger agreement, the Umpqua board of directors consulted with Umpqua management, as well as its financial and legal advisors, and considered a number of factors, including the following material factors:

each of Umpqua's and Sterling's business, operations, financial condition, asset quality, earnings and prospects;

the strategic fit of the businesses of the two companies, including their complementary markets, business lines and loan and deposit profiles;

the anticipated pro forma impact of the transaction on the combined company, including the expected impact on financial metrics including earnings and tangible book value and regulatory capital levels;

its understanding of the current and prospective environment in which Umpqua and Sterling operate, including national and local economic conditions, the competitive environment for financial institutions generally, and the likely effect of these factors on Umpqua both with and without the proposed transaction;

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its review and discussions with Umpqua's management concerning the due diligence investigation of Sterling;

the perceived compatibility of the corporate cultures of the two companies, which management believes should facilitate integration and implementation of the transaction;

the structure of the transaction as a combination in which the combined company would operate under the Umpqua brand and Umpqua's board of directors and management would have substantial participation in the combined company;

the opinion of J.P. Morgan, dated September 10, 2013, addressed to the Umpqua board of directors as to the fairness, from a financial point of view and as of the date of such opinion, to Umpqua of the merger consideration provided for in the merger, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken as more fully described below under " Opinion of J.P. Morgan";

the financial and other terms of the merger agreement, including the fixed exchange ratio, expected tax treatment, mutual deal protection and termination fee provisions, and mutual restrictions on the conduct of the business of both companies between the date of the merger agreement and the date of consummation of the merger, which it reviewed with its outside financial and legal advisors;

the potential risk of diverting management attention and resources from the operation of Umpqua's business and towards the completion of the merger;

the terms of the investor letter agreement with Warburg Pincus and the investor letter agreement with THL;

the nature and amount of payments and other benefits to be received by Sterling management in connection with the merger pursuant to existing Sterling plans and compensation arrangements and the merger agreement and the employment agreement executed in connection with the execution of the merger agreement;

the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating Sterling's business, operations and workforce with those of Umpqua; and

the regulatory and other approvals required in connection with the merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions.

The foregoing discussion of the factors considered by the Umpqua board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Umpqua board of directors. In reaching its decision to approve and adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Umpqua board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Umpqua board of directors considered all these factors as a whole, including discussions with, and questioning of, Umpqua's management and Umpqua's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

Opinion of J.P. Morgan

Pursuant to an engagement letter dated March 25, 2013, Umpqua retained J.P. Morgan as its financial advisor in connection with its consideration of the merger. At the meeting of the Umpqua board of directors on September 10, 2013, J.P. Morgan rendered its oral opinion to the Umpqua board of directors (which was subsequently confirmed in writing by delivery of J.P. Morgan's written opinion dated the same date) that, as of such date and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger

consideration to be paid by Umpqua

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in connection with the merger was fair, from a financial point of view, to Umpqua. J.P. Morgan's written opinion, dated September 10, 2013, is sometimes referred to herein as the "J.P. Morgan opinion."

The full text of the J.P. Morgan opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in rendering its opinion, is attached as Annex E to this joint proxy statement/prospectus and is incorporated herein by reference. The summary of the J.P. Morgan opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion. Umpqua shareholders should read this opinion carefully and in its entirety.

The J.P. Morgan opinion is addressed to the Umpqua board of directors, is addressed only to the merger consideration to be paid by Umpqua in connection with the merger and does not address any other matters. The J.P. Morgan opinion does not constitute a recommendation to any Umpqua shareholder as to how such shareholder should vote with respect to the merger or with respect to any other matter. The issuance of the J.P. Morgan opinion was approved by a fairness opinion committee of J.P. Morgan.

In connection with preparing its opinion, J.P. Morgan, among other things:

reviewed a draft, dated September 8, 2013, of the merger agreement;

reviewed certain publicly available business and financial information concerning Umpqua and Sterling and the industries in which they operate;

compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration received for such companies;

compared the financial and operating performance of Umpqua and Sterling with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of Umpqua's common stock and Sterlings's common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by or at the direction of the managements of Umpqua and Sterling relating to their respective businesses, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the merger; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

In addition, J.P. Morgan held discussions with certain members of the management of Umpqua and Sterling with respect to certain aspects of the merger, the past and current business operations of Umpqua and Sterling, the financial condition and future prospects and operations of Umpqua and Sterling, the effects of the merger on the financial condition and future prospects of Umpqua, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by Umpqua and Sterling or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor did it assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan conduct any review of individual credit files of Umpqua or Sterling, evaluate the adequacy of the loan or lease loss reserves of Umpqua or Sterling or evaluate the solvency of Umpqua or Sterling under any state or federal laws relating to bankruptcy, insolvency or similar matters. J.P. Morgan is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto and,

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accordingly, J.P. Morgan did not make an independent evaluation of the adequacy of the allowance for loan and lease losses of Umpqua or Sterling. J.P. Morgan assumed, with the consent of the Umpqua board of directors, that Umpqua's and Sterling's respective allowances for loan and lease losses were adequate to cover such losses and would be adequate on a pro forma basis for the combined entity. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, including the synergies referred to above, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best then available estimates and judgments by management as to the expected future results of operations and financial condition of Umpqua and Sterling to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts (including the synergies referred to above) or the assumptions on which they were based. J.P. Morgan also assumed that the merger and the other transactions contemplated by the merger agreement will qualify as a tax-free reorganization for United States federal income tax purposes, and will be consummated as described in the merger agreement, and that the definitive merger agreement would not differ in any material respects from the draft thereof furnished to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by Umpqua and Sterling in the merger agreement and any related agreements are and will be true and correct in all respects material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to Umpqua with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Umpqua or Sterling or on the contemplated benefits of the merger.

The J.P. Morgan opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of the J.P. Morgan opinion. It should be understood that subsequent developments may affect the J.P. Morgan opinion, and that J.P. Morgan does not have any obligation to update, revise or reaffirm the J.P. Morgan opinion. The J.P. Morgan opinion is limited to the fairness, from a financial point of view, of the merger consideration to be paid by Umpqua in the proposed merger, and J.P. Morgan has expressed no opinion as to the fairness of the Consideration to the holders of any class of securities, creditors or other constituencies of Umpqua or as to the underlying decision by Umpqua to engage in the merger. Furthermore, J.P. Morgan has expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the merger, or any class of such persons relative to the merger consideration to be paid by Umpqua in the merger or with respect to the fairness of any such compensation. J.P. Morgan has expressed no opinion as to the price at which the Umpqua common stock or the Sterling common stock will trade at any future time.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses undertaken by J.P. Morgan in connection with rendering the J.P. Morgan opinion. The following summary, however, does not purport to be a complete description of the financial analysis performed by J.P. Morgan. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by J.P. Morgan, the tables must be read together with the full text of each summary. Considering the data set forth herein without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan's financial analyses.

The merger consideration was determined through negotiations between Umpqua and Sterling and was approved by Umpqua's board of directors. Although J.P. Morgan provided advice to Umpqua during these negotiations, J.P. Morgan did not recommend that any specific form, mix, or amount of consideration constituted the only appropriate consideration for the merger.

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The projections furnished to J.P. Morgan for Umpqua and Sterling were prepared by or at the direction of the management of Umpqua. These forecasts were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such forecasts.

In order to provide a view of Sterling's market price without the impact of rumors of a potential sale transaction, throughout its analysis, J.P. Morgan used stock price information for Sterling common stock as of market close on August 30, 2013, which was the last trading day prior to published press rumors regarding a potential sale transaction. The closing price of \$24.20 of Sterling's common stock on August 30, 2013 is referred to as the "unaffected market price."

As indicated below, certain material financial analyses are presented on an equity value per share basis. In arriving at equity value per share for Umpqua and Sterling, share count in all cases is based on fully diluted shares outstanding as of June 30, 2013 of approximately 112.0 million and 64.4 million, for Umpqua and Sterling, respectively.

Sterling Public Trading Multiples Analysis

Using publicly available information, J.P. Morgan compared selected financial and market data of Sterling with similar data for the following companies:

City National Corporation;

PacWest Bancorp;

Washington Federal, Inc.;

Umpqua Holdings Corporation;

Glacier Bancorp, Inc.;

CVB Financial Corporation;

Westamerica Bancorporation;

Columbia Banking System Inc.; and

Banner Corporation.

In all instances, multiples were based on closing stock prices on September 6, 2013 (except for Sterling, for which stock price was based on the unaffected market price). For each of the following analyses performed by J.P. Morgan, financial and market data for the selected companies were based on the selected companies' public filings with the SEC and information J.P. Morgan obtained from SNL Financial and FactSet Research Systems, and earnings per share estimates were based on I/B/E/S consensus estimates (which, in the case of Umpqua, Umpqua management reviewed and concluded were reasonable). The multiples and ratios for each of the selected companies were based on the most recent publicly available information and were pro forma for pending acquisitions.

With respect to the selected companies, the information J.P. Morgan presented included:

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multiple of price to estimated earnings per share for 2014, or Price / 2014 EPS; and

multiple of price to tangible book value per share, or Price / TBVPS (based on reported book value as of June 30, 2013).

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Results of the analysis were presented for the selected companies, including the results indicated in the following table:

	Selected Companies	
	Median	Sterling
Price / 2014 EPS	14.9x	15.3x
Price / TBV	2.0x	1.3x

Based on the above analysis, J.P. Morgan then applied a multiple reference range of 14.0x to 17.0x for Price / 2014 EPS and 1.1x to 1.6x for Price / TBVPS. To arrive at the Price / TBVPS multiple reference range, J.P. Morgan regressed 2014 estimated Return on Average Tangible Common Equity ("ROATCE") on Price / TBVPS for the above selected companies, then applied a 7.9% to 9.9% 2014 estimated ROATCE range to the resultant regression equation. The analysis indicated the following equity values per share of Sterling common stock, as compared to the total consideration of \$29.40 per share of Sterling common stock (based on Sterling's unaffected market price, the "Consideration Value"), which was calculated assuming equivalent consideration (an exchange ratio of 1.671 shares of Umpqua common stock and \$2.18 per share of Sterling common stock) and a closing stock price of Umpqua common stock of \$16.29 on September 6, 2013:

	Equity Value Per Share
Price / 2014 EPS	\$22.09 - \$26.83
Price / TBVPS	\$20.08 - \$29.21

Selected Transaction Multiple Analysis

Using publicly available information, J.P. Morgan reviewed merger transactions involving publicly-traded bank holding companies and/or savings and loan holding companies which were announced between August 2010 and September 2013. Based on that review, J.P. Morgan selected the following transactions:

Date Announced	Acquiror	Target
July 22, 2013	PacWest Bancorp	CapitalSource Inc.
July 15, 2013	MB Financial, Inc	Taylor Capital Group, Inc.
May 24, 2013	Banco de Credito e Inversiones SA	CM Florida Holdings, Inc.
September 26, 2012	Columbia Banking System Inc.	West Coast Bancorp
September 13, 2012	FirstMerit Corporation	Citizens Republic Bancorp, Inc.
May 9, 2012	Hilltop Holdings Inc.	PlainsCapital Corporation
March 9, 2012	Mitsubishi UFJ Financial Group, Inc.	Pacific Capital Bancorp
February 27, 2012	Prosperity Bancshares, Inc.	American State Financial Corporation
January 18, 2011	Comerica Incorporated	Sterling Bancshares, Inc.
December 22, 2010	Hancock Holding Company	Whitney Holding Corporation
August 19, 2010	First Niagara Financial Group, Inc.	New Alliance Bancshares, Inc.

For each of the selected transactions, J.P. Morgan calculated and compared the market value of the per share consideration, as of the relevant announcement date, to the total book value of the target company as of the most recent quarter prior to the relevant announcement date (Price / TBVPS). This analysis indicated the following:

	Selected Transaction Multiple Median
Price / TBVPS	1.7x

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Based on the above analysis, J.P. Morgan then applied a multiple reference range of 1.6x to 2.0x for Price / TBVPS. The analysis indicated the following equity values per share of Sterling common stock, as compared to the Consideration Value of \$29.40 per share of Sterling common stock.

	Equity Value Per Share
Price / TBVPS	\$29.21 - \$36.51

Sterling Dividend Discount Analysis

J.P. Morgan conducted a dividend discount analysis for the purpose of determining a range of implied equity values per share for Sterling common stock. A dividend discount analysis is a method of evaluating the equity value of a company using estimates of future dividends to shareholders generated by Sterling and taking into consideration the time value of money with respect to those future dividends by calculating their present value. In performing its analysis, J.P. Morgan utilized, among others, the following assumptions, which were reviewed and approved by Umpqua management:

Valuation date: March 31, 2014, discounted to September 6, 2013

Dividend discount model

Exit based on 2024 net income

Exit multiple of 12.0x-14.0x

As instructed by Umpqua management:

2013 earnings based on Sterling's internal forecasts

2014-2015 earnings based on median I/B/E/S net income estimates (which Umpqua management reviewed and concluded were reasonable)

2016-2024 earnings extrapolated assuming long-term earnings growth of 8.0% per year

2014-2024 asset growth of 5.0% per year

Cost of excess capital of 0.25% (pre-tax)

Marginal tax rate of 35%

Mid-year convention assumed

Discount rate of 9.0%-11.0%

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Tier 1 common target of 12.0%

These calculations resulted in a range of implied values of \$21.89 to \$28.25 per share of Sterling common stock, as compared to the Consideration Value of \$29.40 per share of Sterling common stock, as illustrated by the following table:

Discount Rate	Terminal Multiple		
	12.0x	13.0x	14.0x
9.0%	\$ 25.51	\$ 26.88	\$ 28.25
10.0%	\$ 23.61	\$ 24.86	\$ 26.11
11.0%	\$ 21.89	\$ 23.03	\$ 24.17

J.P. Morgan also conducted a separate dividend discount analysis assuming, based on management's estimates, that the Merger would generate 30% cost savings on core cash net interest expenses of \$288.4 million with a restructuring charge of \$80 million. Based on this assumption and the other assumptions noted above, J.P. Morgan conducted a dividend discount analysis which resulted in a range of implied values of between \$27.96 to \$35.78 per share of Sterling common stock, as compared to the Consideration Value of \$29.40 per share of Sterling common stock.

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Umpqua Public Trading Multiples Analysis

Using publicly available information, J.P. Morgan compared selected financial and market data of Umpqua with similar data for the following companies:

City National Corporation;

PacWest Bancorp;

Washington Federal, Inc.;

Glacier Bancorp, Inc.;

Sterling Financial Corp.;

CVB Financial Corporation;

Westamerica Bancorporation;

Columbia Banking System Inc.; and

Banner Corporation.

In all instances (other than for Sterling, for which unaffected market price was used), multiples were based on closing stock prices on September 6, 2013. For each of the following analyses performed by J.P. Morgan, financial and market data for the selected companies were based on the selected companies' public filings with the SEC and information J.P. Morgan obtained from SNL Financial and FactSet Research Systems, and earnings per share estimates were based on I/B/E/S consensus estimates (which, in the case of Sterling, Umpqua management reviewed and concluded were reasonable). The multiples and ratios for each of the selected companies were based on the most recent publicly available information and were pro forma for pending acquisitions.

With respect to the selected companies, the information J.P. Morgan presented included:

Price / 2014 EPS; and

Price / TBVPS.

Results of the analysis were presented for the selected companies, as indicated in the following table:

	Selected Companies Median	Umpqua
Price / 2014 EPS	14.9x	15.1x
Price / TBVPS	2.0x	1.9x

Based on the above analysis, J.P. Morgan then applied a multiple reference range of 14.0x to 17.0x for Price / 2014 EPS and 1.9x to 2.4x for Price / TBVPS. To arrive at the Price / TBVPS multiple reference range, J.P. Morgan regressed 2014 estimated ROATCE on Price / TBVPS for the above selected companies, then applied an 11.3% to 13.3% 2014 estimated ROATCE range to the resultant regression equation. The

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analysis indicated the following equity values per share of Umpqua common stock, as compared to the closing price of Umpqua common stock of \$16.29 on September 6, 2013:

	Equity Value Per Share
Price / 2014 EPS	\$15.09 - \$18.33
Price / TBVPS	\$15.92 - \$20.11

Umpqua Dividend Discount Analysis

J.P. Morgan calculated a range of implied values for Umpqua common stock by discounting to present values estimates of Umpqua's future dividend stream and terminal value. In performing its

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analysis, J.P. Morgan utilized, among others, the following assumptions, which were reviewed and approved by Umpqua management:

Valuation date: March 31, 2014, discounted to September 6, 2013

Dividend discount model

Exit based on 2024 net income

Exit multiple of 12.0x-14.0x

As instructed by Umpqua management:

2013 earnings based on Umpqua's internal forecasts

2014-2015 earnings based on median I/B/E/S net income estimates (which Umpqua management reviewed and concluded were reasonable)

2016-2024 earnings extrapolated assuming long-term earnings growth of 8.0% per year

2014-2024 asset growth of 5.0% per year

Cost of excess capital of 0.25% (pre-tax)

Marginal tax rate of 35%

Mid-year convention assumed

Discount rate of 9.0%-11.0%

Tier 1 common target of 12.0%

These calculations resulted in a range of implied values of \$14.69 to \$19.22 per share of Umpqua common stock, as compared to the closing price of Umpqua common stock of \$16.29 on September 6, 2013, as illustrated by the following table:

Discount Rate	Terminal Multiple		
	12.0x	13.0x	14.0x
9.0%	\$ 17.27	\$ 18.25	\$ 19.22
10.0%	\$ 15.92	\$ 16.81	\$ 17.69
11.0%	\$ 14.69	\$ 15.50	\$ 16.31

Relative Value Analysis

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Based upon the implied valuations for each of Umpqua and Sterling calculated pursuant to the trading multiples analyses and standalone dividend discount analyses described above under "Sterling Public Trading Multiples Analysis", "Sterling Dividend Discount Analysis", "Umpqua Public Trading Multiples Analysis" and "Umpqua Dividend Discount Analysis", J.P. Morgan calculated a range of implied exchange ratios of a share of Sterling common stock to a share of Umpqua common stock, and then compared that range of implied exchange ratios to the equivalent implied exchange ratio based on the Consideration (a 1.805 exchange ratio derived by adding the stated exchange ratio of 1.671 shares of Umpqua common stock to the implied number of Umpqua shares represented by the \$2.18 cash consideration per share of Sterling common stock, based on Umpqua's closing stock price on September 6, 2013).

For each of the analyses referred to above, J.P. Morgan calculated the ratio implied by dividing the low end of each implied equity value of Sterling by the high end of each implied equity value of Umpqua. J.P. Morgan also calculated the ratio implied by dividing the high end of each implied equity value of Sterling by the low end of each implied equity value of Umpqua. As noted above, for purposes of this analysis, J.P. Morgan assumed, in each case, that 100% of the merger consideration would be stock consideration.

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This analysis indicated the following implied exchange ratios, compared in each case to the equivalent implied exchange ratio in the merger of 1.805 shares of Umpqua common stock per share of Sterling common stock:

Comparison	Range of Implied Exchange Ratios
Public Trading Multiples Analysis	
Price / 2014 EPS	1.206 - 1.778
Price / TBV	0.999 - 1.835
Standalone Dividend Discount Analysis	1.139 - 1.923
"Synergized" Dividend Discount Analysis	1.454 - 2.435

Value Creation Analysis

J.P. Morgan prepared a value creation analysis that compared the equity value of Umpqua (based on the dividend discount analysis) to the pro forma combined company equity value. J.P. Morgan determined the pro forma combined company equity value by calculating (x) the sum of (i) the equity value of Sterling using the midpoint value determined in J.P. Morgan's dividend discount analysis described above in "Sterling Dividend Discount Analysis", (ii) the equity value of Umpqua using the midpoint value determined in J.P. Morgan's dividend discount analysis described above in "Umpqua Dividend Discount Analysis" and (iii) the estimated present value of expense synergies, net of restructuring charges, as estimated by Umpqua management, less (y) the cash consideration to be received by the holders of Sterling common stock in the merger. The value creation analysis at the equivalent exchange ratio of 1.671 provided for in the merger indicated that the merger would create value for the holders of Umpqua common stock as compared to the standalone equity value of Umpqua. There can be no assurance, however, that the synergies and transaction-related expenses will not be substantially greater or less than those estimated by Umpqua management and described above.

General

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed is identical to Umpqua or Sterling, and none of the selected transactions reviewed was identical to the merger. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan's analysis, may be considered similar to those of Umpqua or Sterling, as applicable. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of J.P. Morgan's analysis, may be considered similar to the merger. The analyses necessarily involve complex considerations and judgments

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concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Umpqua or Sterling, as applicable.

The opinion of J.P. Morgan was one of the many factors taken into consideration by Umpqua's board of directors in making its determination to approve the merger. The analyses of J.P. Morgan as summarized above should not be viewed as determinative of the opinion of the Umpqua board of directors with respect to the value of Sterling, or of whether the Umpqua board of directors would have been willing to agree to different or other forms of consideration.

J.P. Morgan's Compensation and Other Relationships

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise Umpqua with respect to the merger on the basis of such experience and its familiarity with Umpqua.

For financial advisory services rendered in connection with the merger, Umpqua has agreed to pay J.P. Morgan a fee of \$11,300,000, \$9,300,000 of which is payable only if the merger is consummated. In addition, Umpqua has agreed to reimburse J.P. Morgan for certain expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan for certain liabilities, including liabilities arising under the federal securities laws.

During the two years preceding the date of the J.P. Morgan opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with Umpqua, for which it has received no compensation, and Warburg Pincus, which, through an affiliated fund (Warburg Pincus Private Equity X, L.P.), is one of the major shareholders of Sterling, for which J.P. Morgan and its affiliates have received customary compensation. Such services during such period have included acting as M&A financial advisor to Umpqua in connection with its acquisition of Financial Pacific Leasing, Inc. in July 2013; as lead left bookrunner for Warburg Pincus in connection with the 12.5 million share sell-down of Laredo Petroleum Holdings, Inc. in October 2012; and as agent and joint lead arranger on a \$845 million credit facility of Warburg Pincus Private Equity IX, L.P. Moreover, during this two-year period J.P. Morgan and its affiliates have had commercial and/or investment banking relationships with portfolio companies of certain of the major shareholders of Sterling, namely Warburg Pincus and THL, which portfolio companies are not otherwise related to Sterling, for which J.P. Morgan and its affiliates have received customary compensation. Such relationships have included acting as lead bookrunner, as joint bookrunner, as passive joint bookrunner, as agent and as arranger for such portfolio companies. In addition, J.P. Morgan's commercial banking affiliate is an agent bank and a lender under outstanding credit facilities of such portfolio companies, for which it receives customary compensation or other financial benefits. During the two years preceding the date of the J.P. Morgan opinion, neither J.P. Morgan nor its affiliates have had any material commercial or investment banking relationships with Sterling. In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of Umpqua or Sterling for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

Certain Unaudited Prospective Financial Information

Sterling and Umpqua do not as a matter of course publicly disclose forecasts or internal projections as to future performance, revenues, earnings, financial condition or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the negotiation and review of the merger agreement, Sterling's management prepared a forecast for Sterling's 2013 earnings and Umpqua's management prepared a forecast for Umpqua's 2013 earnings (which we refer to as the "Sterling 2013 earnings forecast" and the "Umpqua 2013

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earnings forecast," respectively), each of which contain unaudited prospective financial information on a standalone, pre-merger basis. Sterling believes that the assumptions that its management used as a basis for the Sterling 2013 earnings forecast were reasonable at the time management prepared the applicable forecasts, taking into account the relevant information available to management at the time. Umpqua believes that the assumptions that its management used as a basis for the Umpqua 2013 earnings forecast were reasonable at the time management prepared the applicable forecasts, taking into account the relevant information available to management at the time. Each of the Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast was made available to Umpqua's financial advisor, J.P. Morgan, and Sterling's financial advisor, Sandler O'Neill. The Umpqua 2013 earnings forecast consisted of Umpqua management's judgment, which was generally consistent with median analyst estimates, that Umpqua would generate between \$0.93 and \$0.95 of operating earnings per share on a standalone basis. The Sterling 2013 earnings forecast consisted of Sterling management's judgment, which was generally consistent with median analyst estimates, that Sterling would generate \$100 million of net income on a standalone basis. The Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast were not prepared with a view toward public disclosure and the inclusion of the Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast in this joint proxy statement/prospectus should not be regarded as an indication that Sterling, Umpqua or any other recipient of the Sterling 2013 earnings forecast or Umpqua 2013 earnings forecast considered, or now considers, them to be necessarily predictive of actual future results. None of Sterling, Umpqua, their advisors nor any of their respective affiliates assumes any responsibility for the accuracy of the Sterling 2013 earnings forecast or the Umpqua 2013 earnings forecast. The Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast were not prepared with a view toward complying with the guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of financial information. None of Sterling's current independent registered public accounting firm, KPMG LLP, Umpqua's current independent registered public accounting firm, Moss Adams LLP, Financial Pacific Holdings, LLC's independent auditors, Deloitte & Touche LLP, nor any other independent accountants, has compiled, examined or performed any procedures with respect to the forecasts included below, expressed any opinion or any other form of assurance on, or assumed any responsibility for, such information or its achievability, and each of the foregoing named independent registered public accounting firms disclaims any association with such information.

The Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast reflect numerous estimates and assumptions made by Sterling and Umpqua, respectively, with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to Sterling's and Umpqua's respective businesses, all of which are difficult to predict and many of which are beyond Sterling's and Umpqua's respective control. The Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast also reflect assumptions as to certain business decisions that are subject to change. The Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast reflect subjective judgments in many respects and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast constitute forward-looking information and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such prospective information, including, but not limited to, Sterling's and Umpqua's performance, industry performance, general business and economic conditions, customer requirements, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in the section entitled "Cautionary Statement Regarding Forward-Looking Statements." None of Sterling, Umpqua nor any of their financial advisors nor any of their affiliates intends to, and each of them disclaims any obligation to, update, revise or correct the Sterling 2013 earnings forecast or the Umpqua 2013 earnings forecast if they are or become inaccurate (even in the short term). The inclusion of the Sterling 2013 earnings forecast and the Umpqua 2013 earnings forecast herein should not be deemed an admission or representation by Sterling or Umpqua that they are viewed by Sterling or Umpqua as material information of Sterling or

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Umpqua, respectively, particularly in light of the inherent risks and uncertainties associated with such forecasts.

Board of Directors and Management of Umpqua after the Merger

At the effective time of the merger, the number of directors on the board of directors of the combined company will be 13, of which one will be Raymond P. Davis, the current President and Chief Executive Officer of Umpqua, eight will be existing members of Umpqua's board of directors who will be independent from the combined company under the listing rules of the NASDAQ, up to two will be directors designated pursuant to the investor letter agreements, and four less the number of directors either (1) designated pursuant to the investor letter agreements or (2) if not so designated, retained as a contractual right to be designated under the investor letter agreements and not irrevocably and permanently waived prior to the effective time of the merger, will be chosen by Sterling's existing board of directors from a list that was mutually agreed upon by Umpqua and Sterling prior to the entry into the merger agreement. The members of the Sterling board of directors on the list are Robert C. Donegan, Maria M. Pope, C. Webb Edwards, Ellen R. M. Boyer, Robert H. Hartheimer and Michael F. Reuling, although Umpqua and Sterling are permitted to add names to the list by mutual consent at any time prior to the merger. Umpqua has also agreed to nominate for reelection each of the directors chosen by Sterling's existing board at each Umpqua annual shareholder meeting held before Umpqua's 2016 annual shareholder meeting. The chairperson of the board of directors of the combined company will be the existing chairperson of the board of directors of Umpqua.

Also at the effective time, Mr. Davis will serve as Chief Executive Officer of the combined company and J. Gregory Seibly, the current President and Chief Executive Officer of Sterling, and Cort L. O'Haver, the current Senior Executive Vice President of Umpqua and Umpqua Bank, will each serve as a Senior Executive Vice President of Umpqua and a Co-President of Umpqua Bank.

Interests of Sterling's Directors and Executive Officers in the Merger

Sterling shareholders should be aware that some of Sterling's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of Sterling shareholders generally. Sterling's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to adopt the merger agreement, and in recommending that Sterling shareholders vote in favor of approving the merger agreement.

Equity Interests of Directors and Executive Officers

Stock Options

At the effective time of the merger, each option to purchase shares of Sterling common stock outstanding immediately prior to the effective time (except for certain options with an exercise price significantly in excess of the value of the merger consideration, which Sterling will use commercially reasonable efforts to cancel prior to the effective time) will be converted into an option to purchase Umpqua common stock on the same terms and conditions as were applicable prior to the merger, except that (1) the number of shares of Umpqua common stock subject to the new option will be equal to the product of the number of shares of Sterling common stock subject to the existing Sterling stock option and the equity exchange ratio (rounding fractional shares down to the nearest whole share), and (2) the exercise price per share of Umpqua common stock under the new option will be equal to the exercise price per share of the existing Sterling stock option divided by the equity exchange ratio (rounded up to the nearest whole cent). If a Sterling executive officer is terminated without cause or voluntarily resigns for good reason (as defined in the applicable equity plans) or a director's status as a director of Sterling or a successor corporation is terminated other than upon a voluntary resignation (including by failure to serve on the Umpqua board of directors), in each case within one year following the merger, each converted option (other than a converted option in respect of a new stock option granted prior to the effective time of the merger, as described below) held by the executive officer or director will become fully vested.

Table of Contents*Restricted Stock Units*

At the effective time of the merger, each restricted stock unit with respect to Sterling common stock outstanding immediately prior to the effective time will be converted into a restricted stock unit with respect to a number of shares of Umpqua common stock equal to the product of the number of shares of Sterling common stock subject to the Sterling restricted stock unit and the equity exchange ratio, on the same terms and conditions as were applicable prior to the merger. If a Sterling executive officer is terminated without cause or voluntarily resigns for good reason (as defined in the applicable equity plans) or a director's status as a director of Sterling or a successor corporation is terminated other than upon a voluntary resignation (including by failure to serve on the Umpqua board of directors), in each case within one year following the merger, each converted restricted stock unit (other than a converted restricted stock unit in respect of a new restricted stock unit granted prior to the effective time of the merger, as described below) held by the executive officer or director will become fully vested.

The following table sets forth the number of Sterling stock options and restricted stock units held by each director and executive officer of Sterling as of December 2, 2013. The following table assumes that Sterling's directors and executive officers will not sell or acquire any shares of Sterling common stock or equity awards following the date of this proxy statement.

Name	Stock Options(1)		Restricted Stock Units
	Vested	Unvested	
J. Gregory Seibly	0	19,702(2)	53,298(7)
Patrick J. Rusnak	0	7,005(2)	21,414(8)
Ezra A. Eckhardt	0	8,231(2)	27,387(9)
David S. DePillo	0	8,406(2)	46,642(10)
Andrew J. Schultheis	0	6,304(2)	11,713(11)
Steven D. Hauschild	61(3)	5,464(2)	14,964(12)
Robert G. Butterfield	76(3)	0	6,878(13)
Howard P. Behar	0	2,626(4)	1,608(14)
Leslie S. Biller	70,522(5)	70,522(5)	0
David A. Coulter	0	2,626(4)	1,608(14)
William L. Eisenhart	0	2,626(4)	1,608(14)
Michael F. Reuling	0	2,626(4)	1,608(14)
Joshua D. Bresler	0	2,026(6)	1,303(14)
Paula E. Boggs	0	1,817(6)	1,169(14)
Ellen R.M. Boyer	0	2,626(4)	1,608(14)
Robert C. Donegan	0	2,626(4)	1,608(14)
C. Webb Edwards	0	2,626(4)	1,608(14)
Robert H. Hartheimer	0	2,626(4)	1,608(14)
Maria M. Pope	0	1,817(6)	1,169(14)

- (1) Does not include certain options held by Messrs. Seibly, Hauschild, Butterfield, Eisenhart, Reuling and Donegan with exercise prices significantly in excess of the value of the merger consideration, which Sterling will use commercially reasonable efforts to cancel prior to the effective time of the merger.
- (2) Option exercise price equals \$21.76. Options scheduled to vest in equal installments on 4/29/14 and each of the following three anniversaries thereof.
- (3) Option exercise price equals \$122.10.
- (4) Option exercise price equals \$21.76. Options scheduled to vest in full on 4/1/14.

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- (5) Option exercise price equals \$21.47. Unvested options scheduled to vest in equal installments on 12/31/13, 6/30/14 and 12/31/14.
- (6) Option exercise price equals \$26.04. Options scheduled to vest in full on 4/1/14.
- (7) 4,546 RSUs scheduled to vest on 1/28/14; 21,054 RSUs scheduled to vest on 3/13/14; 7,018 RSUs scheduled to vest on 3/13/15; 5,170 RSUs scheduled to vest on 4/29/14 and each of the following three anniversaries thereof.
- (8) 2,823 RSUs scheduled to vest on 2/16/14; 8,429 RSUs scheduled to vest on 3/13/14; 2,810 RSUs scheduled to vest on 3/13/15; 1,838 RSUs scheduled to vest on 4/29/14 and each of the following three anniversaries thereof.
- (9) 3,762 RSUs scheduled to vest on 1/28/14; 11,240 RSUs scheduled to vest on 3/13/14; 3,746 RSUs scheduled to vest on 3/13/15; 2,159 RSUs scheduled to vest on 4/29/14 and each of the following three anniversaries thereof.
- (10) 16,249 RSUs scheduled to vest 3/13/14; 21,569 RSUs scheduled to vest 3/13/15; 2,205 RSUs scheduled to vest on 4/29/14 and each of the following three anniversaries thereof.
- (11) 1,387 RSUs scheduled to vest on 6/8/14; 1,236 RSUs scheduled to vest on 3/13/14 and each of the following two anniversaries thereof; 1,654 RSUs scheduled to vest on 4/29/14 and each of the following three anniversaries thereof.
- (12) 4,233 RSUs scheduled to vest on 12/14/13; 3,747 RSUs scheduled to vest on 3/13/14; 1,249 RSUs scheduled to vest on 3/13/15; 1,433 RSUs scheduled to vest on 4/29/14 and each of the following three anniversaries thereof.
- (13) 2,391 RSUs scheduled to vest on 12/14/13; 530 RSUs scheduled to vest on 3/13/14 and each of the following two anniversaries thereof; 723 RSUs scheduled to vest on 4/29/14 and each of the following three anniversaries thereof.
- (14) RSUs scheduled to vest in full on 4/1/14.

New Equity Awards

Prior to the effective time of the merger, the compensation and governance committee of Sterling's board of directors may grant (1) up to \$5.7 million of equity award compensation in the ordinary course of business, consistent with past practice, and (2) up to \$2 million of equity award compensation on terms and conditions determined by Sterling's compensation and governance committee. A substantial portion of the \$2 million equity pool may be granted to Sterling's named executive officers who will continue employment with Umpqua following the merger, with the balance granted to other key Sterling executives who will continue employment with Umpqua following the merger. It is expected that grants with respect to both the \$5.7 million and the \$2 million equity pools will be made by the Sterling compensation and governance committee prior to the consummation of the merger. The merger shall not be considered a change in control under the terms of new equity awards granted prior to the effective time of the merger.

Change in Control Severance Plan

Mr. Rusnak, Sterling's Chief Financial Officer, and Mr. Butterfield, Sterling's Senior Vice President, Controller and Principal Accounting Officer, are eligible for certain payments and benefits under the Sterling Change in Control Plan. Although each other Sterling executive officer is currently a participant in the Sterling Change in Control Plan, new employment agreements entered into with Umpqua (as described below) will supersede the Sterling Change in Control Plan (and the benefits provided thereunder) for such executive officers. The Sterling Change in Control Plan provides for

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benefits if the executive officer's employment is involuntarily terminated by Sterling or if the executive officer is constructively discharged (generally, a decrease in total direct compensation at target (sum of base salary, target bonus and grant date value of long-term awards), a material diminution in authority, duties or responsibilities or relocation to an office more than 50 miles from current office location) within 24 months following a transaction such as the merger. Benefits under the Sterling Change in Control Plan are calculated based on (1) a multiple (24 months in the case of Mr. Rusnak and 18 months in the case of Mr. Butterfield) of monthly base compensation and target bonus, (2) the cost for a specified period (18 months for Mr. Rusnak and 18 months for Mr. Butterfield) of COBRA continuation coverage minus the then current employee portion of premiums for the same benefit, (3) a bonus payment for the year of termination prorated through the date of termination of employment and (4) outplacement services. The Sterling Change in Control Plan benefits are generally contingent on the executive officer's execution of a release of claims, protection of confidential information and compliance with non-competition and non-solicitation covenants with a duration equal to half of the monthly benefits multiple. Sterling Change in Control Plan payments are subject to forfeiture and clawback if the executive officer breaches the post-employment covenants as well as a voluntary cut back (at the election of the executive) to avoid the imposition of a golden parachute excise tax under Section 4999 of the Internal Revenue Code.

The amounts of the payments that would have been payable to each of Messrs. Gregory J. Seibly, David S. DePillo, Ezra A. Eckhardt, Steven D. Hauschild and Andrew J. Schultheis under the Sterling Change in Control Plan (assuming the merger is consummated on March 31, 2014 and that each such executive officer's employment is terminated immediately thereafter on a basis entitling him to severance payments) had he not entered into a new employment agreement with Umpqua (superseding rights under the Sterling Change in Control Plan) are as follows: Seibly \$3,549,065; DePillo \$1,370,060; Eckhardt \$2,227,508; Hauschild \$883,909; and Schultheis \$965,508.

New Employment Agreements

In connection with the execution of the merger agreement, Umpqua entered into employment agreements with five executive officers of Sterling: Messrs. Seibly, DePillo, Eckhardt, Hauschild and Schultheis. As described below, these agreements set forth the terms and conditions of each such individual's employment relationship with Umpqua following the effective time of the merger and will be effective upon and subject to the completion of the merger. When effective, the agreements with the Sterling individuals will also supersede and replace any prior employment, retention, pre-existing change of control or other similar agreement with such individuals, including the Sterling Change in Control Plan.

Employment Agreement with Mr. Seibly

Mr. Seibly's employment agreement, which expires on the second anniversary of the effective date of the merger, provides that he will serve as Senior Executive Vice President of Umpqua and Co-President of Umpqua Bank. Under the employment agreement, Mr. Seibly will receive an annual base salary of \$565,000 and be eligible for an annual target bonus of 85% of his annual base salary and be eligible to participate in Umpqua's employee benefit plans on the same basis as similarly situated employees of Umpqua.

In settlement of Mr. Seibly's benefits under the Sterling Change in Control Plan, Mr. Seibly will be entitled to a cash payment within 10 days following the effective date of the merger of \$2,129,439. In addition, upon the effective date of the merger, Mr. Seibly will receive a retention award of restricted Umpqua common stock with a grant date value of \$1,419,626, which will vest, subject to Mr. Seibly's continued employment, upon the second anniversary of the effective date of the merger or upon any earlier termination of employment due to death, disability, termination without cause or termination for good reason (as such terms are defined in the employment agreement). Mr. Seibly is also eligible for a

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retention bonus of \$452,000 if he remains employed through the second anniversary of the effective date of the merger.

If Mr. Seibly's employment were terminated without cause or for good reason during the term of the employment agreement, subject to the execution of a release of claims, in addition to accelerated vesting of the retention award, he would be entitled to severance benefits in the form of continued base salary for a period equal to the greater of (1) nine months base salary and (2) two weeks base salary per year of service with Umpqua.

Mr. Seibly's employment agreement contains a noncompetition covenant that ends on the later of (1) the second anniversary of the effective date of the merger and (2) the completion of the period during which severance benefits are payable (if any), covenants concerning nonsolicitation of customers and employees that end on the second anniversary of the effective date of the merger and a perpetual confidentiality covenant. The retention award is subject to a clawback if Mr. Seibly breaches the noncompetition covenant and Umpqua may cease payment of the severance benefits if Mr. Seibly breaches any of the restrictive covenants. In addition, if payments to Mr. Seibly under his employment agreement or otherwise would be subject to the golden parachute excise tax under Section 4999 of the Code, they will be reduced to the greatest amount that would not be subject to such taxes.

Employment Agreements with Other Executive Officers

Each of the employment agreements with Messrs. DePillo, Eckhardt, Hauschild and Schultheis will expire on the second anniversary of the effective date of the merger and provides that the executive officer will serve as an Executive Vice President of Umpqua Bank. Under their employment agreements, Messrs. DePillo and Eckhardt will receive an annual base salary of \$400,000 and be eligible for an annual target bonus of 60% of their annual base salary and Messrs. Hauschild and Schultheis will receive an annual base salary of \$275,000 and be eligible for an annual target bonus of 50% of their annual base salary. In addition, each executive officer will be eligible to participate in Umpqua's employee benefit plans on the same basis as similarly situated employees of Umpqua.

In settlement of the executive officers' benefits under the Sterling Change in Control Plan, they will be entitled to a cash payment within 10 days following the effective date of the merger in the following amounts: Mr. DePillo \$822,036; Mr. Eckhardt \$1,336,505; Mr. Hauschild \$530,345; and Mr. Schultheis \$579,305. In addition, upon the effective date of the merger, each executive officer will receive a retention award of restricted Umpqua common stock with a grant date value in the following amounts: Mr. DePillo \$548,024; Mr. Eckhardt \$891,003; Mr. Hauschild \$353,564; and Mr. Schultheis \$386,203. The retention award will vest, subject to the executive officer's continued employment, upon the second anniversary of the effective date of the merger or upon any earlier termination of employment due to death, disability, termination without cause or termination for good reason (as such terms are defined in the employment agreement). Mr. Eckhardt is also eligible for a retention bonus of \$320,000 if he remains employed through the second anniversary of the effective date of the merger.

The executive officers' employment agreement contains severance terms, a golden parachute excise tax cut back and restrictive covenants substantially comparable to those contained in Mr. Seibly's employment agreement, except the noncompetition covenant ends on the later of (1) the first anniversary of the effective date of the merger and (2) the completion of the period during which severance benefits are payable (if any).

Leslie S. Biller Letter Agreement dated January 25, 2013

Sterling and Mr. Biller entered into a letter agreement (the "Biller Letter") dated January 25, 2013 that sets forth certain terms of Mr. Biller's service as chairman of the Sterling board of directors through December 31, 2014. The Biller Letter provides for a \$150,000 annual retainer for service as chairman of the Sterling board of directors, a \$10,000 retainer for service as chairman of the

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compensation and governance committee, and additional annual compensation of \$1,000,000, payable 50% in cash and 50% in Sterling stock options (the cash portion is payable in quarterly installments beginning March 31, 2013; the stock options have been granted). In the event Mr. Biller ceases to serve on the Sterling board of directors, other than as a result of termination for cause (as defined in the Sterling Change in Control Plan) or voluntary resignation, all remaining payments provided under the Biller Letter become due and all stock options granted thereunder become vested and exercisable. If the merger were consummated on March 31, 2014 and Mr. Biller does not serve on the Umpqua board of directors following that date, the cash payment would equal \$375,000 and the intrinsic value of the accelerated stock options would equal \$515,516 (based on a price per share of Sterling common stock of \$28.78, the average closing price of Sterling common stock on the five days following the announcement of the merger).

Service on the Umpqua Board of Directors

The members of Sterling's board of directors who will serve on Umpqua's board of directors have not yet been determined by Sterling's board of directors. Such members will be selected from a list that was mutually agreed upon by Umpqua and Sterling prior to the entry into the merger agreement. Each of these directors will receive the compensation provided to Umpqua directors from time to time. Umpqua directors currently receive a quarterly retainer of \$12,500 (which amount may be higher for a director who serves as the chair of the board or a committee), an annual grant of restricted stock awards with a value of approximately \$15,000 (which vest on the first anniversary of the grant date, subject to continued service through such date) and a participation fees of \$1,000 for each committee meeting attended. At least 70% of director compensation, excluding the restricted stock awards, is payable in Umpqua stock.

Failure to Serve on the Umpqua Board of Directors

If members of Sterling's board of directors do not serve on Umpqua's board of directors following the merger, the vesting of restricted stock units and stock options held by such directors will accelerate. If none of the members of Sterling's board of directors serve on Umpqua's board of directors, the aggregate value of restricted stock units and the intrinsic value of stock options subject to accelerated vesting would equal \$1,669,030 (based on a price per share of Sterling common stock of \$28.78, the average closing price of Sterling common stock on the five days following the announcement of the merger).

Quantification of Potential Payments to Sterling's Named Executive Officers in Connection with the Merger

This section sets forth the information required by Item 402(t) of Regulation S-K regarding the compensation that will or may become payable to Sterling's "named executive officers" (as defined under under SEC disclosure rules) that is based on or otherwise relates to the merger. The Sterling shareholders are being asked to approve, on a non-binding, advisory basis, such compensation for these executive officers (see "Advisory Vote on Named Executive Officer Merger-Related Compensation Arrangements" beginning on page []). Because the vote to approve such compensation is advisory only, it will not be binding on either Umpqua or Sterling. Accordingly, if the merger is completed, the compensation will be paid (or payable) regardless of the outcome of the vote to approve such compensation, subject only to the conditions applicable thereto, which are described below.

The amounts indicated below are estimates of amounts that would be payable if the merger were consummated on March 31, 2014 and assuming that the employment of the named executive officers were terminated immediately thereafter on a basis entitling them to severance payments. Some of these assumptions are based on information not currently available and, as a result, the actual amounts, if any, to be received by the named executive officers may differ in material respects from the amounts set forth below. See the footnotes to the table for additional information.

Table of Contents**Golden Parachute Compensation**

Name	Cash(1)	Equity(2)	Pension/ NQDC(3)	Perquisites/ Benefits(4)	Tax Reimbursement(5)	Other(6)	Total(7)
J. Gregory J. Seibly	\$ 423,750	\$ 2,355,082				\$ 2,129,439	\$ 4,908,271
Patrick J. Rusnak	\$ 1,171,875	\$ 341,637		\$ 33,008			\$ 1,546,520
Ezra A. Eckhardt	\$ 300,000	\$ 1,305,225				\$ 1,336,505	\$ 2,941,730
David S. DePillo	\$ 300,000	\$ 1,760,680				\$ 822,036	\$ 2,882,716
Andrew J. Schultheis	\$ 206,250	\$ 731,956				\$ 579,305	\$ 1,517,511

(1)

As further described under "The Merger Interests of Sterling's Directors and Executive Officers in the Merger New Employment Agreements" beginning on page [], in the event any of Messrs. Seibly, Eckhardt, DePillo or Schultheis were terminated without cause or resign for good reason following the merger and during the term of the employment agreements with Umpqua, subject to the execution of a release of claims and compliance with certain restrictive covenants, the executive officer would be entitled to severance benefits in the form of continued base salary for a period equal to the greater of (1) nine months base salary and (2) two weeks base salary per year of service with Umpqua. These payments would be made in equal installments over the number of months of continued base salary.

As further described under "The Merger Interests of Sterling's Directors and Executive Officers in the Merger Change in Control Severance Plan" beginning on page [], if Mr. Rusnak is involuntarily terminated by Umpqua or if he were constructively discharged within 24 months following the merger, subject to the execution of a release of claims and compliance with certain restrictive covenants, he would receive 24 months of monthly base compensation and target bonus and a bonus payment for the year of termination prorated through the date of termination of employment. This payment would be made in a lump sum within 60 days following termination of employment.

(2)

Pursuant to the terms of Sterling's equity plans, Sterling stock options and restricted stock units held by the named executive officers that are converted in the merger into Umpqua stock options and restricted stock units (other than converted Umpqua stock options and restricted stock units in respect of new stock options and restricted stock units granted prior to the effective time of the merger) would fully vest if the named executive officer were terminated without cause or resigned for good reason within one year following the merger. In respect to such equity awards, the value above reflects the intrinsic value of in-the-money stock options and the value of restricted stock units for which vesting would be accelerated, in each case based on a price per share of Sterling common stock of \$28.78 (the average closing price of Sterling common stock on the five days following the announcement of the merger).

In the event any of Messrs. Seibly, Eckhardt, DePillo or Schultheis were terminated without cause or resigns for good reason within two years following the merger, his retention award of Umpqua restricted common stock would fully vest, as provided in the new Umpqua employment agreements described above. For purposes of the value above, the restricted stock is valued for this purpose based on the grant date fair value of the award.

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The following table provides a breakdown of the value in the table above attributable to Sterling stock options, Sterling restricted stock units and Umpqua restricted stock:

	Sterling Stock Options	Sterling Restricted Stock Units	Umpqua Restricted Stock
Gregory J. Seibly	\$ 138,308	\$ 797,148	\$ 1,419,626
Patrick J. Rusnak	\$ 49,175	\$ 292,462	
Ezra A. Eckhardt	\$ 57,782	\$ 356,440	\$ 891,003
David S. DePillo	\$ 59,010	\$ 1,153,646	\$ 548,024
Andrew J. Schultheis	\$ 44,254	\$ 301,499	\$ 386,203

- (3) None of the named executive officers will become eligible for pension or nonqualified deferred compensation benefit enhancements as a result of the proposed transaction.
- (4) \$28,008 reflects the cost of COBRA continuation coverage for 18 months minus the employee portion of premiums for the same benefit and \$5,000 reflects the value of outplacement services available to Mr. Rusnak. The COBRA continuation payment will be made in a lump sum within 60 days following termination of employment.
- (5) None of the named executive officers will become eligible for any tax reimbursements as a result of the proposed transaction.
- (6) Reflects the payment to be made under the new Umpqua employment agreements, within 10 days following the effective time of the merger, in settlement of any right to payments under the Sterling Change in Control Plan. This payment is the only single trigger payment payable to the named executive officers.
- (7) The amounts set forth in the table above are subject to automatic cutback under the new Umpqua employment agreements and voluntary cutback under the Sterling Change in Control Plan to an amount that would not subject the named executive officer to an excise tax under Section 4999 of the Internal Revenue Code.

As the table above assumes termination of employment immediately following the merger, the totals for Messrs. Seibly and Eckhardt do not reflect the retention bonus of \$452,000 and \$320,000, respectively, that would be payable to each such executive officer if he remained employed by Umpqua on the second anniversary of the effective date of the merger.

Amendment to Umpqua's Articles of Incorporation

At the Umpqua special meeting, Umpqua shareholders will be asked to approve an amendment to Umpqua's restated articles of incorporation to increase the number of authorized shares of no par value common stock from 200,000,000 to 400,000,000. The full text of the form of proposed amendment is attached as Annex F to this joint proxy statement/prospectus.

It is a condition to completion of the merger that Umpqua shareholders approve the articles amendment proposal. As of the record date, there were 112,001,584 shares of Umpqua common stock issued and outstanding, 980,789 shares of Umpqua common stock reserved for issuance upon the exercise of Umpqua stock options and 133,284 shares of Umpqua common stock reserved for issuance upon settlement of Umpqua restricted stock units, leaving 286,884,343 shares available to be issued. Based on the number of shares of Sterling common stock, Sterling stock options, Sterling restricted stock units, and warrants to purchase Sterling common stock outstanding as of the record date, approximately 117,308,302 shares of Umpqua common stock will be issued (or in the case of the Sterling warrants, reserved for issuance) in the merger.

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The additional 200,000,000 shares authorized would be a part of the existing class of common stock and, if and when issued, would have the same rights and privileges as the shares of Umpqua common stock presently issued and outstanding. Holders of Umpqua common stock do not have preemptive rights to acquire additional shares of Umpqua common stock. Accordingly, following the merger, the combined company will have approximately 169,576,041 authorized but unissued shares.

As noted above, approval of the articles amendment proposal is a condition to completion of the merger. In addition to being necessary for Umpqua to issue the stock portion of the merger consideration, Umpqua's board of directors chose to propose an increase of 200,000,000 (in excess of the number required to authorize all of the shares to be issued in the merger) authorized shares to maintain Umpqua's flexibility in responding to future business and financing needs and opportunities. Specifically, Umpqua's board of directors believes that the increased number of authorized shares of common stock contemplated by the proposed amendment is important to the combined company in order that additional shares be available for issuance from time to time, without further action or authorization by the shareholders (except as required by law), if needed for such corporate purposes as may be determined by the Umpqua board of directors. Such corporate purposes might include: the acquisition of other businesses in exchange for shares of Umpqua's common stock; facilitating broader ownership of Umpqua's common stock by effecting stock splits or issuing a stock dividend; flexibility for possible future financings, including taking prompt advantage of market conditions without the delay associated with seeking additional shareholder approval; and attracting and retaining valuable employees and directors by the issuance of additional share-based awards. The Umpqua board of directors considers the authorization of additional shares advisable to ensure prompt availability of shares for issuance should the occasion arise. Furthermore, the increase in authorized shares to 400,000,000 is expected to result in a similar ratio of authorized shares to outstanding shares immediately after the merger (approximately 1.7 to 1) as Umpqua has as of the record date (approximately 1.8 to 1). Other than the shares to be issued in connection with the merger, Umpqua has no immediate plans, nor are there any existing or proposed agreements or understandings, to issue any of the additional shares of common stock other than pursuant to Umpqua's current equity incentive plans.

Public Trading Markets

Umpqua common stock is listed for trading on the NASDAQ Global Select Market under the symbol "UMPQ," and Sterling common stock is listed on the NASDAQ Capital Market under the symbol "STSA." Upon completion of the merger, Sterling common stock will no longer be quoted on the NASDAQ Capital Market or any other market.

Under the merger agreement, Umpqua will cause the shares of Umpqua common stock to be issued in the merger to be approved for listing on the NASDAQ Global Select Market, subject to notice of issuance, and the merger agreement provides that neither Umpqua nor Sterling will be required to complete the merger if such shares are not authorized for listing on the NASDAQ Global Select Market, subject to notice of issuance.

Umpqua's Dividend Policy

No assurances can be given that any dividends will be paid by Umpqua or that dividends, if paid, will not be reduced in future periods. Dividends from Umpqua will depend, in large part, upon receipt of dividends from Umpqua Bank, and any other banks which Umpqua acquires, because Umpqua will have limited sources of income other than dividends from Umpqua Bank and earnings from the investment of proceeds from the sale of shares of common stock retained by Umpqua. In addition, the terms of Umpqua's outstanding junior subordinated debentures prohibit Umpqua from declaring or paying dividends on its common stock if it is aware of any event that would be an event of default under the indenture governing those junior subordinated debentures or at any time that Umpqua has deferred payment of interest on those debentures.

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Umpqua's board of directors may change its dividend policy at any time, and the payment of dividends by banks and financial holding companies is generally subject to legal and regulatory limitations. For further information on Umpqua's dividend history, see "Comparative Market Prices and Dividends."

Dissenters' Rights in the Merger

Under chapter 23B.13 of the WBCA, Sterling shareholders who do not wish to accept the merger consideration provided for in the merger agreement, and do not vote for the approval of the merger agreement, have the right to receive payment in cash for the fair value of their shares of Sterling common stock in lieu of the merger consideration to be paid in the merger, together with interest. These rights are known as dissenters' rights. Sterling shareholders who elect to assert dissenters' rights must not vote in favor of the Sterling merger proposal and must comply with the provisions of chapter 23B.13 of the WBCA, in order to perfect their rights. Strict compliance with the statutory procedures in chapter 23B.13 of the WBCA is required. **Failure to follow precisely any of the statutory requirements will result in the loss of such shareholder's dissenters' rights.**

This section is intended as a brief summary of the material provisions of the Washington statutory procedures that a shareholder must follow in order to properly demand and perfect dissenters' rights. This summary, however, is not intended as a complete statement of all applicable requirements, and is qualified in its entirety by reference to chapter 23B.13 of the WBCA, the full text of which appears in Annex G to this joint proxy statement/prospectus. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that shareholders assert their dissenters' rights under chapter 23B.13 of the WBCA. All references in this summary to a "shareholder" or "you" are to the record holder of shares of Sterling common stock unless otherwise indicated.

Chapter 23B.13 of the WBCA requires that where a merger agreement is to be submitted for approval at a meeting of shareholders, the shareholders must be notified not less than twenty days before the meeting to vote on the merger that dissenters' rights will be available. A copy of chapter 23B.13 of the WBCA must be included with such notice. This joint proxy statement/prospectus constitutes Sterling's notice to its shareholders that dissenters' rights are available in connection with the merger, in compliance with the requirements of chapter 23B.13 of the WBCA. If you wish to consider asserting your dissenters' rights, you should carefully review the text of chapter 23B.13 of the WBCA contained in Annex G. Failure to comply timely and properly with the requirements of chapter 23B.13 of the WBCA will result in the loss of your dissenters' rights under the WBCA.

If you wish to assert dissenters' rights for your shares of Sterling common stock, you must (1) deliver to Sterling, before the vote on the merger at the Sterling special meeting, notice of your intent to demand payment for your shares of Sterling common stock if the merger is effected, (2) not vote such shares in favor of the merger and the merger agreement and (3) follow the statutory procedures for perfecting dissenters' rights under chapter 23B.13 of the WBCA.

If you fail to comply with these conditions and the merger is completed, you will be entitled to receive payment for your shares of Sterling common stock as provided for in the merger agreement, but you will have no dissenters' rights with respect to your shares of Sterling common stock. Voting against or failing to vote for the Sterling merger proposal by itself does not constitute notice of your intent to assert your dissenters' rights within the meaning of chapter 23B.13 of the WBCA. A proxy that is submitted and does not contain voting instructions will, unless revoked, constitute a vote in favor of the merger and the merger agreement, and it will constitute a waiver of your dissenters' rights. If you mark "ABSTAIN" on your proxy card, fail to either submit a proxy card or vote by telephone or internet or in person at the Sterling special meeting or fail to instruct your bank or broker how to vote with respect to the Sterling merger proposal, it will not constitute a waiver of your dissenters' rights. However, if you fail to deliver to Sterling notice of your intent to demand payment before the vote on the merger, such failure will have the effect of waiving your right to dissent. Therefore, a shareholder

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who submits a proxy and who wishes to assert dissenters' rights must either submit a proxy containing instructions to vote against the Sterling merger proposal or abstain from voting on the Sterling merger proposal.

All notice of your intent to assert your dissenters' rights should be addressed to Sterling Financial Corporation, Attention: Andrew J. Schultheis, General Counsel, Sterling Financial Corporation, 111 North Wall Street, Spokane, Washington 99201, and must be delivered before the vote is taken on the Sterling merger proposal at the Sterling special meeting, and should be executed by, or on behalf of, the record shareholders of Sterling common stock. Your notice should specify your name and mailing address, the number of shares of Sterling common stock you own, and that you intend to demand cash payment for your shares of Sterling common stock if the merger and the merger agreement are approved. Such notice must be separate from your proxy.

A shareholder who wishes to assert dissenters' rights generally must dissent with respect to all the shares the shareholder owns or over which the shareholder has power to direct the vote. However, if a record shareholder is a nominee for several beneficial shareholders some of whom wish to dissent and some of whom do not, then the record holder may dissent with respect to all the shares beneficially owned by any one person by delivering to Sterling a notice of the name and address of each person on whose behalf the record shareholder asserts dissenters' rights. To be effective, dissenters' rights must be made by, or in the name of, the record shareholder, fully and correctly, as the shareholder's name appears in Sterling's records or by the beneficial shareholder to the extent of the rights granted by a nominee certificate on file with Sterling. The beneficial shareholder may assert dissenters' rights directly by submitting to Sterling the record shareholder's written consent and by dissenting with respect to all the shares of which such shareholder is the beneficial shareholder or over which such shareholder has the power to direct the vote. **If you hold your shares of Sterling common stock through a bank, brokerage firm or other nominee and you wish to assert dissenters' rights, you should consult with your bank, brokerage firm or the other nominee to determine the appropriate procedures for the making of a demand for payment pursuant to dissenters' rights by the nominee.**

Within ten days after the effective time of the merger, the surviving corporation after the merger must give written notice that the merger has become effective to each of Sterling's shareholders who has properly delivered a written notice of intent to demand payment and who did not vote in favor of the Sterling merger proposal. The notice must:

state where the payment demand must be sent and where and when certificates for certificated shares must be deposited;

inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;

supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the merger and requires that the person asserting dissenters' rights certify whether or not the person acquired beneficial ownership of the shares before that date;

set a date by which the surviving corporation must receive the payment demand, which date may not be fewer than 30 nor more than 60 days after the date the notice is delivered; and

be accompanied by a copy of chapter 23B.13 of the WBCA.

If you wish to assert dissenters' rights, you must timely file the payment demand, certify whether you acquired beneficial ownership of the shares before the date set forth in the notice as the date of the first public announcement of the terms of the merger and deliver share certificates as required in the notice. Failure to give notice of your payment demand by the date set in the notice will cause you to lose your dissenters' rights. Your dissenters' rights to obtain payment of the fair value of your shares of Sterling common stock will terminate if your demand for payment is withdrawn with Sterling's consent. Dissenters who acquire shares after the date of the first public announcement of the terms of

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the merger are not entitled to immediate payment under Section 23B.13.270. The surviving corporation may, at its option, following delivery of dissenters' payment demands, make an offer of payment to such dissenters with payment conditioned on acceptance of such offer in full satisfaction of their claims.

Under section 23B.13.250 of the WBCA, within 30 days of the later of the effective time of the merger or the date the payment demand is received, the surviving corporation must pay each dissenter who complied with the payment demand and related requirements of section 23B.13.230 of the WBCA the amount the surviving corporation estimates to be the fair value of the shareholder's shares of Sterling common stock, plus accrued interest (other than dissenters who acquired shares of Sterling common stock after the date set forth in the dissenters' notice as the first announcement to the news media or to shareholders of the terms of the merger, if the surviving corporation elects to withhold payment as described below). The payment must be accompanied by:

Sterling's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

an explanation of how the surviving corporation estimated the fair value of the shares;

an explanation of how the interest was calculated;

a statement of the dissenters' right to submit his, her or its own estimate of the fair value of the dissenter's shares and demand payment under section 23B.13.280 of the WBCA; and

a copy of chapter 23B.13 of the WBCA.

The fair value of the dissenter's shares is the value of the shares immediately before the effective time of the merger, excluding any appreciation or depreciation in anticipation of the merger unless such exclusion would be inequitable. Accrued interest means interest from the effective time of the merger until the date of payment, at the average rate at which Sterling currently pays its principal bank loans.

Under section 23B.13.270 of the WBCA, the surviving corporation may elect to withhold payment from a dissenter unless the dissenter was the beneficial owner of the shares before the date set forth in the dissenters' notice as the date of the first announcement to news media or to shareholders of the terms of the merger. To the extent the surviving corporation elects to so withhold payment, after the effective time of the merger, the surviving corporation must estimate the fair value of the shares, plus accrued interest, and offer to pay this amount to each dissenter who agrees to accept such amounts in full satisfaction of the dissenter's demand. The surviving corporation must send with its offer an explanation of how it estimated the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenter's right to demand payment under section 23B.13.280 of the WBCA. If a dissenting shareholder does not accept the surviving corporation's offer, the dissenter is entitled to demand a judicial determination of the amounts and is entitled to payment of such amounts so determined at the end of the judicial proceedings.

Within 30 days of the surviving corporation's payment or offer of payment, a dissenting shareholder may deliver a notice of his, her or its own estimate of the fair value of such dissenter's shares and amount of interest due, and demand payment of his, her or its estimate, less any payment made under section 23B.13.250 of the WBCA, or reject the surviving corporation's offer under section 23B.13.270 of the WBCA and demand payment of the dissenter's estimate of the fair value of the dissenter's shares and interest due, if:

the dissenter believes that the amount paid under section 23B.13.250 of the WBCA or offered under section 23B.13.270 of the WBCA is less than the fair value of the dissenter's shares or that the interest due is incorrectly calculated;

the surviving corporation failed to make payment under section 23B.13.250 of the WBCA within 60 days after the date set for demanding payment; or

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Sterling and Umpqua do not effect the merger and do not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment.

If a dissenter wishes to submit his, her or its own estimate of the fair value of such dissenter's shares, such dissenter must deliver the notice and demand payment within 30 days after the surviving corporation made or offered payment for the dissenter's shares. Failure to do so will cause such dissenter to waive this right to demand payment.

If the surviving corporation does not accept the dissenter's estimate and the parties do not otherwise settle on a fair value, the surviving corporation must commence a proceeding within 60 days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the surviving corporation fails to petition an appropriate court within sixty days, it will be required to pay the dissenting shareholder's estimated fair value of Sterling common stock. As the surviving corporation is not a Washington corporation, it must commence the proceeding in the superior court of the county where its registered office is located. The registered office for Umpqua, as the surviving corporation in Washington is CT Corporation System, 505 Union Avenue SE, Suite 120, Olympia WA 98501 and accordingly, the proceeding will be in the superior court in Thurston County, Washington. The surviving corporation must make all dissenters whose demands remain unsettled parties to the proceeding as in an action against their shares and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

The surviving corporation may join as a party to the proceeding any shareholder who claims to be a dissenter but who has not, in the opinion of the surviving corporation, complied with the provisions of chapter 23B.13 of the WBCA. If the court determines that such shareholder has not complied with the provisions of chapter 23B.13 of the WBCA the shareholder will be dismissed as a party.

The jurisdiction of the court in which the proceeding is commenced under chapter 23B.13 of the WBCA is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the powers described in the order appointing them, or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

Each dissenter made a party to such proceeding is entitled to judgment for the amount, if any, by which the court finds the fair value of the dissenter's shares, plus interest, exceeds the amount paid by the surviving corporation, or the fair value, plus accrued interest, of the dissenter's after-acquired shares for which the surviving corporation elected to withhold payment.

The court will determine all costs of such proceeding and will assess such costs against the surviving corporation, including the reasonable compensation and expenses of appraisers appointed by the court, except to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under chapter 23B.13 of the WBCA. The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

against the surviving corporation and in favor of any or all dissenters if the court finds the corporation did not substantially comply with the requirements of sections 23B.13.200 through 23B.13.280 of the WBCA; or

against either the surviving corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by chapter 23B.13 of the WBCA.

If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the

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surviving corporation, the court may award to these counsel reasonable fees to be paid out of the amounts awarded the dissenters who were benefited.

Any shareholder who demanded dissenters' rights will not, after the effective time of the merger, be entitled to vote shares of Sterling common stock subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those shares of Sterling common stock, other than with respect to payment as of a record date prior to the effective time of the merger. However, if the shareholder fails to perfect or otherwise withdraws or loses such holder's dissenters' right, then the right of that shareholder to be paid the fair value of such holder's dissenting shares will cease and that shareholder will be entitled to receive the merger consideration (without interest and less any applicable withholding taxes) for his, her or its shares of Sterling common stock pursuant to the merger agreement. Failure to comply strictly with all of the procedures set forth in chapter 23B.13 of the WBCA will result in the loss of a shareholder's statutory dissenters' rights.

In view of the complexity of chapter 23B.13 of the WBCA, Sterling's shareholders who may wish to pursue dissenters' rights should consult their legal and financial advisors.

Regulatory Approvals Required for the Merger

Completion of the merger is subject to prior receipt of certain approvals and consents required to be obtained from applicable governmental and regulatory authorities, without certain conditions being imposed by any governmental authority as part of a regulatory approval that would reasonably be expected to have a material adverse effect on the surviving corporation and its subsidiaries, taken as a whole. Subject to the terms and conditions of the merger agreement, Umpqua and Sterling have agreed to use their reasonable best efforts and cooperate to promptly prepare and file all necessary documentation and to obtain as promptly as practicable all regulatory approvals necessary or advisable to complete the transactions contemplated by the merger agreement. These approvals include, among others, approval from the Federal Reserve Board, the FDIC and the Oregon Director. A notification to the Washington DFI is also required. Umpqua and Sterling have filed applications and notifications to obtain the required regulatory approvals.

Federal Reserve Board

The transactions contemplated by the merger agreement are subject to approval by the Board pursuant to the Bank Holding Company Act of 1956, as amended (which we refer to as the "BHC Act"). Umpqua has submitted an application pursuant to the BHC Act and Regulation Y seeking the prior approval of the Board for Sterling to merge with and into Umpqua. The Board takes into consideration a number of factors when acting on such applications. These factors include the financial and managerial resources (including consideration of the competence, experience, and integrity of the officers, directors, and principal shareholders, as well as the pro forma capital ratios) and future prospects of the combined organization. The Board also considers the effectiveness of the applicant in combatting money laundering, the convenience and needs of the communities to be served, as well as the extent to which the proposal would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. The Board may not approve a proposal that would have significant adverse effects on competition or on the concentration of resources in any banking market.

Federal Deposit Insurance Corporation

The merger of Sterling Savings Bank with and into Umpqua Bank is subject to approval by the FDIC pursuant to the Bank Merger Act. Umpqua Bank has submitted an application pursuant to the Bank Merger Act seeking the prior approval of the FDIC for Sterling Savings Bank to merge with and into Umpqua Bank, and requested consent for Umpqua Bank to exercise trust powers.

The FDIC takes into consideration a number of factors when acting on applications under the Bank Merger Act. These factors include the financial and managerial resources (including consideration

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of the competence, experience, and integrity of the officers, directors, and principal shareholders) and future prospects of the combined organization. The FDIC also considers the effectiveness of the applicant in combatting money laundering, the convenience and needs of the communities to be served, as well as the extent to which the proposal would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. The FDIC may not approve a proposal that would have significant adverse effects on competition or on the concentration of resources in any banking market.

In reviewing the convenience and needs of the communities to be serviced, the Board and the FDIC will consider the records of performance of the relevant insured depository institutions under the Community Reinvestment Act of 1977 (which we refer to as the "CRA"). In their most recent respective CRA examinations, both Umpqua Bank and Sterling Savings Bank received an overall "satisfactory" regulatory rating.

Furthermore, the Bank Merger Act, the BHC Act and applicable regulations require published notice of, and the opportunity for public comment on, these applications. The Board and the FDIC take into account the views of third party commenters, particularly on the subject of the merging parties' service to their respective communities, and any hearing, meeting or comments provided by third parties could prolong the period during which the applications are under review by the Board and the FDIC.

Transactions approved under section 3 of the BHC Act or the Bank Merger Act generally may not be completed until 30 days after the approval of the applicable federal agency is received, during which time the Department of Justice (which we refer to as the "DOJ") may challenge the transaction on antitrust grounds. With the approval of the applicable federal agency and the concurrence of the DOJ, the waiting period may be reduced to no less than 15 days. The commencement of an antitrust action would stay the effectiveness of such an approval unless a court specifically ordered otherwise. In reviewing the merger, the DOJ could analyze the merger's effect on competition differently than the Board or FDIC, and thus it is possible that the DOJ could reach a different conclusion than the Board or FDIC regarding the merger's effects on competition. A determination by the DOJ not to object to the merger may not prevent the filing of antitrust actions by private persons or state attorneys general.

State of Oregon

The transactions contemplated by the merger agreement are subject to approval by the Oregon Director pursuant to the Oregon Revised Statutes (which we refer to as the "ORS"). Umpqua Bank has submitted an application to the Oregon Director for Umpqua Bank to acquire Sterling Savings Bank by merger. Additionally, in connection with the Bank Merger Act application, Umpqua Bank submitted an application to the Oregon Director for prior approval to exercise trust powers. Among other things, the Oregon Director will consider whether the proposed transactions conform with the ORS and whether the proposed transactions are detrimental to the safety and soundness of the resulting Oregon state chartered bank or the public interest.

State of Washington

The transactions contemplated by the merger agreement also require notification to the Washington DFI pursuant to the Revised Code of Washington. Umpqua Bank notified the Washington DFI that it has filed an application with the FDIC for prior approval for Umpqua Bank to acquire Sterling Savings Bank by merger.

Additional Regulatory Approvals and Notices

Notifications and/or applications requesting approval may be submitted to various other federal and state regulatory authorities and self-regulatory organizations.

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Umpqua and Sterling believe that the merger does not raise significant regulatory concerns and that we will be able to obtain all requisite regulatory approvals. Umpqua will propose branch divestitures in certain markets it believes should be sufficient to eliminate competitive concerns. However, neither Umpqua nor Sterling can assure you that all of the regulatory approvals described above will be obtained and, if obtained, we cannot assure you as to the timing of any such approvals, our ability to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals. In addition, there can be no assurance that such approvals will not impose conditions or requirements that, individually or in the aggregate, would or could reasonably be expected to have a material adverse effect on the financial condition, results of operations, assets or business of the combined company.

Neither Umpqua nor Sterling is aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Litigation Relating to the Merger

Sterling, its directors and Umpqua are named as defendants in three lawsuits pending in the Superior Court of Washington in and for Spokane County, which have been consolidated under the caption *In re Sterling Financial Corporation Merger Litigation*, Lead No. 13-2-03848-4. The consolidated litigation generally alleges that the directors of Sterling breached their duties to the Sterling shareholders by approving the merger, failing to take steps to maximize shareholders value, engaging in a flawed sales process, and agreeing to deal protection provisions in the merger agreement that are alleged to unduly favor Umpqua. Umpqua is alleged to have aided and abetted the alleged breaches of duty. The consolidated litigation also alleges that the disclosures approved by the Sterling board in connection with the merger and the vote thereon are false and misleading in various respects. As relief, the complaints seek, among other things, an injunction against consummation of the merger, rescission of the merger if it is effected, damages in an unspecified amount, and the payment of plaintiffs' attorneys fees and costs. The defendants believe that the lawsuits are without merit. On January 16, 2014 the parties to the consolidated litigation entered into a memorandum of understanding to settle the consolidated litigation (such memorandum including plaintiffs' agreement to stay the consolidated litigation, except for proceedings relating to the settlement), subject to court approval and other customary conditions, including the execution of definitive documentation. Sterling shareholders who are members of the proposed settlement class will, at a later date, receive written notice containing the terms of the proposed settlement and proposed release of class claims and related matters.

In the event that the parties enter into a settlement, a hearing will be scheduled at which the Superior Court of Washington in and for Spokane County will consider the fairness, reasonableness, and adequacy of the settlement. If the settlement is finally approved by the court, it will resolve and release all claims in the consolidated litigation that were or could have been brought challenging any aspect of the proposed merger, the merger agreement and the transactions contemplated thereby, and any disclosure made in connection therewith (but excluding dissenters' rights pursuant to Chapter 23B.13 of the WBCA), among other claims, pursuant to terms that will be disclosed to stockholders prior to final approval of the settlement. In addition, in connection with the settlement, the parties contemplate that plaintiffs' counsel will file a petition in the Superior Court of Washington in and for Spokane County for an award of attorneys' fees and expenses to be paid by Sterling or its successor, which the defendants may oppose. Sterling or its successor will pay or cause to be paid any attorneys' fees and expenses awarded by the Superior Court of Washington in and for Spokane County. There can be no assurance that the parties will ultimately enter into a settlement or that the Superior Court of Washington in and for Spokane County will approve the settlement even if the parties were to

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enter into such stipulation. In such event, the proposed settlement as contemplated by the memorandum of understanding may be terminated.

Neither the memorandum of understanding nor the ultimate settlement is, and neither should be construed as, an admission of wrongdoing or liability by any defendant. Sterling, its directors and Umpqua continue to believe that the consolidated litigation is without merit and vigorously deny the allegations that Sterling's directors breached their fiduciary duties.

Investor Letter Agreements

In connection with the execution of the merger agreement, Umpqua and Sterling entered into letter agreements (which we refer to as the "investor letter agreements") with each of Warburg Pincus and THL.

Pursuant to the investor letter agreements, each of Warburg Pincus and THL agreed, subject to certain exceptions, to vote all shares of Sterling common stock beneficially owned by it and entitled to vote at Sterling's shareholder meeting in favor of the Sterling merger proposal. As of the date of the merger agreement, and as of the record date, Warburg Pincus and THL each had the right to vote approximately 20.8% of the outstanding shares of Sterling common stock. The investor letter agreements also prohibit Warburg Pincus and THL from, directly or indirectly:

soliciting, initiating, knowingly encouraging or knowingly facilitating (including by way of furnishing information), or taking any other action designed to facilitate any acquisition proposal; or

participating in any negotiations regarding an alternative transaction or acquisition proposal.

Each of the obligations of Warburg Pincus and THL listed above terminates on the earlier of (1) the Sterling board of directors changing its recommendation regarding the merger, (2) the Sterling special meeting (including any adjournments thereof) concluding with a vote on the Sterling merger proposal having been taken, (3) the merger agreement being amended without Warburg Pincus' or THL's consent, as applicable, (4) September 11, 2014 or the effective time of the merger or (5) termination of the merger agreement in accordance with its terms.

Notwithstanding the foregoing, nothing in the investor letter agreements limits the ability of any representative of Warburg Pincus or any representative of THL that serves as a director or observer on the Sterling board of directors from discharging his or her fiduciary duties in such capacity.

The investor letter agreements also provide that, at the effective time of the merger, Umpqua will assume the obligations of Sterling under the Investment Agreement, dated May 25, 2010, between Sterling and Warburg Pincus, as amended, and the Second Amended and Restated Investment Agreement, dated May 25, 2010, between Sterling and THL, as amended, each as further amended by each investor letter agreement, including removal of the right to appoint a non-voting observer to attend meetings of the board of directors, removal of standstill provisions, removal of certain transfer restrictions and changes to certain registration rights. Pursuant to the investor letter agreements, each of Warburg Pincus and THL will continue to have the right to designate one individual to the board of directors of the surviving corporation until their respective ownership of common stock of the surviving corporation is less than 4.9% of the shares outstanding.

The foregoing description of the investor letter agreements is only a summary and shareholders are urged to read the copies of each of the investor letter agreements that are included in this joint proxy statement/prospectus as Annex B and Annex C.

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THE MERGER AGREEMENT

The following describes certain aspects of the merger, including certain material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this joint proxy statement/prospectus as Annex A and is incorporated by reference into this joint proxy statement/prospectus. We urge you to read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.

Structure of the Merger

Each of Umpqua's and Sterling's respective boards of directors has unanimously adopted the merger agreement. The merger agreement provides for the merger of Sterling with and into Umpqua, with Umpqua continuing as the surviving corporation. Umpqua's restated articles of incorporation will be amended at the effective time of the merger to increase the number of authorized shares of Umpqua no par value common stock to 400,000,000. Immediately following the effective time of the merger, Sterling's wholly owned bank subsidiary, Sterling Savings Bank, will merge with and into Umpqua's wholly owned bank subsidiary, Umpqua Bank. Umpqua Bank will be the surviving bank in the bank merger.

Merger Consideration

Each share of Sterling common stock issued and outstanding immediately prior to the effective time of the merger, except for specified shares of Sterling common stock held by Sterling or Umpqua and any dissenting shares, will be converted into the right to receive 1.671 shares of Umpqua common stock and \$2.18 in cash, without interest.

If the outstanding shares of Umpqua common stock or Sterling common stock change before the merger is completed as a result of a reorganization, recapitalization, reclassification, stock dividend or stock distribution, stock split, reverse stock split or other similar change in capitalization, or there is any extraordinary dividend or distribution, an appropriate and proportionate adjustment will be made to the merger consideration.

Fractional Shares

Umpqua will not issue any fractional shares of Umpqua common stock in the merger. Instead, a Sterling shareholder who otherwise would have received a fraction of a share of Umpqua common stock will receive an amount in cash rounded to the nearest whole cent. This cash amount will be determined by multiplying the fraction of a share (after taking into account all shares of Sterling common stock held by the holder at the effective time of the merger and rounded to the nearest thousandth when expressed in decimal form) of Umpqua common stock to which the holder would otherwise be entitled by the Umpqua closing price.

Warrants

At the effective time of the merger, each warrant issued by Sterling pursuant to its investment agreements with Warburg Pincus and THL will be converted into a warrant exercisable for the merger consideration that the Sterling common stock issuable upon exercise of the warrant immediately prior to the effective time would have been entitled to receive upon completion of the merger.

Governing Documents; Directors and Officers; Governance Matters; Headquarters; Charitable Foundation

At the effective time of the merger, the articles of incorporation and bylaws of Umpqua in effect immediately prior to the effective time will be the articles of incorporation and bylaws of the surviving corporation after the effective time of the merger, subject to the articles amendment, until thereafter

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amended in accordance with applicable law. Also at the effective time, the number of directors on the board of directors of the combined company will be 13, of which one will be Raymond P. Davis, the current President and Chief Executive Officer of Umpqua, eight will be designated by Umpqua, all of which will be independent from the combined company under the listing rules of the NASDAQ, up to two will be directors designated pursuant to the investor letter agreements, and four less the number of directors either (1) designated pursuant to the investor letter agreements or (2) if not so designated, retained as a contractual right to be designated under the investor letter agreements and not irrevocably and permanently waived prior to the effective time of the merger, will be chosen by Sterling's existing board of directors from a list mutually agreed upon by Umpqua and Sterling prior to the entry into the merger agreement. Umpqua also agreed to nominate for reelection each of the directors chosen by Sterling's existing board of directors at each Umpqua annual shareholder meeting held before Umpqua 2016 annual shareholder meeting. The chairperson of the board of directors of the combined company will be the existing chairperson of the board of directors of Umpqua.

At the effective time of the merger, Mr. Davis will serve as Chief Executive Officer of the combined company and J. Gregory Seibly, the current President and Chief Executive Officer of Sterling, and Cort L. O'Haver, the current Senior Executive Vice President of Umpqua and Umpqua Bank, will each serve as a Senior Executive Vice President of Umpqua and a Co-President of Umpqua Bank.

The location of the headquarters and principal executive offices of the combined company will be in Portland, Oregon.

At the effective time of the merger, Umpqua will establish a charitable foundation for the benefit of the communities served by the surviving corporation after the merger, and Umpqua will contribute \$10,000,000 to such foundation.

Treatment of Sterling Stock Options and Restricted Stock Units

Stock Options

At the effective time of the merger, each option to purchase shares of Sterling common stock outstanding immediately prior to the effective time (except for certain options with an exercise price significantly in excess of the value of the merger consideration, which Sterling will use commercially reasonable efforts to cancel prior to the effective time) will be converted into an option to purchase Umpqua common stock on the same terms and conditions as were applicable prior to the merger (taking into account that, except for new equity award compensation granted prior to the effective time of the merger, the consummation of the merger and its related transactions will constitute the first trigger under equity awards that provide for "double trigger" acceleration of vesting), except that (1) the number of shares of Umpqua common stock subject to the new option will be equal to the product of the number of shares of Sterling common stock subject to the existing Sterling stock option and the equity exchange ratio (rounding fractional shares down to the nearest whole share), and (2) the exercise price per share of Umpqua common stock under the new option will be equal to the exercise price per share of the existing Sterling stock option divided by the equity exchange ratio (rounded up to the nearest whole cent).

Restricted Stock Units

At the effective time of the merger, each restricted stock unit in respect of Sterling common stock outstanding immediately prior to the effective time will be converted into a restricted stock unit with respect to a number of shares of Umpqua common stock equal to the product of the number of shares of Sterling common stock subject to the Sterling restricted stock unit and the equity exchange ratio, on the same terms and conditions as were applicable prior to the merger (taking into account that, except for new equity award compensation granted prior to the effective time of the merger, the

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consummation of the merger and its related transactions will constitute the first trigger under equity awards that provide for "double trigger" acceleration of vesting).

Employee Stock Purchase Plan

Sterling's 2011 Employee Stock Purchase Plan (which we refer to as the "Sterling ESPP") will be terminated as of no later than immediately prior to effective time of the merger, and the current offering period, which is scheduled to conclude February 1, 2014, will be the final offering period under the Sterling ESPP. If the effective time occurs prior to February 1, 2014, any options under the ESPP will be exercised seven days prior to the effective time. Participants in the Sterling ESPP may not increase their payroll deductions from those in effect as of the date of the merger agreement.

Closing and Effective Time of the Merger

The merger will be completed only if all conditions to the merger discussed in this joint proxy statement/prospectus and set forth in the merger agreement are either satisfied or waived. See " Conditions to Complete the Merger."

The merger will become effective as set forth in the articles of merger to be filed with the Secretary of State of the State of Oregon and the articles of merger to be filed with the Secretary of State of the State of Washington. The closing of the transactions contemplated by the merger will occur at 10:00 a.m., New York City time on a date no later than two business days after the satisfaction or waiver of the last to occur of the conditions set forth in the merger agreement, unless extended by mutual agreement of the parties. It currently is anticipated that the completion of the merger will occur in the first half of 2014 subject to the receipt of regulatory approvals and other customary closing conditions, but neither Sterling nor Umpqua can guarantee when or if the merger will be completed.

Conversion of Shares; Exchange of Certificates

The conversion of Sterling common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. After completion of the merger, the exchange agent will exchange certificates representing shares of Sterling common stock for the merger consideration to be received pursuant to the terms of the merger agreement. The exchange agent will make appropriate arrangements to provide that shares of Sterling common stock held in book-entry form will be transferred by means of an "agent's message" or other means in order for shareholders holding shares in book-entry form to receive the merger consideration to be received pursuant to the term so of the merger agreement.

Letter of Transmittal

As soon as reasonably practicable after the completion of the merger, and in any event within 10 business days thereafter, the exchange agent will mail to each holder of record of Sterling common stock immediately prior to the effective time of the merger a letter of transmittal and instructions on how to surrender shares of Sterling common stock in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

If a certificate for Sterling common stock has been lost, stolen or destroyed, the exchange agent will issue the merger consideration upon receipt of (1) an affidavit of that fact by the claimant and (2) if required by Umpqua, the posting of a bond in an amount as Umpqua or the exchange agent may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such certificate.

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After completion of the merger, there will be no further transfers on the stock transfer books of Sterling of shares of Sterling common stock other than to settle transfers of Sterling common stock that occurred prior to the completion of the merger.

Withholding

Umpqua will be entitled to deduct and withhold, or cause the exchange agent to deduct and withhold, from the consideration payable under the merger agreement to any Sterling shareholder the amounts it is required to deduct and withhold under the Code or any provision of state, local or foreign tax law. If any such amounts are withheld and paid over to the appropriate governmental authority, the withheld amounts will be treated for all purposes of the merger agreement as having been paid to the shareholders from whom they were withheld.

Dividends and Distributions

No dividends or other distributions declared with respect to Umpqua common stock will be paid to the holder of any unsurrendered certificates of Sterling common stock until the holder surrenders such certificate in accordance with the merger agreement. After the surrender of a certificate in accordance with the merger agreement, the record holder thereof will be entitled to receive (1) any such dividends or other distributions, without any interest, with a record date after the effective time and previously paid or payable on the date of such surrender with respect to the whole shares of Umpqua common stock which the shares of Sterling common stock represented by such certificate have been converted into the right to receive under the merger agreement (which amounts will be paid at the time the merger consideration is paid) or (2) at the appropriate payment date, any such dividends or other distributions which had been declared with a record date after the effective time of the merger but prior to the surrender date which thereafter become payable with respect to the whole shares of Umpqua common stock which the shares of Sterling common stock represented by such certificate have been converted into the right to receive under the merger agreement.

Representations and Warranties

The representations, warranties and covenants described below and included in the merger agreement were made only for purposes of the merger agreement and as of specific dates, are solely for the benefit of Umpqua and Sterling, may be subject to limitations, qualifications or exceptions agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of, among other things, allocating contractual risk between Umpqua and Sterling rather than establishing matters as facts, and may be subject to standards of materiality that differ from those standards relevant to investors. You should not rely on the representations, warranties, covenants or any description thereof as characterizations of the actual state of facts or condition of Umpqua, Sterling or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in public disclosures by Umpqua or Sterling. The representations and warranties, other provisions of the merger agreement or any description of these provisions should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this joint proxy statement/prospectus, the documents incorporated by reference into this joint proxy statement/prospectus and the other reports, statements and filings that Umpqua and Sterling publicly file with the SEC. See "Where You Can Find More Information."

The merger agreement contains customary representations and warranties of each of Umpqua and Sterling relating to their respective businesses. The representations and warranties in the merger agreement do not survive the effective time of the merger.

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The merger agreement contains representations and warranties made by each of Umpqua and Sterling relating to a number of matters, including the following:

corporate matters, including due organization and qualification and subsidiaries;

capitalization;

authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

required governmental and other regulatory filings and consents and approvals in connection with the merger;

reports, registrations and statements filed with regulatory authorities;

financial statements, internal controls, books and records, and absence of undisclosed liabilities;

broker's fees payable in connection with the merger;

the absence of certain changes or events;

legal proceedings;

tax matters;

employee benefit matters;

SEC reports;

compliance with applicable laws, rules or regulations;

certain material contracts;

absence of certain agreements with, or orders or enforcement actions by, regulatory authorities;

derivative instruments and transactions;

compliance of any investment adviser subsidiaries;

environmental liabilities;

investment securities;

ownership of properties;

intellectual property;

related party transactions;

inapplicability of takeover statutes;

absence of action, fact or circumstance that could reasonably be expected to prevent the merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code;

opinion from financial advisor;

the accuracy of information supplied for inclusion in this joint proxy statement/prospectus and other similar documents;

loan portfolios;

insurance matters; and

in the case of Umpqua, sufficient financing for the completion of the merger.

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Certain representations and warranties of Umpqua and Sterling are qualified as to "materiality" or "material adverse effect." For purposes of the merger agreement, a "material adverse effect," when used in reference to either Sterling or Umpqua, means a material adverse effect on (1) the business, properties, assets, liabilities, results of operations or financial condition of such party and its subsidiaries taken as a whole (provided that in the case of clause (1), a material adverse effect will be deemed not to include the impact of (A) changes, after the date of the merger agreement, in U.S. generally accepted accounting principles or regulatory accounting requirements, (B) changes, after the date of the merger agreement, in laws, rules or regulations of general applicability to companies in the industries in which such party and its subsidiaries operate, or interpretations thereof by courts or governmental entities, (C) changes, after the date of the merger agreement, in global, national or regional political conditions (including the outbreak of war, hostilities, or acts of terrorism or natural disasters) or in economic or market conditions (including changes in prevailing interest rates, credit availability and liquidity, currency exchange rates, and price levels or trading volumes in the United States or foreign securities markets) affecting the financial services industry generally, (D) changes after the date of the merger agreement in the banking industry, credit markets, any downgrades in the credit markets, or adverse credit events resulting in deterioration in the credit markets generally and including changes to any previously correctly applied asset marks resulting therefrom, (E) public disclosure of the transactions contemplated by the merger agreement, (F) actions or omissions expressly required by the merger agreement or that are taken with the prior written consent of the other party, or (G) a decline in the trading price of a party's common stock or the failure, in and of itself, to meet earnings projections, but not, in either case, including the underlying causes thereof; except, with respect to clauses (A), (B), (C) or (D), to the extent that the effects of such change are materially disproportionately adverse to the business, properties, assets, liabilities, results of operations or financial condition of such party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which such party and its subsidiaries operate) or (2) the ability of such party to timely consummate the transactions contemplated by the merger agreement.

Covenants and Agreements

Conduct of Businesses Prior to the Completion of the Merger

Each of Sterling and Umpqua has agreed that, prior to the effective time of the merger, subject to specified exceptions, it will, and will cause each of its subsidiaries to, (1) conduct its business in the ordinary course in all material respects, (2) use commercially reasonable efforts to maintain and preserve intact its business organization and advantageous business relationships and retain the services of its key officers and key employees, and (3) take no action that would reasonably be expected to adversely affect or delay the obtaining of any necessary approvals of any governmental entity or regulatory agency required for the transactions contemplated by the merger agreement or to perform its covenants and agreements under the merger agreement or to consummate the transactions contemplated thereby.

Additionally, prior to the effective time of the merger, subject to specified exceptions, neither Umpqua nor Sterling may, and neither Umpqua nor Sterling may permit any of their respective subsidiaries to, without the prior written consent of the other party (not to be unreasonably withheld, conditioned or delayed), undertake the following actions:

other than in the ordinary course of business, incur any indebtedness for borrowed money (other than indebtedness of Sterling or any of its wholly owned subsidiaries to Sterling or any of its wholly owned subsidiaries, on the one hand, or of Umpqua or any of its wholly owned subsidiaries to Umpqua or any of its wholly owned subsidiaries, on the other hand) or assume, guarantee or otherwise become responsible for the obligations of any person;

adjust, split, combine or reclassify any capital stock;

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make, declare or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of its capital stock, trust preferred securities or any other securities or obligations convertible into or exchangeable for any shares of its capital stock (except (1) regular quarterly cash dividends at a rate not in excess of \$0.20 per share in the case of Sterling and \$0.15 per share in the case of Umpqua, (2) dividends paid by any of the subsidiaries of each of Umpqua and Sterling to Umpqua or Sterling or any of their wholly owned subsidiaries, respectively, or (3) the acceptance of shares of Sterling common stock or Umpqua common stock as payment for the exercise price of stock options or for withholding taxes incurred in connection with the exercise of stock options or the vesting or settlement of equity compensation awards outstanding as of the date of the merger agreement or granted after the date of the merger agreement, in each case in accordance with past practice and the terms of the applicable award agreements);

grant any stock options, stock appreciation rights, performance shares, restricted stock units, restricted shares or other equity-based awards or interests, or grant any individual, corporation or other entity any right to acquire any shares of its capital stock;

issue, sell or otherwise permit to become outstanding any additional shares of its capital stock or securities convertible or exchangeable into, or exercisable for, any shares of its capital stock or any options, warrants, or other rights of any kind to acquire any shares of its capital stock, except pursuant to the exercise of stock options or the settlement of equity compensation awards outstanding as of the date of the merger agreement or granted after the date of the merger agreement in compliance with the merger agreement or the warrants issued by Sterling to Warburg Pincus or THL outstanding as of the date of the merger agreement, in each case in accordance with their terms, or enter into any agreement, understanding or arrangement with respect to the sale or voting of its capital stock or equity interests;

other than in the ordinary course of business consistent with past practice or in accordance with contracts or agreements in effect on the date of the merger agreement, (1) sell, transfer, mortgage, encumber or otherwise dispose of any of its material properties or assets to any person other than a wholly owned subsidiary, or (2) cancel, release or assign any material indebtedness of any such person owed to it or any claims held by it against any such person;

acquire (whether by merger, acquisition or otherwise, but excluding by way of foreclosures or acquisitions of control in a fiduciary or similar capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business) any other person or business or any material assets, deposits or properties of any other person, in each case other than a wholly-owned subsidiary of Sterling or Umpqua, as applicable;

make any material investment in any other person either by purchase of stock or securities, contributions to capital, property transfers, or purchase of property or assets of any person other than a wholly owned subsidiary of Sterling or Umpqua, as applicable;

except in the ordinary course of business, terminate, materially amend, or waive any material right under, certain material contracts or enter into contracts that would constitute material contracts if they had been in effect on the date of the merger agreement;

subject to certain exceptions, including as required under applicable law or the terms of any benefit plans existing as of the date of the merger agreement, (1) enter into, adopt or terminate any material employee benefit plan, (2) materially amend (or materially alter a prior interpretation of) any employee benefit plan, (3) increase in any manner the compensation or benefits payable to any current or former employee, officer, director or consultant (other than any annual salary, wage or benefit increases in the ordinary course of business and consistent with past practice to employees below the level of Executive Vice President, not to exceed

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specified amounts), (4) pay, or commit to pay, any bonuses or incentive compensation other than in the ordinary course of business consistent with past practice, (5) grant or accelerate the vesting of any equity or equity-based awards or other compensation, (6) enter into any new, or amend any existing, employment, severance, change in control, retention, bonus guarantee, collective bargaining agreement or similar agreement or arrangement, (7) fund any rabbi trust or similar arrangement, (8) terminate any officer or any employee whose target annual compensation is greater than a specified dollar amount, other than for cause or, in the case of such officers or employees below the level of Executive Vice President, for performance related reasons after consultation with the other party, (9) hire any officer or employee who has an annual base salary greater than a specified amount, or (10) hire any individual independent contractor or consultant who will receive annual compensation greater than a specified amount;

commence, settle or compromise any litigation, except for (1) settlements or compromises that (A) involve monetary remedies with a value not in excess of certain limits, (B) do not impose any material restriction on its business and (C) do not create adverse precedent for claims that are reasonably likely to be material to it and its subsidiaries and (2) the commencement of any litigation in the ordinary course of business;

take any action or knowingly fail to take any action that could reasonably be expected to prevent the merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code;

amend its articles of incorporation, its bylaws or comparable governing documents of its subsidiaries;

materially restructure or materially change its investment securities or derivatives portfolio or its interest rate exposure, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported, in each case, except as required by applicable law, rule or regulation or requested by a regulatory agency;

except as otherwise provided in the merger agreement, take any action that is intended or expected to result in any of the conditions to the merger not being satisfied;

implement or adopt any change in its accounting principles, practices or methods, other than as required by GAAP;

enter into any new line of business or, other than in the ordinary course of business and after consultation with the other party, change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating, securitization and servicing policies, except as required by applicable law, rule or regulation or requested by a regulatory agency;

make any material changes in its policies and practices with respect to (1) underwriting, pricing, originating, acquiring, selling or servicing loans and other extensions of credit (including commitments to extend credit) or (2) its hedging practices and policies, in each case except as required by law, rule or regulation or requested by a regulatory agency;

(1) except for loans or commitments for loans made prior to the date of the merger agreement, without prior consultation with the other party, (A) make or acquire any individual loan or issue a commitment (or renew or extend an existing commitment) for any individual loan in excess of a specified amount or (B) make or acquire any loan or loans or issue a commitment (or renew or extend an existing commitment) that would result in total credit exposure to the applicable borrower in excess of a specified amount or (2) without prior consultation with the other party, enter into agreements relating to, or except pursuant to agreements in effect as of the date

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hereof, consummate purchases or sales of, whole individual loans in principal amount or purchase price in excess of specified amounts;

make an application for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility of it or acquire or sell any branch office or any deposit liabilities, except to the extent required to obtain any requisite regulatory approvals for the merger;

make any capital expenditures other than (1) capital expenditures in its 2013 capital expenditure budget (or with respect to the year 2014, the 2013 budget as if it had been approved again for 2014), as disclosed to the other party prior to the date of the merger agreement and (2) any other capital expenditures in an amount not in excess of \$5 million in the aggregate;

other than in the ordinary course of business consistent with past practice, materially reduce the amount of insurance coverage or fail to renew any material existing insurance policies;

amend in a manner that adversely impacts in any material respect the ability to conduct its business, terminate or allow to lapse any material permits;

adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization; or

agree to take, make any commitment to take, or adopt any resolutions of its board of directors or similar governing body in support of, any of the foregoing.

Regulatory Matters

Umpqua and Sterling have agreed to use their respective reasonable best efforts to prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and governmental entities which are necessary or advisable to consummate the transactions contemplated by the merger agreement and to comply with the terms and conditions of all such permits, consents, approvals and authorizations of all such third party and government entities. Umpqua and Sterling have also agreed to furnish each other with all information reasonably necessary or advisable and to consult with each other in connection with any statement, filing, notice or application to any governmental entity in connection with the merger and the other transactions contemplated by the merger agreement as well as to keep each other apprised of the status of matters related to the completion of the transactions contemplated by the merger agreement. However, in no event will Umpqua or Sterling be required to take any action, or commit to take any action, or agree to any condition or restriction, in connection with obtaining the required permits, consents, approvals and authorizations of third parties or governmental entities that would reasonably be expected to have a material adverse effect on the combined company and its subsidiaries, taken as a whole (which we refer to as a "materially burdensome regulatory condition"), provided that the sale of one or more branches of Sterling or Umpqua in a geographic banking market will not constitute or be taken into account in determining whether there is a materially burdensome regulatory condition.

Employee Benefit Matters

Umpqua and Sterling have agreed that, unless otherwise mutually agreed, for a period of one year following the effective time of the merger, each continuing employee of Sterling and its subsidiaries will be provided with compensation and benefits that are substantially comparable in the aggregate to the compensation and benefits provided to similarly situated employees of Umpqua and its subsidiaries. Continuing employees of Sterling and its subsidiaries who are not eligible for severance compensation or benefits by agreement and are terminated without cause following the effective time of the merger will be eligible for severance benefits under Umpqua's severance policy.

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The merger agreement requires the surviving corporation to do the following with respect to the continuing employees of Sterling and its subsidiaries:

waive all pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to such employees and their eligible dependents under any benefit plans of the surviving corporation, except to the extent such pre-existing conditions, exclusions or waiting periods would apply under the analogous Sterling benefit plan;

provide each such employee and their eligible dependents with credit for any co-payments and deductibles paid prior to the effective time of the merger under a benefit plan sponsored by Sterling to the same extent that such credit was given under the analogous Sterling benefit plan prior to completion of the merger;

recognize all service of such employees with Sterling, and its respective subsidiaries, for all purposes in any new benefit plan adopted by the surviving corporation to the same extent that such service was taken into account under the analogous Sterling benefit plan prior to the completion of the merger, subject to certain limitations;

administer Sterling's bonus and commission plans with respect to the year in which the effective time occurs in good faith and pursuant to their terms, and pay bonuses and commissions due under such plans at the times they would ordinarily be paid in accordance with the terms of such plans, provided that performance metrics that do not apply following the effective time may be appropriately modified or adjusted as mutually agreed between Umpqua and Sterling; and

recognize that the merger constitutes a "change of control" within the meaning of the applicable Sterling benefit plans.

Director and Officer Indemnification and Insurance

The merger agreement provides that after the completion of the merger, the surviving corporation will indemnify all present and former directors and officers of Sterling and its subsidiaries and all persons who are or were serving as a director or officer at the request of Sterling and its subsidiaries at or prior to the effective time of the merger against any costs and liabilities, whether arising before or after the effective time of the merger, arising out of the fact that such person is or was a director or officer of Sterling or its subsidiaries or serving as a director or officer at the request of Sterling or its subsidiaries and in respect of any acts or omissions (or alleged acts or omissions) by such person occurring (or alleged to have occurred) at or prior to the effective time of the merger, to the fullest extent permitted by applicable law, and will also advance expenses to such persons to the fullest extent permitted by applicable law, provided that such person provides an undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification.

Umpqua and Sterling have agreed that all existing rights to indemnification and exculpation from liabilities for Sterling's and its subsidiaries' present and former directors and officers as provided in Sterling's organizational documents or certain indemnification agreements for acts or omissions occurring at or prior to the effective time of the merger will survive the merger and will not be amended, repealed or otherwise modified in a manner adverse to such persons for a period of six years after completion of the merger.

The merger agreement requires the surviving corporation to maintain for a period of six years after completion of the merger Sterling's existing directors' and officers' liability insurance policy, or policies with a substantially comparable insurer of at least the same coverage and amounts and containing terms and conditions that are no less advantageous to the insured, with respect to claims arising from facts or events that occurred at or prior to the completion of the merger. However, the surviving corporation is not required to make annual premium payments for such insurance in excess of a specified amount (which we refer to as the "premium cap"), and if premiums for such insurance

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would at any time exceed the premium cap, then the surviving corporation will maintain policies of insurance which, in its good faith determination, provide the maximum coverage available at an annual premium equal to the premium cap. In lieu of the foregoing, Umpqua, or Sterling upon the consent of Umpqua, may obtain at or prior to the effective time of the merger a six-year prepaid "tail" policy under Sterling's existing directors and officers insurance policy providing equivalent coverage to that described in the preceding sentence for an aggregate price not to exceed a specified amount.

Certain Additional Covenants

The merger agreement also contains additional covenants, including, among others, covenants relating to the filing of this joint proxy statement/prospectus, the listing of the shares of Umpqua common stock to be issued in the merger, access to information of the other company, coordination of dividends, the assumption by Umpqua of Sterling's trust preferred securities, reporting requirements under Section 16 of the Exchange Act and public announcements with respect to the transactions contemplated by the merger agreement.

Shareholder Meetings and Recommendation of Sterling's and Umpqua's Boards of Directors

Each of Sterling and Umpqua has agreed to hold a meeting of its shareholders for the purpose of voting upon approval of the merger agreement as promptly as practicable. Each of Sterling and Umpqua has agreed to use its reasonable best efforts to obtain from its shareholders the vote required to approve the merger agreement and, in the case of Umpqua, the articles amendment, including by communicating to its shareholders its recommendation (and including such recommendation in this joint proxy statement/prospectus) that they approve the merger agreement and the transactions contemplated thereby. However, the board of directors of Sterling or Umpqua may (1) not recommend to its respective shareholders that they approve the merger agreement and, in the case of Umpqua, the articles amendment, (2) not include such recommendation in this joint proxy statement/prospectus and/or (3) otherwise withdraw or modify its recommendation in a manner adverse to the other party (each of which we refer to as a "change in board recommendation"), in each case in response to an intervening business event or a superior proposal event, if, after receiving the advice of its outside counsel, its board of directors determines in its good faith judgment that failure to effect a change in board recommendation would be inconsistent with its fiduciary duties under applicable law.

For purposes of the merger agreement:

an "intervening business event" is a material event, fact, circumstance, development or occurrence, unrelated to a superior proposal, which is unknown and not reasonably foreseeable to or by the board of directors as of the date of the merger agreement but becomes known to or by the board of directors before the approval of the merger agreement and, in the case of Umpqua, the articles amendment by its shareholders;

a "superior proposal event" is the receipt of an unsolicited acquisition proposal (as defined below) which the board of directors determines in its good faith judgment, after receiving the advice of outside legal counsel, is a superior proposal; and

a "superior proposal" means a bona fide, unsolicited written acquisition proposal that is (1) for 100% of Umpqua's common stock or Sterling's common stock, as applicable, on terms that the board of directors determines in its good faith judgment, after taking into account certain factors, are more favorable from a financial point of view to its shareholders than the merger and (2) reasonably likely, in the good faith judgment of the board of directors, to receive all necessary regulatory approvals on a timely basis.

Prior to making a change in board recommendation, both Umpqua and Sterling have agreed to give the other party three business days' written notice of its intention to effect a change in board

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recommendation, during which time the other party may propose adjustments to the terms and conditions of the merger agreement such that (1) there is no longer a need for a change in board recommendation, in the case of an intervening business event, or (2) the acquisition proposal no longer constitutes a superior proposal, in the case of a superior proposal event. In the case of a superior proposal event, any material amendment to the superior proposal will require a new notice period.

Notwithstanding any change in recommendation by the board of directors of Sterling or Umpqua, each party is required to convene a meeting of its shareholders and to submit the merger agreement to a vote of such shareholders. If the board of directors of Sterling or Umpqua effects a change in board recommendation, then such board may submit the merger agreement without the board recommendation. Neither Sterling nor Umpqua may submit any other acquisition proposal or alternative transaction to its shareholders for a vote.

Umpqua and Sterling must each adjourn or postpone its shareholder meeting if the other party reasonably determines in good faith that the required votes to approve the merger agreement (and, in the case of Umpqua, the articles amendment) are unlikely to be obtained and requests an adjournment or postponement for up to 45 days from the scheduled date of the shareholder meeting, although each party is only required to adjourn or postpone its meeting once. During such a period of adjournment or postponement, the parties will in good faith use reasonable best efforts to negotiate a restructuring of the transaction provided for in the merger agreement, but neither party will have any obligation to alter or change the amount or kind of merger consideration in a manner adverse to such party or its shareholders.

Agreement Not to Solicit Other Offers

Each of Sterling and Umpqua has agreed that it will not, and will cause its subsidiaries and controlled affiliates not to, and will use its reasonable best efforts to cause each of its and their officers, directors, employees, agents and investment bankers, financial advisors, attorneys, accountants and other retained representatives or agents not to, directly or indirectly, (1) solicit, initiate, knowingly encourage or knowingly facilitate, or take any other action designed to facilitate, any inquiries or proposals regarding an acquisition proposal, (2) participate in any discussions or negotiations regarding an alternative transaction or acquisition proposal or (3) enter into any agreement regarding any alternative transaction or acquisition proposal.

For purposes of the merger agreement:

an "acquisition proposal" means any merger, share exchange, consolidation, sale of assets, sale of shares of capital stock or equity interests (including by way of a tender offer) or similar transactions involving a party or any of its subsidiaries that, if consummated would constitute an alternative transaction;

an "alternative transaction" means, with respect to each party, other than the transactions contemplated by the merger agreement, (1) the acquisition by (A) any person of 15% or more of the consolidated assets of such party and its subsidiaries, taken as a whole or (B) such party or any of its subsidiaries of assets that would constitute more than 15% of the consolidated assets of such party and its subsidiaries, taken as a whole, (2) the acquisition in any manner, directly or indirectly, by any person of 15% or more of the issued and outstanding shares of capital stock of such party, (3) the issuance of 15% or more of the current number of issued and outstanding shares of capital stock of such party other than in a bona fide capital raising transaction or (4) any purchase, acquisition, tender offer or exchange offer that, if consummated, would result in any person (or the shareholders of any person) first becoming the beneficial owner of 15% or more of any class of equity or voting securities of such party or any of its subsidiaries whose assets individually or in the aggregate, constitute 15% or more of the consolidated assets of such party and its subsidiaries, taken as a whole.

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However, in the event either Sterling or Umpqua, before shareholder approval of the merger agreement and, in the case of Umpqua, the articles amendment, receives an acquisition proposal (which is unsolicited and does not result from a breach of the non-solicitation provisions of the merger agreement) that its board of directors determines, in its good faith judgment after receiving the advice of outside counsel, constitutes or could reasonably be expected to result in, a superior proposal, it may, and may permit its representatives to, (1) furnish information with respect to it and its subsidiaries to the party making the acquisition proposal and its representatives and financing sources under the terms of a confidentiality agreement no less restrictive than the one between the parties and (2) participate in discussions and negotiations regarding the acquisition proposal, in each case to the extent the board of directors determines in its good faith judgment, after receiving the advice of outside counsel, that failure to take such action would be inconsistent with its fiduciary duties under applicable law.

Each of Sterling and Umpqua has agreed to notify the other party within one business day of the receipt of an acquisition proposal or any material modification or amendment to an acquisition proposal, or a request for nonpublic information or access to properties, books or records by a person that has made or, to the party's knowledge is considering making, an acquisition proposal. The notice must indicate the person making or considering making the acquisition proposal or requesting information or access, along with the material terms of the acquisition proposal or modification or amendment thereto. Sterling and Umpqua will keep each other fully informed, on a current basis, of any material changes in the status and any material changes in the terms of such an acquisition proposal, indication or request.

Each of Sterling and Umpqua has also agreed that it and its subsidiaries will immediately cease and cause to be terminated any existing discussions or negotiations with any person other than Sterling and Umpqua with respect to any of the above. In addition, each party has agreed not to, and to cause its subsidiaries not to, release any third party from, and to enforce, the confidentiality and standstill provisions of any agreement that it or its subsidiaries is party to as of the date of the merger agreement.

Conditions to Complete the Merger

Umpqua's and Sterling's respective obligations to complete the merger are subject to the satisfaction or waiver of the following conditions:

the approval of the merger agreement and the articles amendment by Umpqua's shareholders and the approval of the merger agreement by Sterling's shareholders;

the authorization for listing on the NASDAQ Global Select Market, subject to official notice of issuance, of the Umpqua common stock to be issued upon the consummation of the merger;

the receipt of regulatory approvals from the Federal Reserve Board, the FDIC, the Oregon Director and the Washington DFI required to consummate the transactions contemplated by the merger agreement, with none of the approvals resulting in the imposition of a materially burdensome regulatory condition;

the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part with respect to the Umpqua common stock to be issued upon the consummation of the merger, and the absence of any stop order suspending effectiveness of the registration statement (or proceedings for that purpose initiated or threatened by the SEC and not withdrawn);

the absence of any order, injunction, or decree by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the completion of the merger, the bank merger or the other material transactions contemplated by the merger agreement, and the absence of any statute, rule, regulation, order, injunction or decree enacted, entered, promulgated or enforced by any governmental entity which prohibits or makes illegal consummation of the

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merger, the bank merger or the other material transactions contemplated by the merger agreement;

the accuracy of the representations and warranties of the other party contained in the merger agreement as of the date on which the merger agreement was entered into and as of the date on which the merger is completed, subject to the materiality standards provided in the merger agreement (and the receipt by each party of an officers' certificate from the other party to such effect);

the performance by the other party in all material respects of all obligations required to be performed by it under the merger agreement at or prior to the effective time (and the receipt by each party of an officers' certificate from the other party to such effect); and

receipt by such party of an opinion of legal counsel to the effect that on the basis of facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code.

Neither Sterling nor Umpqua can 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. As of the date of this joint proxy statement/prospectus, neither Sterling nor Umpqua has reason to believe that any of these conditions will not be satisfied.

Termination of the Merger Agreement

The merger agreement can be terminated at any time prior to completion of the merger in the following circumstances:

by mutual consent of Umpqua and Sterling, if authorized by the board of directors of each;

by either Umpqua or Sterling if any governmental entity that must grant a requisite regulatory approval has (1) denied approval of any of the material transactions contemplated by the merger agreement and such denial has become final and nonappealable or any governmental entity of competent jurisdiction has issued a final nonappealable order permanently enjoining or otherwise prohibiting or making illegal the consummation of any of the material transactions contemplated by the merger agreement or (2) granted the requisite regulatory approval but such approval contains or results in the imposition of a materially burdensome regulatory condition with no meaningful possibility that such condition will be revised before the first anniversary of the date of the merger agreement (which we refer to as the "termination date"), unless the failure to obtain a requisite regulatory approval or to obtain such approval without a materially burdensome regulatory condition is due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements under the merger agreement;

by either Umpqua or Sterling if the merger has not been completed on or before the termination date, unless the failure of the merger to be completed 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 under the merger agreement;

by either Umpqua or Sterling if there is a breach of any of the covenants or agreements or any of the representations or warranties set forth in the merger agreement on the part of the other party which either individually or in the aggregate would constitute the failure of a closing condition of the terminating party and which is either not reasonably capable of being cured or not cured within the earlier of the termination date or the date 30 days following written notice to the party committing such breach (in each case, provided that the terminating party is not

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then in breach of any representation, warranty, covenant or other agreement contained in the merger agreement in a manner that would constitute the failure of a closing condition);

by either Umpqua or Sterling if (1) the Umpqua special meeting has concluded without the approval of the Umpqua merger proposal and the articles amendment proposal or (2) the Sterling special meeting has concluded without the approval of the Sterling merger proposal (in each case, provided that the terminating party has complied with its obligations with respect to holding its special meeting and recommendation of the merger);

by Sterling, before approval of the Umpqua merger proposal and the articles amendment proposal, if the board of directors of Umpqua (1) fails to recommend that Umpqua shareholders approve the Umpqua merger proposal and the articles amendment proposal, fails to include such recommendation in this joint proxy statement/prospectus, withdraws or modifies such recommendation in a manner adverse to Sterling or, in the case of a tender or exchange offer, fails to recommend rejection of such offer within 10 business days after the commencement of the offer, or (2) materially breaches certain obligations, including with respect to the non-solicitation of acquisition proposals or the calling a meeting of its shareholders and recommending that they approve the merger agreement; or

by Umpqua, before approval of the Sterling merger proposal, if the board of directors of Sterling (1) fails to recommend that Sterling shareholders approve the Sterling merger proposal, fails to include such recommendation in this joint proxy statement/prospectus, withdraws or modifies such recommendation in a manner adverse to Umpqua or, in the case of a tender or exchange offer, fails to recommend rejection of such offer within 10 business days after the commencement of the offer, or (2) materially breaches certain obligations, including with respect to the non-solicitation of acquisition proposals or the calling a meeting of its shareholders and recommending that they approve the merger agreement.

Effect of Termination

If the merger agreement is terminated, it will become void and have no effect and neither party will have any liability in connection with the merger agreement or the transactions contemplated by the merger agreement, except that (1) both Umpqua and Sterling will remain liable for any liabilities or damages arising out of its willful, knowing and material breach of any provision of the merger agreement and (2) designated provisions of the merger agreement will survive the termination, including those relating to payment of fees and expenses and the confidential treatment of information.

Termination Fee

Sterling will pay Umpqua a termination fee of \$75 million if the merger agreement is terminated in the following circumstances:

In the event that (1) a pre-termination takeover proposal event occurs after the date of the merger agreement with respect to Sterling and the agreement is terminated (A) by Umpqua or Sterling because the Sterling special meeting has concluded without the approval of the Sterling merger proposal, (B) by Umpqua because there has been an uncured or incurable, willful and knowing breach of the merger agreement by Sterling that causes the failure of a condition to complete the merger, (C) by Sterling or Umpqua if the merger has not been completed on or before the termination date and the only condition not satisfied is the failure to obtain approval of the Sterling merger proposal, or (D) by Umpqua before approval of the Sterling merger proposal, if the board of directors of Sterling (x) effects a change in board recommendation or, in the case of a tender or exchange offer, fails to recommend rejection of such offer within 10 business days after the commencement of the offer, or (y) materially breaches certain obligations, including with respect to the non-solicitation of acquisition proposals or calling a

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meeting of its shareholders and recommending that they approve the merger agreement and (2) within one year of termination Sterling enters into a definitive agreement with respect to, or consummates, an alternative transaction (whether or not involving the same acquisition proposal that was the subject of the pre-termination takeover proposal); provided that for purposes of clause (2), all references in the definition of alternative transaction to 15% will instead be references to 50% and clause (A)(2) will not apply.

Umpqua will pay Sterling a termination fee of \$75 million if the merger agreement is terminated in the following circumstances (which are analogous to those described above):

In the event that (1) a pre-termination takeover proposal event occurs after the date of the merger agreement with respect to Umpqua and the agreement is terminated (A) by Umpqua or Sterling because the Umpqua special meeting has concluded without the approval of the Umpqua merger proposal and/or the articles amendment proposal, (B) by Sterling because there has been an uncured or incurable, willful and knowing breach of the merger agreement by Umpqua that causes the failure of a condition to the merger agreement, (C) by Sterling or Umpqua if the merger has not been completed on or before the termination date and the only condition not satisfied is the failure to obtain approval of the Umpqua merger proposal and/or the articles amendment proposal, or (D) by Sterling before approval of the Umpqua merger proposal and articles amendment proposal, if the board of directors of Umpqua (x) effects a change in board recommendation or, in the case of a tender or exchange offer, fails to recommend rejection of such offer within 10 business days after the commencement of the offer, or (y) materially breaches certain obligations, including with respect to the non-solicitation of acquisition proposals or calling a meeting of its shareholders and recommending that they approve the merger agreement and (2) within one year of termination Umpqua enters into a definitive agreement with respect to, or consummates, an alternative transaction (whether or not involving the same acquisition proposal that was the subject of the pre-termination takeover proposal); provided that for purposes of clause (2), all references in the definition of alternative transaction to 15% will instead be references to 50% and clause (A)(2) will not apply.

In the event the merger agreement is terminated under circumstances where the termination fee is paid in full to either Umpqua or Sterling, that party is precluded from any other remedy against the other party in connection with the merger agreement.

For purposes of the merger agreement, a "pre-termination takeover proposal event" is deemed to occur if, prior to the event giving rise to a right to terminate the merger agreement, a bona fide acquisition proposal is made known to Sterling's board of directors or senior management or Umpqua's board of directors or senior management, as applicable, or made directly to Sterling's or Umpqua's shareholders or publicly announced, and the acquisition proposal is not withdrawn prior to the event giving rise to such termination.

Expenses and Fees

All costs and expenses incurred in connection with the merger agreement and the transactions contemplated thereby will be paid by the party incurring such expense, except that the costs and expenses of printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger will be borne equally by Umpqua and Sterling.

Amendment, Waiver and Extension of the Merger Agreement

Subject to compliance with applicable law, the merger agreement may be amended by the parties at any time before or after approval of the matters presented in connection with merger by the shareholders of Umpqua and Sterling, except that after approval of the merger agreement by the respective shareholders of Umpqua or Sterling, there may not be, without further approval of such

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shareholders, any amendment of the merger agreement that changes the amount or the form of the consideration to be delivered to holders of Sterling common stock or that otherwise requires further approval of such shareholders under applicable law.

At any time prior to the completion of the merger, the parties may, to the extent legally allowed, extend the time for the performance of any of the obligations or other acts of the other party, waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement, and waive compliance with any of the agreements or satisfaction of any conditions contained in the merger agreement, except that after approval of the merger agreement by the respective shareholders of Umpqua or Sterling, there may not be, without further approval of such shareholders, any extension or waiver of the merger agreement or any portion thereof that reduces the amount or changes the form of the consideration to be delivered to the holders of Sterling common stock or that otherwise requires further approval under applicable law.

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ACCOUNTING TREATMENT

In accordance with current accounting guidance, the merger will be accounted for using the acquisition method. The result of this is that (1) the recorded assets and liabilities of Umpqua will be carried forward at their recorded amounts, (2) Umpqua historical operating results will be unchanged for the prior periods being reported on and (3) the assets and liabilities of Sterling will be adjusted to fair value at the date Umpqua assumes control of the combined entities (the "merger date"). In addition, all identifiable intangibles will be recorded at fair value and included as part of the net assets acquired. The amount by which the purchase price, consisting of the value of cash and shares of Umpqua common stock to be issued to former Sterling shareholders and shares of Umpqua common stock to be issued to former holders of Sterling stock options, warrants and restricted stock units, exceeds the fair value of the net assets including identifiable intangibles of Sterling at the merger date will be reported as goodwill. In accordance with current accounting guidance, goodwill is not amortized and will be evaluated for impairment at least annually. Identified intangibles will be amortized over their estimated lives. Further, the acquisition method of accounting results in the operating results of Sterling being included in the operating results of Umpqua from the merger date forward.

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UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following general discussion sets forth the anticipated material United States federal income tax consequences of the merger to U.S. holders (as defined below) of Sterling common stock that exchange their shares of Sterling common stock for shares of Umpqua common stock and cash in the merger. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any United States federal laws other than those pertaining to income tax. This discussion is based upon the Code, the regulations promulgated under the Code and court and administrative rulings and decisions, all as in effect on the date of this joint proxy statement/prospectus. These laws may change, possibly retroactively, and any change could affect the accuracy of the statements and conclusions set forth in this discussion.

This discussion addresses only those Sterling common shareholders that hold their shares of Sterling common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not address all aspects of United States federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

a financial institution;

a tax-exempt organization;

an S corporation or other pass-through entity (or an investor in an S corporation or other pass-through entity);

an insurance company;

a mutual fund;

a dealer or broker in stocks and securities, or currencies;

a trader in securities that elects mark-to-market treatment;

a holder of Sterling common stock that received Sterling common stock through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;

a person that is not a U.S. holder (as defined below);

a person that has a functional currency other than the U.S. dollar;

a holder of Sterling common stock that holds Sterling common stock as part of a hedge, straddle, constructive sale, conversion or other integrated transaction; or

a United States expatriate.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education

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Reconciliation Act of 2010. Determining the actual tax consequences of the merger to you may be complex. They will depend on your specific situation and on factors that are not within the control of Sterling or Umpqua. You should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of Sterling common stock that is for United States federal income tax purposes (1) an individual citizen or resident of the United States, (2) a corporation, or entity treated as a corporation, organized in or under the laws of the United States or any state thereof or the District of Columbia, (3) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of

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the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes or (4) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source.

The United States federal income tax consequences to a partner in an entity or arrangement that is treated as a partnership for United States federal income tax purposes and that holds Sterling common stock generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding Sterling common stock should consult their own tax advisors.

Tax Consequences of the Merger Generally

The parties intend for the merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Code. It is a condition to Umpqua's obligation to complete the merger that Umpqua receive an opinion from Wachtell, Lipton, Rosen & Katz, dated the closing date of the merger, to the effect that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. It is a condition to Sterling's obligation to complete the merger that Sterling receive an opinion from Davis Polk & Wardwell LLP, dated the closing date of the merger, to the effect that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. In addition, in connection with the filing of the registration statement of which this document is a part, each of Davis Polk & Wardwell LLP and Wachtell, Lipton, Rosen & Katz has delivered an opinion to Sterling and Umpqua, respectively, to the same effect as the opinions described above. These opinions will be based on representation letters provided by Umpqua and Sterling and on customary factual assumptions. None of the opinions described above will be binding on the Internal Revenue Service. Umpqua and Sterling have not sought and will not seek any ruling from the Internal Revenue Service regarding any matters relating to the merger, and as a result, there can be no assurance that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. In addition, if any of the representations or assumptions upon which those opinions are based are inconsistent with the actual facts, the United States federal income tax consequences of the merger could be adversely affected.

Accordingly, and on the basis of the foregoing opinions, as a result of the merger qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, upon exchanging your Sterling common stock for Umpqua common stock and cash, you generally will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash (excluding any cash received in lieu of a fractional share) and the fair market value of the Umpqua common stock received pursuant to the merger over your adjusted tax basis in your shares of Sterling common stock surrendered) and (2) the amount of cash received pursuant to the merger (excluding any cash received in lieu of a fractional share). If you acquired different blocks of Sterling common stock at different times or different prices, you should consult your tax advisor regarding the manner in which gain or loss should be determined. Any recognized gain generally will be long-term capital gain if, as of the effective date of the merger, your holding period with respect to the Sterling common stock surrendered exceeds one year. If, however, the cash received has the effect of the distribution of a dividend, the gain will be treated as a dividend to the extent of the holder's ratable share of accumulated earnings and profits as calculated for United States federal income tax purposes.

The aggregate tax basis in the shares of Umpqua common stock that you receive in the merger, including any fractional share interests deemed received and sold as described below, will equal your aggregate adjusted tax basis in the Sterling common stock you surrender, reduced by the amount of cash received (excluding any cash received in lieu of a fractional share) and increased by the amount of gain, if any, recognized by you (excluding any gain recognized with respect to cash received in lieu of a fractional share) on the exchange. Your holding period for the shares of Umpqua common stock that you receive in the merger (including a fractional share interest deemed received and sold as described

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below) will include your holding period for the shares of Sterling common stock that you surrender in the exchange.

Cash Instead of a Fractional Share

If you receive cash instead of a fractional share of Umpqua common stock, you will be treated as having received the fractional share of Umpqua common stock pursuant to the merger and then as having sold that fractional share of Umpqua common stock for cash. As a result, you generally will recognize gain or loss equal to the difference between the amount of cash received and the basis allocable to your fractional share of Umpqua common stock. This gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for the Sterling common stock surrendered therefor is greater than one year. The deductibility of capital losses is subject to limitations.

Backup Withholding

If you are a non-corporate holder of Sterling common stock you may be subject to information reporting and backup withholding (currently at a rate of 28%) on any cash payments you receive. You generally will not be subject to backup withholding, however, if you:

furnish a correct taxpayer identification number, certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal you will receive and otherwise comply with all the applicable requirements of the backup withholding rules; or

provide proof that you are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against your United States federal income tax liability, provided you timely furnish the required information to the Internal Revenue Service.

This summary of material United States federal income tax consequences is for general information only and is not tax advice. You are urged to consult your tax advisor with respect to the application of United States federal income tax laws to your particular situation as well as any tax consequences arising under the United States federal estate or gift tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction.

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DESCRIPTION OF CAPITAL STOCK OF UMPQUA

As a result of the merger, Sterling shareholders who receive shares of Umpqua common stock in the merger will become shareholders of Umpqua. Your rights as shareholder of Umpqua will be governed by Oregon law and the restated articles of incorporation and the bylaws of Umpqua. The following briefly summarizes the material terms of Umpqua common stock. We urge you to read the applicable provisions of the OBCA and Umpqua's restated articles of incorporation and bylaws. Copies of Umpqua's and Sterling's governing documents have been filed with the SEC. To find out where copies of these documents can be obtained, see "Where You Can Find More Information."

Authorized Capital Stock

Umpqua's authorized capital stock consists of 200,000,000 shares of common stock, no par value per share and 4,000,000 shares of preferred stock, no par value per share. As of the record date, there were 112,001,584 shares of Umpqua common stock outstanding and no shares of Umpqua preferred stock outstanding. In connection with the merger, Umpqua's restated articles of incorporation will be amended at the effective time of the merger to increase the number of authorized shares of common stock to 400,000,000.

Common Stock

Listing

Umpqua common stock is listed on the NASDAQ Global Select Market and traded under the symbol "UMPQ." Following the merger, shares of Umpqua common stock will continue to be traded on the NASDAQ Global Select Market.

Dividend Rights

The OBCA allows an Oregon business corporation to make a distribution, including payment of dividends, only if, after giving effect to the distribution, in the judgment of the board of directors: (1) the corporation would be able to pay its debts as they become due in the usual course of business; and (2) the corporation's total assets would at least equal the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed if the corporation were to be dissolved at the time of the distribution to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

Payment of dividends is subject to determination and declaration by the Umpqua board of directors and depends on a number of factors, including capital requirements, legal, and regulatory limitations on the payment of dividends, the results of operations and financial condition, tax considerations and general economic conditions. The holders of Umpqua common stock will be entitled to receive and share equally in these dividends as they may be declared by the Umpqua board of directors out of funds legally available for such purpose.

Voting Rights

Each share of Umpqua common stock is entitled to one vote on matters submitted to a vote of shareholders. A majority of the votes cast on a matter is sufficient to take action upon routine matters, while the affirmative vote of a majority of the outstanding shares is required to approve a merger or dissolution or sale of all of Umpqua's assets. Directors are elected by a plurality of votes cast and holders of Umpqua common stock may not cumulate votes in the election of directors.

In general, amendments to Umpqua's articles of incorporation must be approved by a number of votes cast in favor of the amendment that exceeds the number cast opposing the amendment. Amendments to Umpqua's articles of incorporation concerning (1) limitation of director liability,

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(2) indemnification of directors and (3) provisions related to the consideration of other constituencies when evaluating mergers, tender or exchange offers and similar proposals, however, currently require the approval of at least 75% of all votes entitled to be cast on the amendment.

Preemptive and Other Rights

Holders of Umpqua common stock have no preemptive rights and have no other rights to subscribe for additional securities of Umpqua under Oregon law. Preemptive rights are the priority right to buy additional shares if Umpqua issues more shares in the future. Therefore, if additional shares are issued by Umpqua without the opportunity for existing shareholders to purchase more shares, a shareholder's ownership interest may be subject to dilution.

For more information regarding the rights of holders of Umpqua common stock, see "Comparison of Shareholders' Rights."

Preferred Stock

Umpqua's articles of incorporation authorize Umpqua's board of directors, without further shareholder action, to issue up to 4,000,000 shares of preferred stock, no par value per share, in series and to fix the designation, powers, preferences, and rights of the shares of such series and any qualifications, limitations or restrictions thereof. As of the date of this joint proxy statement/prospectus, there are no shares of Umpqua preferred stock outstanding.

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COMPARISON OF SHAREHOLDERS' RIGHTS

If the merger is completed, holders of Sterling common stock will receive shares of Umpqua common stock in exchange for their shares of Sterling common stock. Umpqua is organized under the laws of the State of Oregon and Sterling is organized under the laws of the State of Washington. The following is a summary of the material differences between (1) the current rights of Sterling shareholders under the WBCA and Sterling's articles of incorporation and bylaws and (2) the current rights of Umpqua shareholders under the OBCA and Umpqua's articles of incorporation and bylaws.

Umpqua and Sterling believe that this summary describes the material differences between the rights of holders of Umpqua common stock as of the date of this joint proxy statement/prospectus and the rights of holders of Sterling common stock as of the date of this joint proxy statement/prospectus; however, it does not purport to be a complete description of those differences. Copies of Umpqua's and Sterling's governing documents have been filed with the SEC. To find out where copies of these documents can be obtained, see "Where You Can Find More Information."

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AUTHORIZED CAPITAL STOCK	
Umpqua's restated articles of incorporation authorize it to issue up to 200,000,000 shares of common stock, no par value per share, and 4,000,000 shares of preferred stock, no par value per share. As of the record date for the Umpqua special meeting, there were 112,001,584 shares of Umpqua common stock outstanding, and no shares of Umpqua preferred stock outstanding. In connection with the merger, Umpqua's articles of incorporation will be amended to increase the number of authorized shares of common stock to 400,000,000.	Sterling's articles of incorporation, as amended, authorize it to issue up to 151,515,151 shares of common stock, no par value per share, and 10,000,000 shares of preferred stock, no par value per share. As of the record date for the Sterling special meeting, there were 62,363,741 shares of Sterling common stock outstanding, and no shares of Sterling preferred stock outstanding.

VOTING LIMITATIONS

See "Anti-Takeover Provisions and Other Shareholder Protections" below for a description of the Oregon Control Share Act, under which shareholders are prohibited from voting shares of stock acquired in certain transactions not approved by the board that cause the acquiring person to gain control of a voting position in excess of certain ownership thresholds.

See "Anti-Takeover Provisions and Other Shareholder Protections" below.

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SIZE OF BOARD OF DIRECTORS

Umpqua's articles of incorporation currently provide that Umpqua's board of directors shall consist of not less than six and not more than 19 directors, as determined from time to time by resolution of a majority of the whole board of directors. Umpqua's board of directors currently has 11 directors.

Sterling's bylaws allow the directors to set the size of the board of directors. The Sterling board currently consists of 13 directors.

On September 11, 2013, Umpqua entered into an investment letter agreement with each of Warburg Pincus and THL (as holders of Sterling preferred stock prior to the merger), pursuant to which Warburg Pincus and THL will each have the right to designate one individual to the board of directors of the surviving company following the merger until their respective ownership of common stock of the surviving corporation falls below 4.9% of the shares outstanding.

Sterling is party to the Investment Agreement dated May 25, 2010, as amended, with Warburg Pincus, and the Second Amended and Restated Investment Agreement dated May 25, 2010, as amended, with THL, pursuant to which Warburg Pincus and THL each have the right to designate one individual to the Sterling board of directors until their respective ownership of common stock of Sterling falls below 4.9% of the shares.

Under the merger agreement, at the effective time, up to four former directors of Sterling (less the number of directors designated pursuant to the investment letter agreements, as described above) will be designated to the board of directors of the surviving corporation. Umpqua and Sterling have agreed that the surviving corporation will nominate these directors for re-election at each annual meeting of the surviving corporation held before the 2016 annual meeting.

CLASSES OF DIRECTORS

Umpqua's board of directors is not classified; all directors are elected annually.

Sterling's board of directors is not classified; all directors are elected annually.

ELECTION OF DIRECTORS

At each Umpqua annual meeting, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election.

Sterling directors are elected if the votes cast for a nominee's election exceed the votes cast against such nominee's election. Directors are elected by a plurality of the votes cast in the event of a contested election. A nominee for director in an election that is not contested who does not receive a majority of votes cast for election, but who was a director at the time of the election, shall continue to serve as a director for 90 days, until the board selects an individual to fill the vacancy created by such director, or until such director's resignation.

REMOVAL OF DIRECTORS

Directors may be removed at any time, with or without cause, only by the affirmative vote of the holders of a majority of outstanding shares entitled to elect such director, at a meeting called for that purpose.

Directors may be removed at any time, with or without cause, only by the affirmative vote of the holders of a majority of outstanding shares entitled to elect such director, at a meeting called for that purpose.

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FILLING VACANCIES ON THE BOARD OF DIRECTORS

Under Umpqua's articles of incorporation and bylaws, vacancies on the board of directors are filled by the affirmative vote of the majority of all directors remaining in office.

Under Sterling's bylaws, vacancies on the board of directors are filled by the affirmative vote of the majority of all directors remaining in office. Under the WBCA, shareholders entitled to vote on a director position may also fill a vacancy. A director filling a vacancy will serve until the next shareholder meeting in which a successor is elected.

SPECIAL MEETINGS OF SHAREHOLDERS

Special meetings of shareholders may be called at any time by the Chief Executive Officer or the board of directors, or on demand in writing by shareholders of record holding shares with at least 10% of the votes entitled to be cast on any matter proposed to be considered at the special meeting.

Special meetings of the shareholders may be called by the chairman or the board of directors, or by the chairman at the request of shareholders holding at least 10% of all outstanding shares entitled to vote on any issue proposed to be considered at the meeting.

QUORUM

Under Umpqua's bylaws, a majority of the shares entitled to vote on a matter, represented in person or by proxies, will constitute a quorum with respect to that matter at any meeting of shareholders.

Unless the articles of incorporation or applicable law provide otherwise, under Sterling's bylaws, a majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, will constitute a quorum at a meeting of shareholders.

NOTICE OF SHAREHOLDER MEETINGS

Umpqua's bylaws provide that written notice stating the place, date and time of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, must be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary, to each shareholder of record entitled to vote at such meeting.

Sterling's bylaws provide that written notice of an annual or special meeting of shareholders, stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, must be delivered by the Secretary or other authorized person to each shareholder of record entitled to vote at the meeting, in accordance with the WBCA, not fewer than ten nor more than sixty days before the date of the meeting.

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ADVANCE NOTICE OF SHAREHOLDER PROPOSALS AND NOMINATIONS

Umpqua's bylaws establish an advance notice procedure with regard to nominations and other business proposals to be brought before Umpqua's annual meeting. For proposals to be properly brought, a shareholder's notice must be delivered to or mailed and received at Umpqua's principal executive offices not later than the close of business 90 calendar days before the calendar date of the proxy statement released to shareholders in connection with the previous year's annual meeting.

A shareholder's notice must set forth (1) a brief description of each matter desired to be brought before the annual meeting and the reason for conducting such business at the meeting, (2) the name and address of the shareholder proposing such business, (3) the class and number of shares of stock of the corporation which are beneficially owned by the proposing shareholder, (4) any material interest of the shareholder in the business, and (5) as for each person whom the shareholder proposes to nominate for election or reelection as a director (a) the name, age, business address, and residence address of such person, (b) the principal occupation or employment of such person, (c) the class and number or shares stock of the corporation which are beneficially owned by such person, (d) the proposed nominee's written consent, and (e) any other information relating to such person that is required to be disclosed or is otherwise required by any applicable law.

Sterling's bylaws establish an advance notice procedure that a shareholder must follow to bring any item of business before Sterling's annual meeting. To be timely, a shareholder's notice must be delivered to the Secretary of the corporation at the principal executive office of the corporation not less than 120 days prior to the anniversary date of Sterling's proxy statement released in connection with the previous year's annual meeting, provided that in the event that the annual meeting is called for a date that is not within 30 days before or after the anniversary date of the previous year's annual meeting, notice by the shareholder must be received no later than the close of business on the tenth day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs.

A shareholder's notice must contain (1) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (2) the name and address of the shareholder, (3) the class or series and number of shares of Sterling capital stock that are owned beneficially or of record by the shareholder, (4) a description of all arrangements or understandings between the shareholder and any other person or persons (including their names) in connection with the proposal of such business by the shareholder and any material interest of the shareholder in such business, and (5) a representation that the shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

For each person that shareholder intends to nominate for election as a director, the shareholder must further specify (1) the name, age, business and residence address of such person, (2) the principal occupation or employment of such person, (3) the class or series and number of shares of Sterling capital stock that are owned beneficially or of record by the person being nominated, and (4) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act. The shareholder must also specify, as to such shareholder, any information relating to such shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act. Finally, the shareholder must submit a written consent from each proposed nominee to being named as nominee and to serve as a director if elected.

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VOTING RIGHTS ON MERGERS, SALES OF ASSETS

In addition to the provisions described below in "Anti-Takeover Provisions and Other Shareholder Protections," the OBCA requires that a plan of merger be approved by a majority of votes entitled to be cast by shareholders.

In addition to the provisions described below in "Anti-Takeover Provisions and Other Shareholder Protections," the WBCA requires that two-thirds of shareholders approve a merger or other significant transaction.

ANTI-TAKEOVER PROVISIONS AND OTHER SHAREHOLDER PROTECTIONS

The Oregon Control Share Act, codified at Sections 60.801 through 60.816 of the OBCA, restricts a shareholder's ability to vote shares of stock acquired in certain transactions not approved by the board that cause the acquiring person to gain control of a voting position exceeding one-fifth, one-third, or one-half of the votes entitled to be cast in an election of directors. Shares acquired in a control share acquisition have no voting rights except as authorized by a vote of the shareholders. If the acquiror's control shares are allowed to have voting rights and represent a majority or more of all voting power, shareholders who do not vote in favor of voting rights for the control shares will have the right to receive the appraised fair value of their shares, which may not be less than the highest price paid per share by the acquiror for the control shares.

Chapter 23B.19 of the WBCA prohibits a "target corporation" from engaging in certain significant business transactions with an acquiring person that owns 10% or more of the voting securities of the target corporation for a period of five years after the acquisition of the 10% or more of such securities, unless the transaction or the share acquisition is approved by a majority of the target corporation's directors before the date of the transaction or share acquisition. The prohibited transactions include, among others, a merger, consolidation, share exchange, sale, or other transaction with the acquiring person. After the five-year period in which significant business transactions are prohibited, the transaction may occur subject to certain criteria.

In addition, the OBCA prohibits, except under certain circumstances, a "business combination" (defined broadly to include mergers or consolidations, certain sales, sales of assets, liquidation or dissolution, and other specified transactions) between a corporation and an "interested shareholder" (defined generally as a person or group that directly or indirectly controls, or has the right to control, the voting or disposition of 15% or more of outstanding voting stock) within three years of the shareholder becoming an interested shareholder.

Corporations that qualify as target corporations include, among others, all publicly traded domestic corporations as well as foreign corporations that are required to have a certificate of authority to transact business in Washington if (1) the corporation has a class of voting shares registered with the SEC pursuant to Section 12 or 15 of the Exchange Act, (2) its principal executive office is located in Washington, (3) it has (a) more than 10% of its shareholders of record resident in Washington, (b) more than 10% of its shares owned by Washington residents, or (c) 1,000 or more shareholders of record in Washington, (4) a majority of its employees, together with those of its subsidiaries, are Washington residents or it, together with its subsidiaries, employs more than 1,000 Washington residents, and (5) a majority of the corporation's tangible assets, together with those of its subsidiaries, are located in Washington or the corporation, together with its subsidiaries, has more than \$50 million of tangible assets in Washington. A corporation that does not qualify as a target corporation will be deemed such if the failure to satisfy the criteria listed above is caused by or the result of a proposal by the acquiring person or an affiliate.

A business combination between a corporation and an interested shareholder is prohibited unless (1) prior to the date the person became an interested shareholder, the board of directors approved either the business combination or the transaction which resulted in the person becoming an interested shareholder, (2) upon consummation of the transaction that resulted in the person becoming an interested shareholder, that person owns at least 85% of the corporation's voting stock outstanding at the time the transaction is commenced (excluding shares owned by persons who are both directors and officers and shares owned by employee stock plans in which participants do not have the right to determine confidentially whether shares will be tendered in a tender or exchange offer), or (iii) the business combination is approved by the board of directors and authorized by the affirmative vote (at an annual or special meeting and not by written consent) of at least 66²/₃% of the outstanding voting stock not owned by the interested shareholder.

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Umpqua has not opted out of these provisions of the OBCA.

As permitted by Oregon law, Umpqua's restated articles of incorporation contain a constituency provision providing that, in evaluating certain transactions, the Umpqua board of directors may consider the effect on employees, customers, suppliers and communities as well as the interests of shareholders.

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Washington law does not contain a provision similar to the constituency provision found in Oregon law.

LIMITATION OF PERSONAL LIABILITY OF OFFICERS AND DIRECTORS

The OBCA provides that a corporation may limit or eliminate the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, provided that no such provision shall eliminate the liability of a director for (1) any breach of the directors' duty of loyalty to the corporation or its shareholders; (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) any unlawful distribution; or (4) any transaction from which the director derived an improper personal benefit.

Umpqua's restated articles of incorporation provide that, to the fullest extent permissible by law, no director shall be personally liable to the company or its shareholders for monetary damages.

The WBCA provides that a corporation may limit the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, provided that such provisions may not eliminate or limit the liability of a director for intentional misconduct or a knowing violation of law, for unlawful distributions, or for any transaction from which the director would personally receive a benefit to which the director is not legally entitled.

Sterling's articles of incorporation and bylaws provide that a director of the corporation will not be personally liable to the corporation or its shareholders for monetary damages subject to the exceptions listed above. If the WBCA is amended to authorize corporate action further eliminating or limiting personal liability of directors, then the liability of a director of Sterling will be amended to reflect such further limitations.

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INDEMNIFICATION OF DIRECTORS AND OFFICERS AND INSURANCE

Under the OBCA, a corporation may indemnify a director for actions taken in good faith and which the individual reasonably believed to be in the best interests of the corporation. In the case of a criminal proceeding, the individual must not have had any reasonable cause to believe the conduct was unlawful. A director may not be indemnified in connection with a proceeding by or in the right of the corporation in which the director was found liable to the corporation, or a proceeding in which the director was found to have improperly received a personal benefit. The OBCA provides for mandatory indemnification of officers and directors for reasonable expenses incurred when the indemnified party is wholly successful in the defense of the proceeding. A corporation may indemnify officers to the same extent as directors.

Umpqua's restated articles of incorporation grant an indemnification right to any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the company, discussed below) by reason of or arising from the fact that the person is or was a director or officer of Umpqua or one of its subsidiaries, or is or was serving at the request of Umpqua as a director, officer, partner, or trustee of another enterprise, against reasonable expenses (including attorney's fees), judgments, fines, penalties, excise taxes assessed with respect to any employee benefit plan and amounts paid in settlement actually and reasonably incurred by the person to be indemnified in connection with such action, suit or proceeding if the person acted in good faith, did not engage in intentional misconduct, and, with respect to any criminal action or proceeding, did not know the conduct was unlawful.

In the case of an action by or in the right of the company, Umpqua's restated articles of incorporation grant an indemnification right to the persons described above against reasonable expenses, but indemnification is not available where the person is found liable for deliberate misconduct, where the person received an improper personal benefit, for breach of duty of loyalty, or for any distribution to shareholders unlawful under the OBCA (unless and to the extent that the court finds indemnification nonetheless proper under the circumstances).

Umpqua's restated articles of incorporation also provide that the company may advance expenses to such person prior to the final disposition of the proceeding upon receipt of an undertaking to repay the expenses if later determined that they are not entitled to indemnification.

Under the WBCA, a corporation may indemnify a director for actions taken in good faith and which the director reasonably believed (1) to be in the best interests of the corporation or, (2) if acting outside of such director's official capacity, to be not opposed to the corporation's best interests. In the case of a criminal proceeding, the director must have had no reasonable cause to believe the conduct was unlawful. A director may not be indemnified in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation or in connection with any other proceeding in which the director was found to have improperly received personal benefit. The WBCA provides for mandatory indemnification of directors and officers for reasonable expenses incurred when the indemnified party is wholly successful in the defense of the proceeding. A corporation may indemnify officers to the same extent as directors.

Sterling's articles of incorporation and bylaws grant an indemnification or reimbursement right to directors and officers for reasonable expenses actually incurred in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, to which such person is made a party or threatened to be made a party by reason of such person's having been a director, officer, employee or agent of Sterling or otherwise serving in such capacity at the request of Sterling, provided that no indemnification or reimbursement will be available (1) if such person is finally adjudged to have been guilty or liable for gross negligence, willful misconduct, or criminal acts in the performance of such person's duties for Sterling or (2) in the event of a compromise settlement, except with the approval of (a) a court of competent jurisdiction, (b) holders of a majority of the outstanding shares of Sterling, or (c) a majority of the board of directors not party to the same or substantially the same action, suit or proceeding. Sterling may indemnify or reimburse persons other than officers and directors.

A person's right to indemnification or reimbursement includes such person's heirs, legal representatives, executors, and administrators, Sterling will pay expenses incurred in defending a civil or criminal action, suit or proceeding whether or not such a majority constitutes a quorum. The director, officer, employee or agent must repay any indemnified amount if it is ultimately determined that such person is not entitled to indemnification as authorized by Sterling's articles of incorporation and bylaws. These indemnification or reimbursement rights are not exclusive of other rights to which such person or such person's heirs, executors or administrators may be entitled as a matter of law.

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AMENDMENTS TO ARTICLES OF INCORPORATION AND BYLAWS

Under Oregon law, an amendment to the articles of incorporation is generally approved if, upon approval by the board of directors and referral to the shareholders, a quorum exists and the votes cast favoring the amendment exceed the votes cast opposing the amendment, unless the amendment would create dissenters' rights, in which case a majority of the votes entitled to be cast is required for approval. Umpqua's articles of incorporation impose a supermajority voting requirement of 75% of votes entitled to be cast to amend the provisions of its articles of incorporation governing director liability, indemnification or consideration of constituencies in the context of mergers and other transactions.

Under Oregon law, a corporation's board of directors may amend or repeal the corporation's bylaws unless the corporation's articles of incorporation or Oregon law reserves the power to amend the bylaws exclusively to the shareholders in whole or in part, or the shareholders, in amending or repealing a particular bylaw, provide expressly that the board of directors may not amend or repeal that bylaw. A corporation's shareholders may also amend or repeal the bylaws.

Umpqua's bylaws grant the board of directors the power to amend or repeal the bylaws, subject to amendment or repeal by action of the shareholders, at any regular meeting or any special meeting called for that purpose, provided notice of the proposed change is given in the notice of the meeting or waived in writing.

Under Washington law, an amendment to the articles of incorporation of a public company is generally approved if, upon approval by the board of directors and recommendation to the shareholders, a majority of the shareholders entitled to vote on the amendment (voting separately by class) approve the amendment. Separate voting by class is required under certain circumstances.

Sterling's bylaws may be amended, altered, or repealed and new bylaws may be adopted by the affirmative vote of a majority of the full board of directors, subject to the WBCA. Shareholders may also amend, repeal, or adopt new bylaws under the WBCA.

Unless the articles of incorporation of a public corporation prohibit the adoption of a bylaw governing the election of directors under the WBCA, the shareholders may adopt specific director election procedures pursuant to the WBCA. Such bylaws that were originally adopted by shareholders and that do not provide otherwise may only be repealed or amended by the shareholders. Further, any bylaw fixing a greater quorum or voting requirement that was adopted by the shareholders may only be amended or repealed by the shareholders. If these bylaws were originally adopted by the board of directors, then they may be amended or repealed by either the board of directors or the shareholders.

ACTION BY WRITTEN CONSENT OF THE SHAREHOLDERS

Under Umpqua's bylaws, any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting by written consent of all shareholders entitled to vote on the action.

The WBCA permits any action required or permitted to be taken at a meeting of the shareholders to be taken without a meeting by written consent of all shareholders entitled to vote on the action.

SHAREHOLDER RIGHTS PLAN

Umpqua does not currently have a shareholder rights plan in effect.

Sterling had a shareholder rights plan in effect as of April 14, 2010, but the plan expired on August 26, 2013. Sterling's articles of incorporation also include a protective provision that expired on August 26, 2013 that restricted transfers of Sterling common stock and discouraged shareholders from increasing their shareholdings to 5% or more of Sterling's common stock.

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UMPQUA

STERLING

DISSENTERS' RIGHTS

Under the OBCA, unless the articles of incorporation provide otherwise (and Umpqua articles do not so provide otherwise), dissenters' rights do not apply to the holders of shares of any class or series if the shares were registered on a national securities exchange on the record date for the meeting of shareholders at which the corporate action giving rise to dissenters' rights is to be approved or, in certain cases, on the effective date of the merger. Subject to the foregoing, in the event dissenters' rights were to apply, a shareholder is entitled to dissent from, and obtain payment of the fair value of the shareholder's shares only in the event of, any of the following corporate acts: (1) consummation of a plan of merger to which the corporation is a party if shareholder approval is required and the shareholder is entitled to vote on the merger or if the corporation is a subsidiary that is merged with its parent; (2) consummation of a plan of share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan; (3) consummation of a sale or exchange of all or substantially all of the property of the corporation other than in the usual and regular course of business if the shareholder is entitled to vote on the sale or exchange, including a sale in dissolution, unless the sale is pursuant to a court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds will be distributed to shareholders within one year; (4) an amendment of the articles of incorporation that materially and adversely affects rights in respect of a dissenter's shares because it (a) alters or abolishes a preemptive right of the holder of the shares to acquire shares or other securities or (b) reduces the number of shares owned by the shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under Oregon law; (5) any corporate action taken pursuant to a shareholder vote to the extent the articles of incorporation, bylaws or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares, or (6) conversion to a noncorporate business entity.

Under the WBCA, there is no exemption for public companies in the application of dissenters' rights.

Shareholders have the right to payment in cash for the fair value of their shares of common stock, together with interest, in the event of the following corporate acts: (1) consummation of a plan of merger to which the corporation is a party if shareholder approval was required and the shareholder was entitled to vote on the merger or the corporation was a subsidiary that is merged with its parent; (2) consummation of a plan of share exchange to which the corporation is a party as the corporation whose shares are acquired, if the shareholder was entitled to vote on the plan; (3) consummation of a sale or exchange of all or substantially all of the property of the corporation other than in the usual and regular course of business if the shareholder was entitled to vote on the sale or exchange, including a sale in dissolution, unless the sale is pursuant to a court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds will be distributed to the shareholders within one year; (4) an amendment of the articles of incorporation that effects a redemption or cancellation of all of the shareholder's shares in exchange for cash or other consideration; (5) the election to become or to cease to be a social purpose corporation if shareholder approval was required; (6) any corporate action approved by a shareholder vote to the extent the articles of incorporation, bylaws, or the board of directors provides that voting or nonvoting shareholders are entitled to dissent and receive payment for their shares.

See the section entitled "Dissenter's Rights in the Merger" for more information.

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Umpqua common stock is listed on the NASDAQ Global Select market under the symbol "UMPQ," and Sterling common stock is listed on the NASDAQ Capital Market under the symbol "STSA." The following table sets forth the high and low reported closing sale prices per share of Umpqua common stock and Sterling common stock, and the cash dividends declared per share for the periods indicated.

	Umpqua Common Stock			Sterling Common Stock		
	High	Low	Dividend	High	Low	Dividend
2012						
First Quarter	13.74	11.75	0.07	21.81	16.93	0.00
Second Quarter	13.65	11.89	0.09	20.86	17.50	0.00
Third Quarter	13.81	11.89	0.09	22.78	18.94	0.15
Fourth Quarter	12.74	11.33	0.09	22.98	20.00	0.65