

UMPQUA HOLDINGS CORP  
Form 424B3  
January 22, 2014

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Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-192346

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## 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 January 17, 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 \$32.93. **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, 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.**

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.

/s/ RAYMOND P. DAVIS  
Raymond P. Davis  
*President and Chief Executive Officer*  
Umpqua Holdings Corporation

/s/ J. GREGORY SEIBLY  
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 January 22, 2014, and it is first being mailed or otherwise delivered to the shareholders of Umpqua and Sterling on or about January 24, 2014.

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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 January 22, 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,**

/s/ STEVEN L. PHILPOTT

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 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,**

/s/ ANDREW J. SCHULTHEIS

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 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 dif