UMPQUA HOLDINGS CORP
Form S-4/A
May 18, 2004

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As filed with the Securities and Exchange Commission on May 17, 2004

Registration No. 333-114566

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

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	**6022**	**93-1261319**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(IRS Employer Identification No.)*

200 SW Market Street, Suite 1900
Portland, Oregon 97204
(503) 546-2499
(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
200 SW Market Street, Suite 1900
Portland, Oregon 97201
(503) 546-2499
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Kenneth E. Roberts, Esq	**Stanley F. Farrar, Esq.**
Foster Pepper Tooze LLP	**Sullivan & Cromwell LLP**
601 SW Second Avenue, Suite 1800	**1888 Century Park East, Suite 2100**
Portland, Oregon 97204	**Los Angeles, California 90067-1725**
(503) 221-0607	**(310) 712-6600**

Approximate Date of Proposed Sale to the public: As soon as practicable after this Registration Statement becomes effective.

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. o

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

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. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common Stock, no par value	16,512,308	N/A	$315,219,960	$39,938.37

(1) Represents the estimated maximum number of shares of common stock of Umpqua, no par value per share, that could be issued in connection with the merger with Humboldt Bancorp including shares of common stock issuable upon the exercise of outstanding options to acquire Humboldt Bancorp common stock.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(c) and (f) under the Securities Act of 1933, as amended, based on the market value of Humboldt Bancorp as of April 13, 2004 as reported by the Nasdaq National Market System™ on April 13, 2004, and the estimated maximum number of shares of Humboldt Bancorp common stock (16,512,308 including 1,323,032 shares subject to options) that may be exchanged for Umpqua common stock. The full registration fee was paid in connection with the initial filing on April 19, 2004.

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 of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, may determine.

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MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

The boards of directors of Umpqua Holdings Corporation (Umpqua) and Humboldt Bancorp (Humboldt) have approved an Agreement and Plan of Reorganization pursuant to which Humboldt would merge with and into Umpqua. We are sending you this joint proxy statement-prospectus to ask you to vote in favor of the merger proposal.

Upon completion of the merger, Humboldt shareholders will be entitled to receive one share of Umpqua common stock for each share of Humboldt common stock that they own.

The implied value per share of Humboldt common stock converted in the merger at the exchange ratio noted above is equal to $18.64, the market value of Umpqua common stock on May 14, 2004, the most recent practicable date prior to the printing of this document.

After careful consideration, each of the boards of directors of Umpqua and Humboldt determined the merger to be fair to its shareholders and in its shareholders best interests, and approved the merger agreement.

Your vote is very important. We cannot complete the merger unless the shareholders of Umpqua and Humboldt approve the merger. The boards of directors of Umpqua and Humboldt are soliciting proxies from shareholders to vote at the special shareholder meetings. You do not need to attend the meeting to vote your shares, although you are invited to do so. Whether or not you choose to attend, please complete, sign, date and return the enclosed proxy or follow the instructions on the proxy for telephone or Internet voting.

This joint proxy statement-prospectus gives you detailed information about the merger and the special shareholder meetings. Before sending in your proxy or voting your shares, you should read this entire document, particularly the information under Risk Factors beginning on page 12.

You should rely only on the information in this document or in other documents to which we refer you, concerning Umpqua, Humboldt and the proposed merger. We have not authorized anyone to provide you with information that is different.

This document is dated May 17, 2004, and is being mailed to you on or about May 24, 2004.

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

Robert M. Daugherty
President and Chief Executive Officer
Humboldt Bancorp

Neither the Securities and Exchange Commission, the Oregon Department of Consumer and Business Services, the California Department of Financial Institutions, nor any other state securities commission has approved or disapproved of the terms of the merger agreement or passed upon the adequacy or accuracy of this joint document. Any representation to the contrary is a criminal offense.

WHERE YOU CAN FIND MORE INFORMATION

This joint proxy statement-prospectus incorporates important business and financial information about Umpqua and Humboldt from documents that are not included in or delivered with this document. See Incorporation of Documents by Reference on page 70. This information is available without charge to you upon written or oral request. If you request any incorporated documents, we will mail the documents and all exhibits specifically incorporated by reference in the requested documents to you by first class mail, or other equally prompt means.

For documents relating to Umpqua, direct requests to:

Umpqua Holdings Corporation
200 SW Market Street, Suite 1900
Portland, OR 97201
Attn: Steve Bellas, Investor Relations
(503) 546-2495
Email: stevebellas@umpquabank.com

For documents relating to Humboldt, direct requests to:

Humboldt Bancorp
2998 Douglas Boulevard, Suite 330
Roseville, CA 95661
Attn: Patrick Rusnak, Executive Vice President and Chief Financial Officer
(916) 783-2812
Email: prusnak@humboldtbancorp.com

To obtain timely delivery before the shareholder meetings, you must request the information no later than June 24, 2004. These documents can also be reviewed and copied from various free web sites including the Securities and Exchange Commission s web site listed below.

Umpqua and Humboldt file annual, quarterly and periodic reports, proxy statements and other information with the SEC. You may obtain copies of these documents by mail from the public reference room of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Please call the SEC at 1-800-732-0330 for information on the operation of the public reference room. In addition, Umpqua and Humboldt file reports and other information with the SEC electronically, and the SEC maintains a web site located at http://www.sec.gov containing this information. Each of Umpqua and Humboldt post their SEC filings on their respective web sites at www.umpquaholdingscorp.com and www.humboldtbancorp.com.

Umpqua has filed a registration statement on Form S-4 to register with the SEC up to 16,512,308 shares of Umpqua common stock. This document is a part of that registration statement. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits at the address set forth above. Statements contained in this document as to the contents of any contract or other document referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement.

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May 17, 2004

Dear Shareholder:

As you know, Humboldt Bancorp has entered into an agreement to merge with Umpqua Holdings Corporation. This proposed merger will bring together two premier banks in the West, with more resources, more locations to serve our customers, and an unwavering commitment to community banking. All regulatory filings have been made and we anticipate completion of the merger upon receipt of shareholder approval.

This last, important step is the reason we re writing to you today. Enclosed is your invitation to the special meeting of shareholders of Umpqua Holdings Corporation and Humboldt Bancorp. We hope you can attend the appropriate meeting. We also encourage you to carefully review the enclosed joint proxy statement prospectus, which gives you detailed information about the merger and the special shareholder meetings, before sending in your proxy card or voting your shares.

Humboldt Bancorp	**Umpqua Holdings Corporation**
Special Meeting of Shareholders	Special Meeting of Shareholders
July 7, 2004 at 9:00am	July 7, 2004 at 6:00pm
Humboldt Bank Plaza	Umpqua University and Support Center
2440 Sixth Street	1740 NW Garden Valley Boulevard
Eureka, California 95501	Roseburg, Oregon 97470

The Boards of Directors of both Umpqua Holdings Corporation and Humboldt Bancorp have approved the merger agreement and recommend that you vote FOR approval of the merger proposal.

Regardless of the number of shares you own or your availability to attend the special meeting, it is important that your shares be represented and voted at the meeting. A failure to vote, either by not returning the enclosed proxy card or by checking the Abstain box thereon, will have the same effect as a vote *against* approval of the merger proposal.

On behalf of the Boards of Directors of Umpqua Holdings Corporation and Humboldt Bancorp, we thank you for your support and encourage you to vote FOR approval of the merger proposal.

Best regards,

Raymond P. Davis	Robert M. Daugherty
President and CEO	President and CEO
Umpqua Holdings Corporation	Humboldt Bancorp

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Umpqua Shareholders:

A special meeting of shareholders of Umpqua Holdings Corporation will be held at the Umpqua Bank University and Support Center, 1740 NW Garden Valley Blvd., Roseburg, Oregon, at 6 p.m., local time, on July 7, 2004 for the following purposes:

To vote on a proposal to approve the Agreement and Plan of Reorganization and the accompanying Plan of Merger providing for the merger of Humboldt Bancorp with and into Umpqua Holdings Corporation; and

To transact other business that may properly come before the meeting, including, if necessary, any proposal to adjourn the special meeting to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal.

If you were a shareholder of record of Umpqua common stock as of the close of business on May 7, 2004, you are entitled to receive this notice and vote at the special meeting, and any adjournment or postponement thereof.

Your vote is important. Holders of a majority of the shares of Umpqua common stock outstanding on May 7, 2004 must vote in favor of the proposal for the merger to be completed. Whether or not you expect to attend the special meeting in person, please mark, sign, date and promptly return your proxy in the enclosed envelope, or follow the instructions for voting by phone or on the Internet.

After careful consideration, Umpqua s board of directors has determined that the merger agreement and the merger are in the best interest of Umpqua and its shareholders. The board has adopted the merger agreement and unanimously recommends that Umpqua shareholders vote **FOR** approval of the merger agreement.

By Order of the Board of Directors,

STEVEN L. PHILPOTT, *Secretary*

May 17, 2004

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2998 Douglas Boulevard, Suite 330
Roseville, California 95661

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Humboldt Shareholders:

A special meeting of shareholders of Humboldt Bancorp will be held at Humboldt Bank Plaza, 2440 Sixth Street, Eureka, California at 9:00 a.m., local time, on July 7, 2004, for the following purposes:

To vote on a proposal to approve the Agreement and Plan of Reorganization and the accompanying Plan of Merger providing for the merger of Humboldt Bancorp with and into Umpqua Holdings Corporation.

To transact other business that may properly come before the meeting, including, if necessary, any proposal to adjourn the special meeting to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal.

If you were a shareholder of record of Humboldt common stock as of the close of business on May 10, 2004, you are entitled to receive this notice and vote at the special meeting, or any adjournment or postponement thereof.

Your vote is important. Holders of a majority of the shares of Humboldt common stock outstanding on May 10, 2004, must vote in favor of the merger agreement for the merger to be completed. Whether or not you expect to attend the special meeting in person, please mark, sign, date and promptly return your proxy in the enclosed envelope or follow the instructions for voting by phone or on the Internet.

After careful consideration, Humboldt s board of directors has determined that the merger agreement and the merger are in the best interest of Humboldt and its shareholders. The board has adopted the merger agreement and recommends that Humboldt shareholders vote **FOR** approval of the merger agreement.

In connection with the proposed merger, you may exercise dissenters rights as provided in the California General Corporation Law. If you meet all the requirements under California law and follow all of its required procedures, you may receive cash in the amount equal to the fair market value (as determined by mutual agreement between you and Humboldt Bancorp, or if there is no agreement, by a court) of your shares of Humboldt Bancorp common stock as of the day before the first announcement of the terms of the merger. The procedure for exercising your dissenters rights is summarized under the heading Dissenters Rights in the attached joint proxy statement-prospectus. The relevant provisions of the California General Corporation Law on dissenters rights are attached to this document as Appendix E.

By Order of the Board of Directors,

PATRICK J. RUSNAK, *Secretary*

May 17, 2004

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QUESTIONS AND ANSWERS ABOUT VOTING AND THE SHAREHOLDER MEETINGS

Q: *What are shareholders being asked to vote on at the shareholder meetings?*

A: Umpqua shareholders will vote on a proposal to approve the principal terms of the merger, including the issuance of shares of Umpqua common stock in exchange for outstanding shares of Humboldt common stock, in accordance with the merger agreement.

Humboldt shareholders will vote on a proposal to approve the principal terms of the merger.

Q: *Who is eligible to vote?*

A: Holders of Umpqua common stock are eligible to vote at the Umpqua special meeting of shareholders if they were holders of record of those shares at the close of business on May 7, 2004.

Holders of Humboldt common stock are eligible to vote at the Humboldt special meeting of shareholders if they were holders of record of those shares at the close of business on May 10, 2004.

Q: *What vote is required to approve the merger agreement?*

A: The merger agreement will be approved if the holders of a majority of the shares of both Humboldt and Umpqua vote in favor of the merger. Accordingly, a failure to vote or an abstention will have the same effect as a vote against the merger.

Q. *Are there dissenters appraisal rights?*

A. Under California law, Humboldt shareholders may exercise dissenters rights as provided in the California General Corporation Law. If you meet all the requirements under California law and follow all of its required procedures, you may receive cash in the amount equal to the fair market value (as determined by mutual agreement between you and Humboldt Bancorp, or if there is no agreement, by a court) of your shares of Humboldt Bancorp common stock as of the day before the first announcement of the terms of the merger. The procedure for exercising your dissenters rights is summarized under the heading Dissenters Appraisal Rights Humboldt . The relevant provisions of the California General Corporation Law on dissenters rights are attached to this document as Appendix E.

Umpqua is an Oregon corporation and under applicable Oregon law, Umpqua s shareholders do not have dissenters appraisal rights.

Q: *Have Humboldt s and Umpqua s boards of directors approved the merger?*

A. Yes. After careful consideration, the board of directors of each of the companies determined the merger to be fair to its shareholders and in its shareholders best interests, approved the merger agreement and recommended that their respective shareholders vote in favor of the merger agreement.

Q: *Can I vote if I hold shares of Umpqua common stock in the Umpqua Bank 401(k) and Profit Sharing Plan?*

A: If you are a participant in the Umpqua Bank 401(k) and Profit Sharing Plan you will receive with this document separate voting instruction cards for shares of Umpqua common stock allocated to your account as a participant or beneficiary under the Umpqua Bank 401(k) and Profit Sharing Plan. These voting instruction cards will appoint the trustee of the Umpqua Plan your proxy to vote your shares in accordance with the directions you give on the card. Please follow the instructions that accompany the card. See Umpqua Special Meeting Participants in the Umpqua Bank 401(k) and Profit Sharing Plan.

Q: Can I vote if I hold shares of Humboldt common stock in the Humboldt Bancorp Retirement Savings Plan?

A: In accordance with the terms of the Humboldt Bancorp Retirement Savings Plan, the plan s Administrative Committee will direct the plan s trustee how to vote the shares in the plan s trust. See Humboldt Special Meeting Shares in the Humboldt Bancorp Retirement Savings Plan.

Q: Can I vote if I hold shares of Humboldt common stock in the California Independent Bancorp 401(k) Plan?

A: If you hold shares in an account under the California Independent Bancorp 401(k) Plan, you will receive with this document separate voting instruction cards for shares of Humboldt common stock allocated to your account as a participant or beneficiary under this plan. These voting instruction cards will direct the plan s trustee to vote shares allocated to your account in accordance with the instructions noted on the card. You should return this voting instruction card to Illinois Stock Transfer Company, as indicated in the instructions that accompany the card. Shares of Humboldt common stock for which proper voting instructions have not been received or properly completed will be voted by the plan s trustee in the same proportion as those shares of Humboldt common stock for which properly completed voting instructions have been received. See Humboldt Special Meeting California Independent Bancorp 401(k) Plan Account Holders.

Q: Can I vote if I hold shares of Humboldt common stock in the California Independent Bancorp Employee Stock Ownership Plan?

A: If you hold shares in an account under the California Independent Bancorp Employee Stock Ownership Plan, you will receive with this document separate voting instruction cards for shares of Humboldt common stock allocated to your account as a participant or beneficiary under this plan. These voting instruction cards will direct the plan s trustee to vote shares allocated to your account in accordance with the instructions noted on the card. You should return this voting instruction card to Illinois Stock Transfer Company, as indicated in the instructions that accompany the card. Shares of Humboldt common stock for which proper voting instructions have not been received or properly completed will not be voted. See Humboldt Special Meeting California Independent Bancorp Employee Stock Ownership Plan Account Holders.

Q: What do I need to do now?

A: First, carefully read this document in its entirety. Then, vote your shares by one of the following methods:

- mark, sign, date and return your proxy card in the enclosed return envelope as soon as possible;
- call the toll-free number on the proxy card and follow the directions provided;
- go to the web site listed on the proxy card and follow the instructions provided; or
- attend the special meeting and submit a properly executed proxy or ballot. If a broker holds your shares in street name, you will need to get a proxy from your broker to vote in person at the meeting.

Q: Can I change my vote after I have mailed my signed proxy card or voted by telephone or electronically?

A: Yes. If you have not voted through your broker, you can change your vote at any time before your shares are voted at the special meeting. You can do this by:

- calling the toll-free number on the proxy card and following the directions provided;
- going to the web site listed on the proxy card and following the instructions provided;
- submitting a properly executed proxy bearing a later date;

notifying Humboldt s or Umpqua s corporate secretary, as the case may be, in writing of the revocation of your proxy; or

voting in person at the special meeting, but simply attending the meeting will not, of itself, revoke a proxy.

Q: *Can I attend the special meeting even if I vote by proxy?*

A: Yes. You are welcome to attend and we encourage you to do so.

Q: *What if I do not vote or I abstain?*

A: If you fail to respond or mark your proxy abstain, it will have the same effect as a vote against the merger proposal.

If you submit your proxy but do not indicate how you want to vote, your proxy will be voted in favor of the merger proposal.

Q: *If my shares are held in street name by my broker, will my broker vote my shares for me?*

A: No. If your shares are held by your broker (or other nominee), you should receive this document and an instruction card from your broker. Your broker will vote your shares only if you provide instructions on how to vote. If you do not tell your broker how to vote, your broker cannot vote your shares. This will have the same effect as a vote against the merger.

Q: *Should Humboldt shareholders send stock certificates at this time?*

A: **No, please do not send in your certificates until you receive instructions to do so.** If you do not know where your stock certificates are located, you may want to find them now so you do not experience delays receiving your merger consideration. If you have lost or misplaced your Humboldt stock certificates, contact Humboldt s transfer agent Illinois Stock Transfer Company, 209 West Jackson Blvd., Suite 903, Chicago, IL 60606, or call Illinois Stock Transfer at (800) 757-5755 or (312) 427-2953. Promptly after completion of the merger, you will receive instructions for exchanging your Humboldt stock certificates for Umpqua stock certificates.

Q: *Where do I get more information?*

A: If you have questions about the merger or submitting your proxy, or if you need additional copies of this document, the proxy card or any documents incorporated by reference, you should contact one of the following:

Steven Philpott, Executive Vice President,
General Counsel and Secretary
Umpqua Holdings Corporation
Legal Department
675 Oak Street, Suite 200
P.O. Box 1560
Eugene, OR 97440
(541) 434-2997 (voice)
(541) 342-1425 (fax)
stevenphilpott@umpquabank.com

Patrick J. Rusnak, Executive Vice President,
Chief Financial Officer and Secretary
Humboldt Bancorp
2998 Douglas Boulevard, Suite 330
Roseville, CA 95661
(916) 783-2812 (voice)
(916) 677-5751 (fax)
prusnak@humboldtbancorp.com

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What will Humboldt shareholders receive in the merger?

A: Humboldt shareholders will receive one share of Umpqua common stock in exchange for each share of Humboldt common stock.

Q: Will the exchange ratio of one share of Umpqua common stock for one share of Humboldt common stock adjust under any circumstances?

A. No.

Q: Have the parties financial advisors reviewed the merger?

A: Yes. Wells Fargo Securities, LLC reviewed the merger and has issued an opinion as to the fairness, from a financial point of view, of the consideration to be offered by Umpqua to Humboldt shareholders.

Keefe Bruyette & Woods, Inc. reviewed the merger and has issued an opinion as to the fairness, from a financial point of view, of the exchange ratio to Humboldt shareholders.

Q: What are the tax consequences of the merger?

A: We have structured the merger so that Umpqua and Humboldt and our respective shareholders will not recognize any gain or loss for federal income tax purposes in the merger, except for taxes payable with respect to cash received by Humboldt shareholders who have properly exercised dissenter s rights.

Q: What risks should I consider before I vote on the merger?

A. We encourage you to read the detailed information about the merger in this document, including the Risk Factors section beginning on page 12.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as possible and we anticipate the merger will be completed in the third quarter of 2004. Because the merger is subject to shareholder and regulatory approval and other factors beyond our control, we cannot predict with accuracy the exact timing for completing the merger.

Q: What regulatory approvals are required to complete the merger?

A. Umpqua and Humboldt must obtain written approval from the Federal Deposit Insurance Corporation. We have received regulatory approvals or waivers from the Board of Governors of the Federal Reserve System, the Oregon Department of Consumer and Business Services acting through the Division of Finance and Corporate Services, and the California Commissioner of Financial Institutions.

Q: Who will manage the combined company?

A: Umpqua will be the surviving corporation in the merger and the executive officers of Umpqua immediately prior to the merger will be the executive officers of Umpqua until such time as their successors are duly elected and qualified.

Following the merger, the board of directors of Umpqua will consist of 13 directors, four of whom will be selected from among the current Humboldt directors. Nine of the current Umpqua directors, including Raymond P. Davis, will continue to serve following the merger.

Raymond P. Davis, President and Chief Executive Officer of Umpqua, and Umpqua s other executive officers will continue in their respective positions with the combined company. Robert M. Daugherty, President and Chief Executive Officer of Humboldt will serve as President of Umpqua Bank s California

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Region. Patrick J. Rusnak, Executive Vice President and Chief Financial Officer of Humboldt, will serve as Executive Vice President and Chief Financial Officer of Umpqua Bank s California Region, and certain other senior officers of Humboldt are expected to continue with the combined company.

Q: How does the merger affect my outstanding options or warrants to purchase Humboldt common stock?

A: At the time the merger becomes effective, Umpqua will assume Humboldt s stock option plans and unexercised Humboldt options will be automatically converted into options to acquire shares of Umpqua common stock. Holders of warrants to purchase Humboldt common stock will receive from Humboldt instructions for the exercise of their warrants prior to the completion of the merger. At the time the merger becomes effective, all unexercised warrants to purchase Humboldt common stock will be cancelled in accordance with the terms of the warrant agreements.

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SUMMARY

This brief summary includes information discussed in greater detail elsewhere in this document and does not contain all the information that may be important to you. You should carefully read this entire document and its appendices and the other documents to which this document refers you before deciding how to vote your shares. Each item in this summary contains a page reference directing you to a more complete description of that item. We incorporate by reference important business and financial information about Umpqua and Humboldt into this document. For a description of this information, see the section Incorporation of Documents by Reference on page 70. You may obtain the information incorporated by reference without charge by following the instructions in the section Where You Can Find More Information on the inside front cover of this document.

The Companies (pages 53, 54)

Umpqua Holdings Corporation
200 SW Market Street, Suite 1900
Portland, OR 97201
(503) 546-2499

Umpqua Holdings Corporation, an Oregon corporation, is a financial holding company and the parent company of Umpqua Bank, an Oregon state-chartered bank recognized for its entrepreneurial approach, innovative use of technology, and distinctive banking solutions. Umpqua Bank, headquartered in Roseburg, Oregon, offers business and consumer banking products and services at 64 stores throughout Oregon and Southwest Washington. Umpqua also owns a retail brokerage subsidiary, Strand, Atkinson, Williams & York, Inc. which has 14 locations throughout Oregon and Southwest Washington and offers brokerage services within Umpqua Bank stores. Additionally, Umpqua s Private Client Services Division provides tailored financial services and products to individual customers. Umpqua Holdings Corporation is headquartered in Portland, Oregon.

Humboldt Bancorp
2998 Douglas Boulevard, Suite 330
Roseville, California 95661
(916) 783-2812

Humboldt is a California corporation registered under the Bank Holding Company Act of 1956. Humboldt s principal operating subsidiary is Humboldt Bank, which was founded in 1989 and operates as a California state-chartered bank. Humboldt Bank also operates under the names Capitol Valley Bank, Feather River State Bank and Tehama Bank, which, in combination, offer business and consumer banking services at 27 locations throughout Northern California. Humboldt Bank s subsidiary Humboldt Investment Trust was formed as a real estate investment trust organized under the laws of the state of Maryland.

The Merger (page 20)

Upon shareholder approval and the satisfaction or waiver of the conditions to the merger, Humboldt will merge with and into Umpqua, immediately followed by the merger of Humboldt Bank into Umpqua Bank. Humboldt and Humboldt Bank will cease to exist as separate entities. The branches of Humboldt Bank will become stores of Umpqua Bank.

The merger agreement is the legal document that governs the merger of Humboldt with and into Umpqua and is attached to this document as Appendix A. Please read the agreement carefully.

Merger Consideration (page 37)

If the merger is completed, Humboldt shareholders will be entitled to receive one share of Umpqua common stock for each share of Humboldt common stock.

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Treatment of Humboldt Stock Awards (page 38)

At the time the merger becomes effective, Umpqua will assume Humboldt s stock incentive plans and unexercised Humboldt options will be converted into replacement options to acquire shares of Umpqua common stock and outstanding Humboldt stock bonus awards will be converted into the right to receive an equal number of shares of Umpqua common stock, subject to the same restrictions as the Humboldt stock bonus award. The terms and conditions of Humboldt awards will otherwise remain the same.

Market Price Information for Umpqua and Humboldt Common Stock (page 10)

Umpqua trades on the Nasdaq National Market under the symbol UMPQ . The closing price of Umpqua s common stock on March 12, 2004, the last trading day before public announcement of the merger was $21.42. The closing price on May 14, 2004, the last practicable trading date before the date of this document was $18.64.

Humboldt trades on the Nasdaq National Market under the symbol HBEK . The closing price of Humboldt s common stock on March 12, 2004, the last trading day before public announcement of the merger was $18.00. The closing price on May 14, 2004, the last practicable trading date before the date of this document was $18.80.

Opinion of Umpqua s Financial Advisor (page 24)

On March 12, 2004, Umpqua s financial advisor, Wells Fargo Securities, LLC, delivered its opinion to Umpqua s board of directors. The opinion stated that as of March 12, 2004, and subject to the qualifications in the opinion, the consideration to be offered by Umpqua is fair from a financial point of view to Umpqua shareholders. Wells Fargo Securities, LLC reconfirmed its opinion in writing on May 17, 2004. A copy of the opinion is attached as Appendix D to this document.

Opinion of Humboldt s Financial Advisor (page 32)

On May 17, 2004, Humboldt s financial advisor, Keefe, Bruyette & Woods, Inc. delivered its written opinion to Humboldt s board of directors. The opinion stated that as of May 17, 2004, and subject to the qualifications in the opinion, the exchange ratio to be received by Humboldt shareholders is fair from a financial point of view to Humboldt shareholders. A copy of the opinion is attached as Appendix C to this document.

Approval of the Merger

The merger agreement must be approved by the holders of a majority of the outstanding shares of common stock of each of Umpqua and Humboldt.

Recommendation of Boards of Directors (pages 21, 23)

After careful consideration, the board of directors of each of Umpqua and Humboldt determined that the merger is fair to and in the best interests of their respective shareholders. Based on the reasons for the merger described in this document, including the respective fairness opinions, each board recommends that you vote **FOR** the proposal to approve the merger.

Interests of Directors and Executive Officers (page 39)

On May 7, 2004, Umpqua s directors and executive officers beneficially owned 1,499,589 Umpqua shares, of which 1,108,162 are entitled to be voted at the meeting of Umpqua shareholders. Those shares constitute approximately 3.89% of the total shares outstanding and entitled to vote at the meeting. Each Umpqua director has agreed to vote his or her shares in favor of the merger agreement.

On May 10, 2004, Humboldt s directors and executive officers beneficially owned 1,538,443 Humboldt shares, of which 952,444 are entitled to be voted at the meeting of Humboldt shareholders. Those shares

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constitute approximately 6.21% of the total shares outstanding and entitled to be voted. Humboldt directors holding 4.29% of the total shares entitled to vote at the meeting have agreed to vote their shares in favor of the merger.

Humboldt executive officers have interests in the merger that are different from, or in addition to, the interests of other shareholders. When considering the recommendation of Humboldt s board of directors, you should be aware that Robert M. Daugherty, President and Chief Executive Officer, and Patrick J. Rusnak, Executive Vice President and Chief Financial Officer, have entered into employment agreements with Umpqua and will be entitled to a cash payment upon completion of the merger. These new Umpqua employment agreements incorporate certain of the payments and benefits that Mr. Daugherty and Mr. Rusnak would have been entitled to under their employment contracts with Humboldt in certain circumstances following a change in control. Mr. Daugherty will receive a cash payment of $901,084 and the immediate grant of options to purchase 27,600 shares of common stock that, together with options on 60,000 shares previously granted, will be fully vested. Patrick Rusnak will receive a cash payment of $525,000 and the immediate vesting of 2,000 stock bonus award shares.

Several Humboldt officers have existing agreements with Humboldt that provide for severance benefits in the event of a qualifying termination of employment within one year following the merger. The aggregate amount of cash severance payable under the existing Humboldt written agreements with the eight other Humboldt officers is estimated at $1.35 million if qualifying terminations occur within one year following the merger.

Special Meeting of Umpqua Shareholders (page 13)

A special meeting of Umpqua shareholders will be held on Wednesday, July 7, 2004 at 6:00 p.m., local time, at the Umpqua Bank University and Support Center, 1740 NW Garden Valley Blvd., Roseburg, Oregon. At the meeting, shareholders will be asked to approve the merger, including the issuance of shares of Umpqua common stock pursuant to the merger.

Special Meeting of Humboldt Shareholders (page 16)

A special meeting of Humboldt shareholders will be held on Wednesday, July 7, 2004 at 9:00 a.m., local time, at Humboldt Bank Plaza, 2440 Sixth Street, Eureka, California. At the meeting, shareholders will be asked to approve the merger.

Humboldt Shareholders May Have Appraisal (Dissenters) Rights (page 44)

Under California law, as a Humboldt shareholder you may have the right to dissent from the merger and to have the appraised fair market value of your shares of Humboldt common stock paid to you in cash. You have the right to seek appraisal and be paid the appraised value of your shares if:

- you deliver to Humboldt, before the vote is taken at the special meeting, a written demand for payment of your shares;
- holders of at least 5% of the total number of shares (including you) of Humboldt common stock make the required written demand;
- you vote against the merger; and
- you comply with California law governing dissenters rights.

If you dissent from the merger and the conditions outlined above are met, your only right will be to receive the appraised value of your shares in cash, which appraised value may be more or less than the merger consideration.

Conditions to the Merger (page 49)

Completion of the merger depends upon a number of conditions being satisfied or, where legally possible, waived, including among others:

- approval of the merger agreement by both Umpqua and Humboldt shareholders;
- receipt of required regulatory approvals and waivers;
- absence of an injunction or regulatory prohibition to completion of the merger;
- accuracy of the respective representations and warranties of Umpqua and Humboldt, subject to exceptions that would not have a material adverse effect on Umpqua or Humboldt;
- receipt by each party of an opinion of Umpqua s tax counsel that the merger will qualify as a tax-free reorganization; and
- compliance in all material respects by Umpqua and Humboldt with their respective covenants in the merger agreement.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

No Solicitation (page 49)

The merger agreement contains provisions that prohibit Humboldt and its directors and officers from taking any action to solicit or encourage or engage in discussions or negotiations with any person or group with respect to an alternative acquisition proposal. Humboldt may not provide non-public information to any other person in connection with a possible alternative transaction, except to the extent specifically authorized by its board of directors in the good faith exercise of its fiduciary duties after consultation with legal counsel. Humboldt must notify Umpqua of any alternative acquisition proposal.

Termination (page 50)

Our boards of directors may agree to terminate the merger agreement at any time prior to completing the merger, even after shareholder approval. Either Umpqua or Humboldt may terminate the merger agreement if the merger has not been completed by October 31, 2004; if both Humboldt and Umpqua shareholders have not approved the merger agreement by September 30, 2004; or if the other party has made a material misrepresentation or materially breached the merger agreement which is not cured within 30 days after notice. Humboldt s board of directors may also terminate the merger agreement upon advice of legal counsel that the fiduciary duties of the directors so require.

Termination Fee (page 51)

If the merger agreement is terminated by either party because Humboldt s shareholders have not approved the merger agreement by September 30, 2004; by Umpqua because of an uncured material misrepresentation or material breach by Humboldt; or by Humboldt pursuant to fiduciary duties upon advice of legal counsel, then Humboldt will pay Umpqua its reasonable expenses up to $500,000. If Umpqua terminates the merger agreement because of Humboldt s willful failure to comply with a material covenant, Humboldt will pay Umpqua an additional $3,500,000.

If the merger agreement is terminated by either party because Umpqua s shareholders have not approved the merger agreement by September 30, 2004, or by Humboldt because of an uncured material misrepresentation or material breach by Umpqua, then Umpqua will pay Humboldt its reasonable expenses up to $500,000. If Humboldt terminates the merger agreement because of Umpqua s willful failure to comply with a material covenant, Umpqua will pay Humboldt an additional $3,500,000, which is Humboldt s sole remedy for termination.

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In addition, and subject to exceptions discussed in detail in this document, if Humboldt enters into or recommends to its shareholders any alternative acquisition transaction prior to December 31, 2005, Humboldt will pay $10,000,000 (less any termination fee already paid) to Umpqua.

Stock Option Agreement (page 52)

Umpqua and Humboldt have entered into a stock option agreement under which Humboldt has granted to Umpqua an irrevocable option to purchase up to 3,022,666 authorized but unissued shares of Humboldt common stock. Umpqua cannot exercise the option unless the merger is not completed and specific triggering events occur relating to an alternative acquisition transaction involving Humboldt and a third party. The exercise price is $18.00 per share. Umpqua may not exercise the option if it has elected to receive the $10 million cash termination fee from Humboldt. The number of shares to which Umpqua is entitled under this stock option may be reduced so that the cash benefit from exercising the option together with any termination fee paid to Umpqua does not exceed $13,400,000.

The option could have the effect of discouraging a third party from attempting to acquire Humboldt at this time.

Regulatory Matters

To complete the merger, Umpqua and Humboldt must obtain approval from the Federal Deposit Insurance Corporation. Umpqua submitted its application to the FDIC on April 19, 2004. On April 30, 2004, Umpqua received notification from the Board of Governors of the Federal Reserve System that, contingent upon FDIC approval, the Federal Reserve Board will not require filing of a formal application by Umpqua. On May 10, 2004, Umpqua received approval from the Oregon Department of Consumer and Business Services and an order of exemption from the California Commissioner of Financial Institutions.

Material United States Federal Income Tax Consideration (page 42)

In general, when you exchange your Humboldt common stock for shares of Umpqua common stock, you will not recognize any gain or loss for United States federal income tax purposes. There is no tax effect to current Umpqua shareholders as a result of the merger.

SELECTED FINANCIAL DATA

Umpqua Historical

The following selected consolidated financial data for Umpqua have been derived from, and are qualified by reference to, the audited consolidated financial statements and notes thereto contained in Umpqua s Annual Reports on Form 10-K for the three years ended December 31, 2003 and the unaudited consolidated financial statements and notes thereto contained in Umpqua s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004. See Incorporation of Documents by Reference on page 70 for information on where these documents are available. This information is only a summary and you should read it with the financial statements and notes thereto referenced to above.

Umpqua expects that it will incur merger and restructuring expenses as a result of the merger. Umpqua and Humboldt anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and enhanced opportunities to earn more revenue. The historical information presented below does not reflect these financial expenses or benefits and does not attempt to predict or suggest future results.

	Three Months Ended March 31,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
	(Dollars in thousands except share data)						
Operating Results							
Interest income	$ 36,907	$ 35,317	$ 142,132	$ 100,325	$ 88,038	$ 82,068	$68,268
Interest expense	7,392	7,738	28,860	23,797	32,409	31,362	22,958
Net interest income	29,515	27,579	113,272	76,528	55,629	50,706	45,310
Provision for loan and lease losses	1,075	1,475	4,550	3,888	3,190	1,936	1,862
Noninterest income	8,460	10,184	39,043	28,343	23,398	17,469	11,551
Noninterest expense	23,726	22,574	93,187	63,962	54,271	46,220	36,790
Merger expense	216	638	2,082	2,752	6,610	1,972	
Income before income taxes	12,958	13,076	52,496	34,269	14,956	18,047	18,209
Provision for income taxes	4,560	4,696	18,377	12,301	6,406	6,938	6,433
Net income	$ 8,398	$ 8,380	$ 34,119	$ 21,968	$ 8,550	$ 11,109	$11,776
Per Share Data							
Basic earnings per common share	$ 0.30	$ 0.30	$ 1.21	$ 1.04	$ 0.46	$ 0.59	$ 0.62
Diluted earnings per common share	$ 0.29	$ 0.29	$ 1.19	$ 1.03	$ 0.45	$ 0.59	$ 0.61
Cash dividends declared per common share	$ 0.04	$ 0.04	$ 0.16	$ 0.16	$ 0.16	$ 0.24	$ 0.23
Ratio of cash dividends declared to net income		13.50%	13.29%	16.09%	29.53%	31.38%	35.38%
Financial Ratios:							
Return on average equity	10.42%	11.61%	11.24%	13.58%	7.22%	10.67%	11.81%

Return on average assets	1.15%	1.32%	1.26%	1.36%	0.70%	1.03%	1.23%
Net interest margin	4.63%	5.10%	4.85%	5.38%	5.13%	5.30%	5.42%
Balance Sheet Data at Period End:							
Loans and leases	$2,073,875	$1,823,311	$2,003,587	$1,778,315	$1,016,142	$ 752,010	
Allowance for loan and lease losses	$ 26,287	$ 24,538	$ 25,352	$ 24,731	$ 13,221	$ 9,838	
Allowance as percentage of loans and leases	1.27%	1.35%	1.27%	1.39%	1.30%	1.31%	
Total assets	$2,997,782	$2,645,915	$2,963,815	$2,555,964	$1,428,711	$1,159,150	
Total deposits	$2,428,926	$2,178,769	$2,378,192	$2,103,790	$1,204,893	$ 993,577	
Total shareholders equity	$ 330,237	$ 298,469	$ 318,969	$ 288,159	$ 135,301	$ 111,486	

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Humboldt Historical

The following selected consolidated financial data for Humboldt have been derived from, and are qualified by reference to, the audited consolidated financial statements and notes thereto contained in Humboldt s Annual Reports on Form 10-K for the three years ended December 31, 2003 and the unaudited consolidated financial statements and notes thereto contained in Humboldt s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004. See Incorporation of Documents by Reference on page 70 for information on where these documents are available. This information is only a summary and you should read it with the financial statements and notes thereto referenced to above.

	Three Months Ended March 31,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
	(Dollars in thousands except share data)						
Operating Results							
Interest income	$ 19,149	$ 15,534	$ 61,347	$ 64,345	$ 66,165	$ 59,069	$ 38,623
Interest expense	3,979	3,789	14,088	17,637	28,341	24,508	13,273
Net interest income	15,170	11,745	47,259	46,708	37,824	34,561	25,350
Provision for loan losses	184	589	1,523	3,321	2,903	2,378	2,129
Noninterest income	3,102	2,292	9,048	9,611	12,785	6,682	2,597
Noninterest expense	12,763	9,829	40,365	39,826	38,663	29,245	22,403
Merger expense	858		195		3,531		
Income before income taxes	4,467	3,619	14,224	13,172	5,512	9,620	3,415
Provision for income taxes	1,550	977	3,992	2,838	1,577	3,175	1,161
Net income from continuing operations	2,917	2,642	10,232	10,334	3,935	6,445	2,254
Income (loss) from discontinued operations, net of tax		19,319	18,860	1,929	(10,944)	2,575	3,966
Net income (loss)	$ 2,917	$ 21,961	$ 29,092	$ 12,263	$ (7,009)	$ 9,020	$ 6,220
Per Share Data							
Earnings (loss) per common share (basic):							
Continuing operations	$ 0.19	$ 0.21	$ 0.83	$ 0.83	$ 0.32	$ 0.54	$ 0.20
Discontinued operations	$	$ 1.54	$ 1.54	$ 0.15	$ (0.88)	$ 0.21	$ 0.36
Net income (loss)	$ 0.19	$ 1.75	$ 2.37	$ 0.98	$ (0.56)	$ 0.75	$ 0.56
Earnings (loss) per common share (diluted):							
Continuing operations	$ 0.19	$ 0.20	$ 0.80	$ 0.79	$ 0.30	$ 0.51	$ 0.19
Discontinued operations	$	$ 1.48	$ 1.48	$ 0.15	$ (0.84)	$ 0.20	$ 0.34
Net income (loss)	$ 0.19	$ 1.68	$ 2.28	$ 0.94	$ (0.54)	$ 0.71	$ 0.53

Cash dividends declared per common share	$ 0.030	$ 0.025	$ 0.115	$ 0.071	$	$	$
Ratio of cash dividends declared to net income	15.8%	1.4%	4.85%	7.24%	0.00%	0.00%	0.00%
Financial Ratios:							
Return on average equity	7.75%	12.73%	31.66%	17.44%	(10.30)%	14.21%	12.83%
Return on average assets	0.82%	1.03%	2.76%	1.25%	(0.77)%	1.17%	1.10%
Net interest margin	4.87%	5.01%	4.94%	5.23%	4.72%	5.13%	5.12%
Balance Sheet Data at Period End:							
Loans and leases	$1,017,242	$ 754,762	$ 765,454	$ 760,648	$664,332	$583,509	
Allowance for loan losses	$ 16,311	$ 11,979	$ 12,206	$ 11,614	$ 9,765	$ 8,367	
Allowance as percentage of loans	1.60%	1.59%	1.59%	1.53%	1.47%	1.43%	
Total assets	$1,456,034	$1,075,749	$1,044,561	$1,032,175	$957,774	$852,289	
Total deposits	$1,143,641	$ 870,314	$ 822,700	$ 840,427	$807,086	$712,807	
Total shareholders equity	$ 155,420	$ 96,328	$ 96,896	$ 77,848	$ 66,826	$ 73,048	

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Selected Unaudited Pro Forma Financial Data for Umpqua and Humboldt, Combined

The following selected unaudited pro forma financial data have been derived from, and are qualified by reference to, the audited financial statements and notes thereto contained in Umpqua s and Humboldt s Annual Reports on Form 10-K for the year ended December 31, 2003 and the unaudited consolidated financial statements and notes thereto contained in Umpqua s and Humboldt s Quarterly Reports on Form 10-Q for the quarterly period ended March 31, 2004. See Incorporation of Documents by Reference on page 70 for information on where these documents are available. The pro forma income statement information has been prepared assuming the merger occurred at the beginning of the period presented. The pro forma income statement items and related per share amounts do not include anticipated revenue enhancements, operating cost savings or the after-tax impact of merger-related costs expected as a result of the merger. The pro forma balance sheet items give effect to the merger as if it occurred at the end of each period, and include adjustments to reflect the after-tax impact of merger-related costs. The pro forma data also reflect Humboldt s January 2004 acquisition of California Independent Bancorp. In the opinion of the management of both Umpqua and Humboldt, the information in the following table includes all necessary adjustments (which are of a normal and recurring nature) for the fair presentation of the results of the periods presented. The information is presented for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been reported had the merger occurred as of such dates, nor is it necessarily indicative of future financial position or results of operations. See Unaudited Pro Forma Condensed Combined Financial Information beginning on page 55 for further information and for the assumptions used in preparing the pro forma statements.

	Three Months Ended March 31, 2004	Year Ended December 31, 2003
	(Dollars in thousands except share data)	
Operating Results		
Interest income	$ 55,678	$ 221,626
Interest expense	10,750	45,229
Net interest income	44,928	176,397
Provision for loan and lease losses	1,259	5,383
Noninterest income	11,562	50,093
Noninterest expense	36,484	146,444
Merger expense	1,074	2,760
Income before income taxes	17,673	71,903
Provision for income taxes	6,199	24,167
Net income from continuing operations	$ 11,474	$ 47,736
Per Share Data		
Earnings per common share (basic):		
Net income from continuing operations	$ 0.26	$ 1.10
Earnings per common share (diluted):		
Net income from continuing operations	$ 0.26	$ 1.07
Financial Ratios		
Return on average equity(1)	6.91%	10.30%
Return on average assets(1)	1.01%	1.51%
Net interest margin	4.80%	4.85%
Loans and leases	$3,096,102	$2,977,125
Allowance for loan and lease losses	$ 42,598	$ 42,069
Allowance as percentage of loans	1.38%	1.41%
Total assets	$4,670,073	$4,661,468
Total deposits	$3,574,501	$3,546,837
Total shareholders equity	$ 678,257	$ 666,989

(1) Quarterly return annualized.

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SELECTED UNAUDITED COMPARATIVE PER SHARE DATA

The table below presents the closing price per share for Umpqua and Humboldt common stock as reported by the Nasdaq National Market on March 12, 2004, the last full trading day prior to the public announcement of the merger, and as of May 14, 2004, the most recent practicable trading date prior to the printing of this document, together with the pro forma equivalent market value of Humboldt shares after giving effect to the merger.

	Closing Sales Price		
	Umpqua	**Humboldt**	**Humboldt Equivalent**
Price per share:			
March 12, 2004	$21.42	$18.00	$21.42
May 14, 2004	$18.64	$18.80	$18.64

The pro forma equivalent per share data for Humboldt is calculated by multiplying the pro forma combined per share data for Umpqua by one, the exchange ratio with respect to Humboldt shares converted into Umpqua shares in the merger. This data should be read in conjunction with the financial statements and other financial and pro forma financial information included elsewhere in this document. The pro forma data are not necessarily indicative of future operating results or the financial position that will occur upon consummation of the merger.

The following table presents historical earnings, book value and cash dividends per share as of March 31, 2004 and the three months then ended and as of December 31, 2003 and the year then ended, for Umpqua and Humboldt, together with the pro forma amounts for Umpqua and the pro forma equivalent amounts for Humboldt after giving effect to the merger on a purchase accounting basis.

	Umpqua Historical	**Humboldt Historical (1)**	**Umpqua and Humboldt (2)**	**Per Equivalent Humboldt Share**
Net Income from Continuing Operations Per Common Share for the Three Months Ended March 31, 2004:				
Basic	$ 0.30	$ 0.19	$ 0.26	$ 0.26
Diluted	$ 0.29	$ 0.19	$ 0.26	$ 0.26
Net Income from Continuing Operations Per Common Share for the Year Ended December 31, 2003:				
Basic	$ 1.21	$ 0.83	$ 1.10	$ 1.10
Diluted	$ 1.19	$ 0.80	$ 1.07	$ 1.07
Cash Dividends Declared:				
Three Months ended March 31, 2004	$ 0.04	$ 0.03	$ 0.04	$ 0.04
Year ended December 31, 2003	$ 0.16	$0.115	$ 0.16	$ 0.16
Book Value Per Share At:				
March 31, 2004	$11.59	$10.20	$15.51	$15.51
December 31, 2003	$11.23	$ 7.95	$15.33	$15.33

(1) Financial information in the Humboldt Historical column for the year ended and at December 31, 2003 does not include pro forma impact of Humboldt s acquisition of California Independent Bancorp

(2) Umpqua and Humboldt column includes the pro forma impact of Humboldt s acquisition of California Independent Bancorp, as set forth in the Unaudited Pro Forma Condensed Combined Financial Information section.

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MARKET PRICE DATA AND DIVIDEND INFORMATION

Umpqua s and Humboldt s common stock is traded on the Nasdaq National Market System under the respective symbols UMPQ and HBEK. Umpqua s and Humboldt s common stock is registered under the Securities Exchange Act of 1934, as amended, and eligible to be held in margin accounts. On May 7, 2004, Umpqua common stock was held of record by approximately 2,276 shareholders, a number that does not include beneficial owners who hold shares in street name. On May 10, 2004, Humboldt common stock was held of record by approximately 2,051 shareholders, a number that does not include beneficial owners who hold shares in street name.

The following table lists the high and low sales prices and cash dividends declared per share for each of Umpqua s and Humboldt s common stock, as reported on the Nasdaq National Market System for each quarterly period beginning with January 1, 2002, and as adjusted for subsequent stock splits and stock dividends declared. Prices do not include retail mark-ups, mark-downs or commissions.

	Umpqua Common Stock			Humboldt Common Stock		
	High	**Low**	**Dividend**	**High**	**Low**	**Dividend**
2002						
1st quarter	$16.25	$11.90	$0.04	$ 8.83	$ 6.54	$
2nd quarter	$18.50	$14.05	$0.04	$14.18	$ 8.33	$0.021
3rd quarter	$18.68	$14.26	$0.04	$15.75	$11.20	$0.025
4th quarter	$18.50	$13.65	$0.04	$12.22	$ 9.23	$0.025
2003						
1st quarter	$20.50	$16.25	$0.04	$13.09	$10.14	$0.025
2nd quarter	$21.12	$17.95	$0.04	$15.00	$12.72	$ 0.03
3rd quarter	$19.75	$18.15	$0.04	$15.95	$13.13	$ 0.03
4th quarter	$22.21	$18.90	$0.04	$18.50	$15.35	$ 0.03
2004						
1st quarter	$21.50	$19.23	$0.04	$20.02	$16.62	$ 0.03
2nd quarter (through May 14, 2004)	$20.49	$18.31	$	$20.16	$18.35	$

Umpqua Dividend Policy. Umpqua s board of directors reviews financial performance, capital adequacy, regulatory compliance and cash resources on a quarterly basis, and, if such review is favorable, declares a cash dividend to shareholders. Although Umpqua expects to continue to pay cash dividends, future dividends are subject to legal limitations and to the discretion of the board.

Umpqua Dividend Reinvestment Plan. Umpqua maintains a dividend reinvestment plan under which registered shareholders who elect to participate receive shares of common stock in lieu of cash dividends. Cash dividends otherwise payable to participating shareholders are used to purchase shares of Umpqua common stock in the open market. Expenses incurred in acquiring shares for the plan are charged to the participating shareholders on a percentage basis. Participants may also be assessed an administrative charge for transactions, including enrolling in or withdrawing from the plan, and withdrawal of shares from the plan. Participating shareholders receive quarterly statements of their accounts but do not receive certificates for shares acquired under the plan unless requested. Mellon Bank, N.A. serves as the plan administrator.

FORWARD-LOOKING INFORMATION

This document contains and incorporates by reference forward-looking statements about each of Umpqua s and Humboldt s financial condition, results of operations and business. These statements may include statements regarding business strategies, management plans and objectives for future operations and projected performance of Umpqua and Humboldt after the merger. You can find many of these statements by looking for words such as anticipates, expects, believes, estimates, and intends, and words or phrases of similar meaning. These forward-looking statements involve substantial risks and uncertainties.

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Some of the factors that may cause actual results to differ materially from those contemplated by these forward-looking statements include those identified in the following section entitled Risk Factors. You should also carefully consider the risk factors contained in Umpqua s and Humboldt s filings with the SEC that are incorporated by reference into this document. Umpqua and Humboldt do not intend to update these forward-looking statements. You should consider any written or oral forward-looking statements in light of this explanation, and we caution you about relying on forward-looking statements.

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RISK FACTORS

Completion of the merger represents an investment by Humboldt shareholders in Umpqua s common stock and an investment by Umpqua in Humboldt s assets and liabilities, each of which will subject their respective investors to various risks. You should carefully consider the following risk factors, as well as other information contained in this document and in Umpqua s and Humboldt s filings with the SEC, before deciding how to vote on the merger.

The market value of Umpqua common stock to be received by Humboldt shareholders will likely fluctuate and will be influenced by the performance of both Umpqua and Humboldt prior to closing.

Upon completion of the merger, each share of Humboldt common stock will be exchanged for the right to receive one share of Umpqua common stock. There will be no adjustment to the exchange ratio for changes in the market price of either Umpqua shares or Humboldt shares and the merger agreement does not include a price-based termination right. Accordingly, the market value of the Umpqua shares that Humboldt shareholders receive upon completion of the merger will depend on the market value of Umpqua shares at that time, and could vary significantly from the market value on the date of this document or the date of the Humboldt special meeting. An unexpected change in the performance or prospects of either Umpqua or Humboldt will likely influence the market value of Umpqua s common stock and, indirectly, Humboldt s common stock whose value is expected to track that of Umpqua s because of the fixed exchange ratio. The market value of Umpqua shares will likely continue to fluctuate after the merger is completed.

The combined company may fail to realize all of the anticipated benefits of the merger.

The merger is expected to generate after-tax cost savings and expense reductions equal to approximately 23% of Humboldt s non-interest expense, when fully phased-in. The expense reductions are intended to be achieved by eliminating duplicative technology, operations, outside services, redundant staff, facility consolidations and purchasing efficiencies. The combined company may fail to realize some or all of the anticipated cost savings and other benefits of the transaction.

The integration of the banking operations may not be completed smoothly, which could result in the loss of customers.

At the time of the merger, Humboldt Bank will merge with Umpqua Bank and operate under the Umpqua Bank name. Humboldt Bank currently operates under four different brands: Humboldt Bank, Capitol Valley Bank, Tehama Bank and Feather River State Bank. Umpqua Bank operates under a single brand. Some of Humboldt s customers may not react favorably to this re-branding.

Umpqua Bank has transformed itself from a traditional community bank into a community-oriented financial services retailer. In implementing this strategy, Umpqua has remodeled many of its banking branches to resemble retail stores that include distinct physical areas or boutiques such as a serious about service center, an investment opportunity center and a computer café. Over a period of months following the merger, Umpqua intends to remodel and convert some of Humboldt s branches in a similar fashion. Such a conversion would involve significant costs, disrupt banking activities during the remodeling period, and would present a new look and feel to the banking services and products being offered. There is a risk that some of the existing Humboldt Bank customers will not stay with Umpqua Bank during the remodeling period or after the conversion is completed. There is also a risk that some of Humboldt Bank s existing customers may not react favorably to Umpqua Bank s retail delivery system. Further, there may be delays in completing the conversion, which could cause confusion and disruption in the business of those branches.

Umpqua is pursuing an aggressive growth strategy, which may place heavy demands on its management resources.

Umpqua is a dynamic organization that is one of the faster-growing community financial services organizations in the United States. Umpqua Bank merged with Valley of the Rogue Bank in December 2000 and, in a series of transactions effective December 2001, acquired IFN Bank/ Security Bank, Pacific State

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Bank, Family Security Bank, Lincoln Security Bank, McKenzie State Bank, Oregon State Bank and Linn-Benton Bank. Umpqua then completed the acquisition of Centennial Bancorp in November 2002. From time to time, Umpqua has also explored other merger and acquisition opportunities and expects to continue to do so. A substantial amount of its management s attention and effort will need to be directed at deriving the benefits and efficiencies expected from the merger with Humboldt. If Umpqua is unable to successfully execute its aggressive growth strategy, or if factors beyond the control of Umpqua s management divert attention away from its integration plans, management may become over-taxed and Umpqua might be unable to realize some or all of the anticipated benefits. Moreover, the combined company will be dependent on the efforts of key management personnel to achieve the integration of the merger and any other acquisitions Umpqua may undertake. The loss of one or more key persons could have a material adverse effect upon Umpqua s ability to achieve the anticipated benefits of the merger.

Involvement in non-bank businesses involves risk.

Umpqua has a licensed retail broker-dealer subsidiary, Strand, Atkinson, Williams & York, Inc. Retail brokerage operations present special risks not generally borne by community banks. For example, the brokerage industry is subject to fluctuations in the stock market that may have a significant adverse impact on transaction fees, customer activity and investment portfolio gains and losses. A decline in fees and commissions or losses suffered in the investment portfolio could adversely affect the subsidiary s contribution to Umpqua s income, and might increase the subsidiary s capital needs. In its continuing expansion, Umpqua may acquire other financial services companies whose successful integration is not assured and may present additional management challenges and new risks.

UMPQUA SPECIAL MEETING

When and Where the Meeting Will Be Held

The special meeting of Umpqua shareholders will be held on July 7, 2004, at 6:00 p.m., local time, at the Umpqua Bank University and Support Center, 1740 NW Garden Valley Blvd., Roseburg, Oregon.

Purpose of the Meeting

The purpose of the Umpqua meeting is to consider and vote on the merger proposal including the issuance of shares of Umpqua common stock in connection with the merger.

Who May Vote

Umpqua s board of directors has fixed the close of business on May 7, 2004, as the record date for determining the Umpqua shareholders entitled to receive notice of and to vote at the special meeting. As of that date, there were 28,517,584 shares of Umpqua common stock outstanding held by approximately 2,276 holders of record.

Voting

You may vote in person at the meeting, but you do not have to attend the meeting to vote your shares. You may vote your shares by proxy if you wish. Even if you plan to attend the meeting, you should submit a properly executed proxy either by completing, signing, dating and returning the proxy card or by following the instructions on the proxy card for touch-tone telephone or Internet voting.

If you submit a signed proxy with no instructions, the named proxy holders will vote your shares in favor of the merger. In addition, the named proxy holders will vote in their discretion on such other matters that may be considered at the special meeting or any adjournments or postponements thereof. The board of directors has named Allyn C. Ford and Raymond P. Davis as the proxy holders. Their names appear on the proxy form accompanying this document. You may name another person to act as your proxy if you wish, but that person would need to attend the meeting in person or further vote your shares by proxy.

Revoking a Proxy

You may revoke your proxy at any time before the vote is taken at the meeting by:

- calling the toll free number on the proxy card and following the directions provided;
- going to the web site listed on the proxy card and following the instructions provided;
- submitting a properly executed proxy on a later date;
- notifying Umpqua s corporate Secretary, Steven L. Philpott, in writing of the revocation of your proxy; or
- voting in person at the special meeting, but simply attending the meeting will not, of itself, revoke a proxy.

You may still attend the meeting even if you have submitted a proxy. Written notices of revocation and other communications regarding solicitation or revocation of proxies should be addressed to:

Umpqua Holdings Corporation

Legal Department
675 Oak Street, Suite 200
Eugene, OR 97401
Attn: Steven L. Philpott, Secretary

If your shares are held in street name, you should follow your broker s instructions regarding revocation.

Participants in the Umpqua Bank 401(k) and Profit Sharing Plan

If you are a participant in the Umpqua Bank 401(k) and Profit Sharing Plan, you will receive with this document separate voting instruction cards for shares of Umpqua common stock allocated to your account as a participant or beneficiary under that plan. These voting instruction cards will appoint Reliance Trust Company, the trustee of the Umpqua Bank 401(k) and Profit Sharing Plan, your proxy to vote your shares in accordance with the directions you give on the card. Please follow the instructions that accompany the card.

How We Determine a Quorum

We must have a quorum to conduct any business at the meeting. Shareholders holding at least a majority of the outstanding shares of common stock as of the record date must attend the meeting in person or by proxy to have a quorum. If you come to the meeting or submit a proxy but you abstain from voting on a given matter, we will still count your shares as present for determining a quorum.

Vote Required to Approve the Merger

The affirmative vote of the holders of a majority of all shares of Umpqua common stock outstanding on the record date is required to approve the merger. Umpqua s board of directors urges you to submit your proxy by mail, touch-tone telephone or the Internet. **If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the merger proposal.**

How We Count Votes

Each share is entitled to one vote. The named proxies will vote your shares as you instruct on your proxy. We will not count abstentions or broker non-votes for or against the merger; accordingly, abstentions and non-votes will have the effect of a vote against the proposal.

A broker non-vote occurs when a broker or other nominee holder, such as a bank, submits a proxy representing shares that another person actually owns, and that person has not given voting instructions to the broker or other nominee. A broker may only vote those shares if the beneficial owner gives the broker voting instructions. We will count broker non-votes as present for establishing a quorum.

Shares Owned by Directors and Executive Officers

On May 7, 2004, Umpqua s directors owned 1,073,938 shares entitled to vote at the meeting, constituting approximately 3.77% of the total shares outstanding and entitled to vote at the meeting. Each Umpqua director has agreed to vote his or her shares in favor of the merger.

The following table sets forth information regarding the beneficial ownership of Umpqua common stock, as of May 7, 2004, by each Umpqua director, certain executive officers, the Umpqua directors and executive officers as a group, and shareholders who own 5% or more of Umpqua s common stock.

Name and Position	Number of Shares Beneficially Owned(1)	Number of Options Held	Percentage of Class
Lynn K. Herbert, Director	567,611(3)		1.99%
Raymond P. Davis, Director, President/ Chief Executive Officer	298,929(2, 4)	234,429	1.05%
Allyn C. Ford, Chairman	157,797(5)		*
James D. Coleman, Director	116,745(4)		*
Dan Giustina, Director	110,688(2)	12,900	*
Daniel A. Sullivan, EVP/ Chief Financial Officer	99,265(2)	73,500	*
Brad Copeland, EVP/ Chief Credit Administrator	43,822(2, 4)	37,880	*
William Lansing, Director	29,911(4)		*
Steven Philpott, EVP/General Counsel	25,098(2,4)	10,398	*
David Frohnmayer, Director	11,950(4)		*
David Edson, EVP/ President Commercial Banking	10,260(2)	10,000	*
Katherine Keene, Director	9,034(2)	6,820	*
Scott Chambers, Director	8,825		*
Barbara Baker, SVP/ Human Resources Director	6,057(2)	5,500	*
Diana Goldschmidt, Director	2,650		*
Gary DeStefano, Director	947		*
All directors and named executive officers as a group (16 persons)	1,499,589(1 - 5)		5.26%
Capital Group International, Inc. 333 South Hope Street, Los Angeles, CA 90071	1,490,400(6)		5.23%

* Less than 1.0%

(1) Shares held directly with sole voting and investment power, unless otherwise indicated. Shares held in the Umpqua Dividend Reinvestment Plan have been rounded down to the nearest whole share.

(2) Includes options exercisable within 60 days of May 7, 2004. The number of options included in this column are also set forth in the column entitled Number of Options Held.

(3) Includes shares held jointly with his spouse and shares held as custodian for minor children.

(4) Includes shares held with or by his/her spouse.

(5) Includes 128,696 shares held as Agent for Ford Family Investment Pool.

(6) Information taken from Schedule 13G filed February 13, 2004 with respect to holdings as of December 31, 2003. The reporting person has disclaimed beneficial ownership pursuant to Rule 13d-4 under the Securities Exchange Act of 1934, as amended.

Proxy Solicitation

The accompanying Umpqua proxy is being solicited by the board of directors of Umpqua. Umpqua will bear the cost of soliciting proxies from its shareholders. Umpqua has also made arrangements with The Altman Group, Inc., to assist in soliciting proxies and has agreed to pay them $9,000 plus reasonable expenses estimated at approximately $7,000. Solicitations of proxies by mail may be supplemented by personal interview, telephone, and electronic communication. Banks, brokerage houses, other institutions, nominees, and fiduciaries will be requested to forward their proxy soliciting material to their principals and obtain authorization for the execution of proxies. Officers and other employees or agents of Umpqua and its bank subsidiary, Umpqua Bank, acting on Umpqua s behalf, may solicit proxies personally. Umpqua may pay compensation for soliciting proxies, and will, upon request, pay the standard charges and expenses of banks, brokerage houses, other institutions, nominees, and fiduciaries for forwarding proxy materials to and obtaining proxies from their principals. However, no such payment will be made to either of Umpqua s subsidiaries acting through their nominees or acting as a fiduciary.

HUMBOLDT SPECIAL MEETING

When and Where the Meeting Will Be Held

The special meeting of Humboldt shareholders will be held on July 7, 2004, at 9:00 a.m., local time, at Humboldt Bank Plaza, 2440 Sixth Street, Eureka, California.

Purpose of the Meeting

At the meeting, Humboldt shareholders will consider and vote on a proposal to approve the principal terms of the merger of Humboldt with and into Umpqua.

Who May Vote

Humboldt s board of directors has fixed the close of business May 10, 2004 as the record date for determining the Humboldt shareholders entitled to receive notice of and vote at the special meeting. As of that date, there were 15,344,933 shares outstanding held by approximately 2,051 holders of record.

Voting

You may vote in person at the meeting, but you do not have to attend the meeting to vote your shares. You may vote your shares by proxy if you wish. Even if you plan to attend the meeting, you should submit a properly executed proxy either by completing, signing, dating and returning the proxy card or by following the instructions on the proxy card for touch-tone telephone or Internet voting.

If you submit a signed proxy with no instructions, the named proxy holders will vote your shares in favor of the merger. In addition, the named proxy holders will vote in their discretion on such other matters that may be considered at the special meeting or any adjournments or postponements thereof. The board of directors has named Patrick J. Rusnak and R. Blair Reynolds as the proxy holders. Their names appear on the proxy form accompanying this document. You may name another person to act as your proxy if you wish, but that person would need to attend the meeting in person or further vote your shares by proxy.

Revoking a Proxy

You may revoke your proxy at any time before the vote is taken at the meeting by:

- calling the toll free number on the proxy card and following the directions provided;
- going to the web site listed on the proxy card and following the instructions provided;
- submitting a properly executed proxy on a later date;
- notifying Humboldt s corporate Secretary, Patrick J. Rusnak, in writing of the revocation of your proxy; or

voting in person at the special meeting, but simply attending the meeting will not, of itself, revoke a proxy.

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You may still attend the meeting even if you have submitted a proxy. Written notices of revocation and other communications regarding solicitation or revocation of proxies should be addressed to:

Humboldt Bancorp

2998 Douglas Boulevard, Suite 330
Roseville, CA 95661
Attn: Patrick J. Rusnak, Secretary

If your shares are held in street name, you should follow your broker s instructions regarding revocation.

Shares in the Humboldt Bancorp Retirement Savings Plan

In accordance with the terms of the Humboldt Bancorp Retirement Savings Plan, shares of Humboldt common stock held in the Humboldt Bancorp Savings Plan will be voted by the plan s trustee, as directed by the plan s Administrative Committee.

California Independent Bancorp Employee Stock Ownership Plan Account Holders

If you have shares of Humboldt common stock allocated to your account under the California Independent Bancorp Employee Stock Ownership Plan, or CIB ESOP, you will receive with this document a separate voting instruction card for those shares. In accordance with the terms of the CIB ESOP, the trustee, The Mechanics Bank, will vote the shares held in the CIB ESOP trust. The trustee will vote the shares allocated to your account in accordance with your directions on the voting instruction card, as tabulated by the tabulation agent, Illinois Stock Transfer Company. As indicated in the instructions that will accompany the voting instruction card, individuals with accounts under the CIB ESOP should return their cards to Illinois Stock Transfer Company, the tabulation agent, at:

Illinois Stock Transfer Company
209 W. Jackson Boulevard, Suite 903
Chicago, Illinois 60606-6905
Attention: CIB ESOP Tabulation Agent

In order to permit sufficient time to tabulate voting instruction cards, an account holder s instructions must be received no later than June 30, 2004. Any voting instructions given by an account holder may be revoked at any time prior to the deadline described above by doing either of the following:

- delivering a written notice to the tabulation agent bearing a date later than the date of the first voting instruction card; or

- signing and delivering to the tabulation agent a voting instruction card relating to the same shares and bearing a later date than the date of the previous voting instruction card.

In either case, delivery must occur no later than June 30, 2004. In accordance with the terms of the CIB ESOP, shares of Humboldt common stock in CIB ESOP accounts for which voting instructions have not been received or properly completed will not be voted by the trustee.

California Independent Bancorp 401(k) Plan Account Holders

If you have shares of Humboldt common stock allocated to your account under the California Independent Bancorp 401(k) Plan, or CIB 401(k), you will receive with this document a separate voting instruction card for those shares. In accordance with the terms of the CIB 401(k), the trustee, Trustar, will vote the shares held in the CIB 401(k) trust. The trustee will vote the shares allocated to your account in accordance with your directions on the voting instruction card, as tabulated by the tabulation agent, Illinois Stock Transfer Company. As indicated in the instructions that will accompany the voting instruction card,

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CIB 401(k) account holders should return their cards to Illinois Stock Transfer Company, as tabulation agent, at:

Illinois Stock Transfer Company

209 West Jackson Boulevard, Suite 903
Chicago, Illinois
Attention: CIB 401(k) Plan Tabulation Agent

In order to permit sufficient time to tabulate voting instruction cards, an account holder s instructions must be received no later than June 30, 2004. Any voting instructions given by an account holder may be revoked at any time prior to the deadline described above by doing either of the following:

- delivering a written notice to the tabulation agent bearing a date later than the date of the first voting instruction card; or
- signing and delivering a voting instruction card to the tabulation agent relating to the same shares and bearing a later date than the date of the previous voting instruction card.

In either case, delivery must occur no later than June 30, 2004. In accordance with the terms of the CIB 401(k), shares of Humboldt common stock in CIB 401(k) accounts for which voting instructions have not been received or properly completed will be voted by the trustee in the same proportion as those shares of Humboldt common stock for which properly completed voting instructions have been received.

How We Determine a Quorum

We must have a quorum to conduct any business at the Humboldt shareholder meeting. Shareholders holding at least a majority of the outstanding shares of Humboldt s common stock must attend the meeting in person or by proxy to have a quorum. If you come to the meeting or submit a proxy, but you abstain from voting on a given matter, we will still count your shares as present for determining a quorum.

Vote Required to Approve the Merger

The affirmative vote of the holders of a majority of all shares of Humboldt common stock outstanding on the record date is required to approve the merger agreement. Humboldt s board of directors urges you to submit your proxy by mail, touch-tone telephone or the internet. **If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the merger proposal.**

How We Count Votes

Each share is entitled to one vote. The named proxies will vote your shares as you instruct on your proxy. We will not count abstentions or broker non-votes and they will have the effect of a vote against the proposal.

A broker non-vote occurs when a broker or other nominee holder, such as a bank, submits a proxy representing shares that another person actually owns, and that person has not given voting instructions to the broker or other nominee. A broker may only vote those shares if the beneficial owner gives the broker voting instructions. We will count broker non-votes as present for establishing a quorum.

Shares Owned by Directors and Executive Officers

On May 10, 2004, Humboldt directors owned 910,903 shares entitled to vote at the special meeting, constituting approximately 5.94% of the total shares outstanding and entitled to vote at the meeting. Humboldt directors owning 657,603 shares, or 4.29%, entitled to vote at the meeting, have agreed to vote their shares in favor of the merger.

The following table sets forth information regarding the beneficial ownership of Humboldt common stock, as of May 10, 2004, by each Humboldt director, certain executive officers, and all Humboldt directors

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and executive officers as a group. As of May 10, 2004, Humboldt was not aware of any shareholder who owns 5% or more of its common stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Humboldt Common Stock(1)	Number of Options Held	Percentage of Class
Directors			
Ronald F. Angell	147,067	45,373	*
Robert M. Daugherty	240,000	138,000	1.6%
Harold M. Eastridge	234,059	55,224	1.5%
Gary C. Katz	119,142	4,681	*
John W. Koeberer	81,615	14,888	*
Donald H. Livingstone	38,472	32,050	*
Theodore S. Mason	179,801	131,177	1.2%
Diane D. Miller	0	0	
Steven R. Mills	5,850	2,000	*
Alfred G. Montna	38,357	28,186	*
Kelvin H. Moss	51,022	7,280	*
Gary L. Napier	90,699	7,259	*
Tom Weborg	22,325	10,227	*
John R. Winzler	195,213	56,374	1.3%
Executive Officers			
Patrick J. Rusnak	32,288	23,280	*
Mark P. Wardlow	30,000	30,000	*
Mark A. Francis	32,533	0	*
Ronald B. Pigeon	0	0	
All Directors and Executive Officers as a group (18 persons)	1,538,443	585,999	10%

* Less than 1%

(1) Includes options exercisable within 60 days of May 10, 2004. The number of options included in this column are also set forth in the column entitled Number of Options Held .

Proxy Solicitation

The accompanying Humboldt proxy is being solicited by the board of directors of Humboldt. Humboldt will bear the cost of soliciting proxies from its shareholders. Humboldt has also made arrangements with The Altman Group, Inc., to assist Humboldt in soliciting proxies and has agreed to pay them $9,000 plus reasonable expenses estimated at approximately $7,000. Solicitation of proxies by mail may be supplemented by personal interview, telephone, and electronic communication. Banks, brokerage houses, other institutions, nominees, and fiduciaries will be requested to forward proxy soliciting materials to their principals and obtain authorization for the execution of proxies. Officers and other employees or agents of Humboldt and Humboldt Bank, acting on Humboldt s behalf, may solicit proxies personally. Humboldt may pay compensation for soliciting proxies, and will, upon request, pay the standard charges and expenses of banks, brokerage houses, other institutions, nominees, and fiduciaries for forwarding proxy materials to and obtaining proxies from their principals. However, no such payment will be made to any of the officers, directors or employees of Humboldt or Humboldt Bank.

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THE MERGER

The following description of the merger is not complete and is qualified in its entirety by reference to the merger agreement attached as Appendix A and the plan of merger attached as Appendix B. We urge you to carefully read the merger agreement and the plan of merger.

General

Umpqua, Umpqua Bank, Humboldt and Humboldt Bank have entered into an Agreement and Plan of Reorganization, dated March 13, 2004. The Agreement and Plan of Reorganization is generally referred to as the merger agreement in this document. For the purposes of the Oregon Business Corporation Act, the merger of Umpqua and Humboldt will be effected pursuant to a plan of merger.

Subject to the terms and conditions of the merger agreement, and in accordance with Oregon law, when the merger becomes effective, Humboldt will merge into Umpqua. Umpqua will be the surviving corporation, and the separate corporate existence of Humboldt will cease upon completion of the merger. Immediately after the merger of Humboldt into Umpqua, Humboldt Bank will merge into Umpqua Bank, with Umpqua Bank surviving the merger.

In connection with the merger of Humboldt into Umpqua, Humboldt shareholders will receive one share of Umpqua common stock in exchange for each share of Humboldt common stock held. Umpqua s articles of incorporation and bylaws will be the articles of incorporation and bylaws of the combined company. See Comparison of Rights of Shareholders.

After completion of the merger, Humboldt shareholders who receive Umpqua common stock in exchange for their Humboldt common stock will own approximately 34.8% of the combined company, and continuing Umpqua shareholders will own 65.2%.

Background of the Merger

In May and June 2001, Theodore S. Mason, Humboldt s chief executive officer, and Patrick J. Rusnak, Humboldt s chief financial officer, had conversations with Raymond P. Davis, Umpqua s chief executive officer, about a possible merger between the two companies. In July 2001, the Humboldt board of directors appointed a special merger committee and engaged a consultant to consider the prospect of a merger and in August retained Keefe, Bruyette & Woods, Inc., or KBW, as a financial advisor to Humboldt.

From August through November 2001, senior executives of the two companies, along with their respective advisors, continued discussions regarding a possible merger. In early December 2001, Umpqua conducted due diligence on Humboldt.

In late January 2002, the parties and their financial advisors met to discuss the principal terms and structure of a potential merger. On February 5, 2002, Mr. Davis advised Mr. Mason that Umpqua would not be moving forward with the merger.

In April 2002, Robert M. Daugherty was appointed as president and chief executive officer of Humboldt, replacing Mr. Mason, who retired. Prior to his retirement, Mr. Mason had initiated a strategic review of Humboldt s operations and business. The review, which was completed in June 2002, resulted in a recommendation that Humboldt return its focus to community banking and exit its sole remaining non-traditional business line, merchant bankcard processing. On March 13, 2003, Humboldt sold its merchant bankcard processing operation.

In August and September 2003, Mr. Davis contacted Mr. Daugherty and engaged in limited discussions regarding the possibility of a combining the companies.

Following the closing of Humboldt s acquisition of California Independent Bancorp, Mr. Davis contacted Mr. Daugherty on January 7, 2004 regarding a possible merger between Humboldt and Umpqua. On January 21, 2004, the board of directors of Umpqua authorized management to proceed with general discussions and due diligence to determine if an acceptable business combination could be reached.

On January 26, 2004, at a meeting of the Humboldt board of directors, Mr. Daugherty and Mr. Rusnak advised the Humboldt board of directors of Umpqua s interest in a possible merger between the companies. The Humboldt board of directors authorized management to proceed with further discussions, subject to receipt of a written letter of intent from Umpqua.

In early February, representatives of Humboldt, KBW and Umpqua held discussions about a possible merger between the companies. On February 10, 2004, the parties executed a confidentiality agreement and the one to one exchange ratio was proposed by Humboldt as a price that might meet its value expectations.

On February 18, 2004, the board of directors of Umpqua gave management authority to present a non-binding letter of intent that embodied the proposed exchange ratio and the other principal terms of the merger.

On February 22, 2004, the Humboldt board of directors held a meeting at which Mr. Davis and Daniel A. Sullivan, Umpqua s chief financial officer, and representatives of Humboldt s financial advisor and legal counsel were also present. The Humboldt board of directors authorized Mr. Daugherty and Mr. Rusnak to execute a letter of intent, proceed with due diligence and the negotiation of definitive documentation with respect to the proposed merger. On February 26, 2004, Umpqua retained Wells Fargo Securities, LLC, to advise its board of directors regarding the proposed merger.

In late February and early March, members of senior management from Humboldt and Umpqua held discussions and negotiated terms of the transaction and Umpqua s legal counsel commenced drafting definitive documentation with respect to the proposed merger. In late February and early March 2004, each of Humboldt and Umpqua completed their due diligence investigations of each other.

At a special meeting on March 12, 2004, the Umpqua board of directors considered the then-current draft of the proposed merger agreement. Management summarized the results of their due diligence investigation and the projected financial results of the proposed merger. The directors received and considered a detailed analysis and fairness opinion from Wells Fargo Securities, LLC, and were briefed by counsel as to the proposed terms and conditions of the merger. The board asked questions of, and received answers from, Umpqua s financial and legal advisors and considered the factors they deemed relevant to the proposal before voting unanimously to approve the transaction and forward the merger to Umpqua shareholders with a recommendation that the shareholders approve the merger agreement.

On March 13, 2004, the board of directors of Humboldt met to consider and vote upon the proposed merger with Umpqua. At that meeting, Mr. Daugherty and Mr. Rusnak reviewed their discussions and negotiations with Umpqua and they and other members of management reported on the results of their due diligence investigations. KBW also made a presentation concerning the proposed transaction and the fairness, from a financial point of view, to holders of Humboldt common stock of the exchange ratio provided for in the merger agreement. Also at the meeting, Humboldt s legal counsel reviewed with the board of directors the terms of the merger agreement and related agreements and advised the members of the Humboldt board of directors of the legal standards applicable to their consideration of these arrangements. After discussion and consideration of the factors discussed under Humboldt s Reasons for the Merger and Recommendation of the Humboldt Board of Directors, the board of directors, by a vote of 13-2, approved the execution and delivery of the merger agreement and the stock option agreement and the taking of other necessary actions to consummate the merger and related transactions.

The merger agreement and the stock option agreement were entered into on Saturday, March 13, 2004, and the parties issued a joint press release on the morning of Monday, March 15, 2004, announcing the proposed merger.

Umpqua s Reasons for the Merger and Recommendation of Umpqua s Board of Directors

In the course of reaching its decision to approve the merger agreement and to recommend that Umpqua shareholders approve the merger agreement, Umpqua s board of directors considered and reviewed with senior management and outside financial and legal advisors a significant amount of information and factors relevant to the merger, including its strategic plan. Umpqua s board of directors determined that the merger would best advance Umpqua s strategic plan and that the proposed merger is in the best interests of Umpqua and its shareholders. Umpqua s board of directors considered the following potentially positive factors in its deliberations:

The opinion of Wells Fargo Securities, LLC, which is attached as Appendix D, that as of March 12, 2004, the consideration to be paid to Humboldt shareholders in the merger was fair, from a financial point of view, to the holders of Umpqua common stock. The board considered the factors discussed in Wells Fargo Securities analysis but did not assign or consider any specific weighting to those factors.

The effectiveness of the merger in implementing Umpqua s growth strategy. The board reviewed the markets served by Humboldt and recognized in the merger the ability for Umpqua to expand into California, where it does not have any stores.

A presentation by management of management s due diligence review of Humboldt, including the business, operations, earnings, asset quality, financial condition and corporate culture of Humboldt on a historical, prospective and pro forma basis. These reviews generally found Humboldt to be financially sound, well capitalized and well managed.

The compatibility of corporate goals and the respective contributions the parties would bring to a combined institution. The board noted the similar community banking philosophies of the management and employees of both institutions.

The complementary customer bases, products and services of Umpqua and Humboldt could result in opportunities to obtain synergies as products are cross-marketed and distributed over broader customer bases and best practices are compared and applied across the combined company.

The compatibility of each company s data processing systems that should significantly reduce the integration costs and risk of customer errors in account conversions.

Umpqua Bank and Humboldt Bank operate in different geographic markets with no overlap of stores, which the Umpqua board believed to present a desirable strategic opportunity for expansion of its existing presence and market share. In particular, Umpqua s board considered that the resulting institution s branch network and franchise would extend into the Sacramento area, which is a growing market.

The enhanced opportunities for acquisition and growth that the merger makes possible as a result of the greater capitalization of the combined company and the anticipated enhanced liquidity in the market for its stock.

The expanded opportunities for revenue enhancement and synergies that are expected to result from the merger. The board assessed possible synergies and recognized that the combined organization could reduce aggregate expenses that Umpqua and Humboldt incur in areas such as salaries and benefits, occupancy expense, professional and outside service fees, and communications expense.

The proposed board and management arrangements which would position the combined company with strong leadership and experienced operating management.

The execution of employment agreements by Robert M. Daugherty, President and Chief Executive Officer of Humboldt, and Patrick J. Rusnak, Executive Vice President and Chief Financial Officer of Humboldt, to serve as officers of Umpqua Bank s California region once the merger is completed. The board considered the commitments of Messrs. Daugherty and Rusnak as indications that the integration process and Umpqua s move into new markets would be successful and their presence would help assure continuity of leadership and management in the operation of the combined company.

The terms of the merger agreement, the stock option agreement and employment agreements executed in connection with the merger. The board viewed the stock option agreement and the commitment of 13 of 15 Humboldt directors to support the merger as indications that the merger would likely be consummated.

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The tax effects of the merger. The board considered that the merger would qualify as a tax-free corporate reorganization and therefore be entitled to favorable tax treatment for the parties to the merger.

The Umpqua board of directors did not assign any specific or relative weight to the information it reviewed in the course of its consideration. Umpqua currently expects that the merger will result in pre-tax cost savings and revenue enhancements equal to 23% of Humboldt s non-interest expense. Umpqua s board of directors unanimously recommends that Umpqua shareholders vote **FOR** adoption of the merger agreement.

Humboldt s Reasons for the Merger and Recommendation of Humboldt s Board of Directors

Humboldt s board of directors considered many factors in reaching its determination that the merger is in the best interests of Humboldt and its shareholders. The board consulted with management and financial and legal advisors. In reaching its conclusion to approve the merger agreement, the Humboldt board considered the following factors:

The opinion of Keefe, Bruyette & Woods, Inc., which is attached as Appendix C, that the exchange ratio, as set forth in the merger agreement, was fair, from a financial point of view, to Humboldt shareholders.

The terms of the merger, including the exchange ratio, the stock option agreement and various other documents related to the merger.

The due diligence review of Umpqua s business, operations, financial condition, asset quality and corporate culture. These reviews generally found Umpqua to be well operated, well capitalized and financially sound, and the board believed these characteristics would support continued enhancement of shareholder value.

The potential performance of the combined company on a prospective and pro forma basis, as well as the prospective performance of Humboldt if it were to continue as an independent entity. The board assessed these factors and determined that shareholders could realize significant value from the merger and that the combined company would be likely to create greater value than a continuation of Humboldt s independence.

Humboldt and Umpqua operate in different geographic markets with no overlap in operations, which the Humboldt board believed to present a desirable strategic opportunity for expansion.

The trend toward consolidation in the financial services industry and the likely effect on Humboldt in light of, and in the absence of, the proposed transaction.

The board s belief that Umpqua is committed to the communities of Northern California, as evidenced by Umpqua s publicly announced strategic growth plans.

Umpqua s success in developing strong brand awareness and its innovative retail store concept.

Consistent customer service focus and expanded product choices and services at more locations, including the ability of the combined bank to make larger loans because of its increased capital and the shared devotion to building relationships based on personal service and meeting individual client s unique needs at all levels.

The cost savings and resulting efficiencies, and the potential for revenue enhancements. The combined organization would eliminate the costs of maintaining separate corporate offices, data processing functions and other holding company and bank expenses that would likely result in improved financial performance.

The fact that, based on the closing price of Umpqua s common stock on March 12, 2004, the value of the per share merger consideration to be received by Humboldt shareholders represents a premium of 19% over the closing price of Humboldt common stock on March 12, 2004, and a premium of 21.1%

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over the average closing price of Humboldt common stock for the thirty trading days prior to the approval of the transaction by the Humboldt board.

The greater number of shareholders and the increased market capitalization of the combined company, which may result in increased interest in Umpqua stock from institutional investors and market professionals which, in turn, may result in improved liquidity for shareholders.

The Humboldt board did not assign relative weights to the above factors or determine that any factor was of special importance. Rather, the board viewed its position and recommendation as being based on the totality of the information presented to and considered by it. In addition, it is possible that different members of the board assigned different weights to the various factors described above. However, the exchange ratio and increased value available to Humboldt shareholders was of significant importance to the board in approving the merger.

The Humboldt board determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are in the best interests of Humboldt and its shareholders. The Humboldt board recommends that Humboldt shareholders vote **FOR** adoption of the merger agreement.

Opinion of Umpqua s Financial Advisor

Umpqua retained Wells Fargo Securities, LLC, pursuant to a letter dated February 26, 2004, to provide financial advisory services and a fairness opinion regarding the proposed transaction with Humboldt.

At the request of the Umpqua board, representatives of Wells Fargo Securities attended the March 12, 2004 meeting at which the board considered and approved the merger. At that meeting, Wells Fargo Securities delivered its opinion to the Umpqua Board that, as of that date the consideration to be paid to Humboldt shareholders was fair from a financial point of view to Umpqua shareholders. Wells Fargo Securities reconfirmed its opinion in writing as of May 17, 2004.

The full text of Wells Fargo Securities written opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as Appendix D to this joint proxy statement-prospectus with the firm s consent and is incorporated herein by reference. Wells Fargo Securities opinion is directed only to the fairness to the Umpqua shareholders of the consideration to be paid to Humboldt shareholders, including the exchange ratio, from a financial point of view and does not constitute a recommendation to any Umpqua shareholder as to how to vote on the merger. This description of Wells Fargo Securities opinion is qualified in its entirety by reference to Appendix D. Umpqua shareholders are urged to read Wells Fargo Securities opinion.

About Wells Fargo Securities

Wells Fargo Securities, as part of its investment banking business, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Wells Fargo Securities provides a full range of financial advisory and securities services and, in the course of its normal trading activities, may from time to time effect transactions and hold securities, including derivative securities, of Umpqua or Humboldt for its own account and for the accounts of customers.

Scope of Review

In connection with providing its opinion, Wells Fargo Securities:

- reviewed, among other things:
  - the merger agreement;
  - annual reports to the shareholders and annual reports on Form 10-K of Umpqua, Humboldt and California Independent Bancorp for the years 2001 and 2002, and of Umpqua and Humboldt for the year ended 2003;
  - quarterly reports on Form 10-Q of Umpqua, Humboldt and California Independent Bancorp for the first, second and third quarter during the years 2001-2003 and of Umpqua and Humboldt for the quarter ended March 31, 2004;
  - the Form S-4, filed with the SEC on October 20, 2003, in connection with the merger between Humboldt and California Independent Bancorp;
  - other communications from Umpqua and Humboldt to their respective shareholders;
- held discussions with members of senior management of Umpqua and Humboldt regarding:
  - the current operations, financial condition and expected future financial performance of the respective companies;
  - the strategic rationale of the proposed merger;
  - internal financial analyses of Umpqua and Humboldt prepared by their respective managements, including the impact of the California Independent Bancorp merger and of cost savings, or synergies, expected to be achieved as a result of the proposed merger;
- reviewed the reported price and trading activity for the Umpqua common stock and the Humboldt common stock, compared financial and stock market information for Umpqua and Humboldt with similar information for other companies, the securities of which are publicly traded, that it deemed relevant;
- reviewed the financial terms of the proposed merger and compared them with those of other certain business combinations in the commercial banking industry that it deemed relevant; and
- performed other analysis that it deemed relevant.

Assumptions

Wells Fargo Securities assumed and relied upon the accuracy and completeness of all the financial and other information that it reviewed in rendering its opinion. In that regard, Wells Fargo Securities assumed, with the Umpqua board s consent, that the financial forecasts (including, without limitation, the expected synergies and projected restructuring charges) had been reasonably prepared on a basis reflecting the best currently available judgments and estimates of Umpqua and Humboldt, and that such forecasts will be realized in the amounts and at the times contemplated thereby. Wells Fargo Securities is not an expert in the evaluation of loan portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto and assumed, with the Umpqua board s consent, that such allowances for each of Umpqua and Humboldt are in the aggregate, adequate to cover all such losses. In addition, Wells Fargo Securities did not review individual credit files, nor did it make an independent evaluation or appraisal of the assets and liabilities of Umpqua or Humboldt or any of their subsidiaries, and it had not been furnished with any such evaluation or appraisal.

With Umpqua s consent, Wells Fargo Securities assumed that the respective allowances for loan losses for both Umpqua and Humboldt were adequate on a pro forma basis for the combined company. In addition, Wells Fargo Securities did not conduct any physical inspection of the properties or facilities of Umpqua or Humboldt. Wells Fargo Securities is not an accounting firm and they relied, with Umpqua s consent, on the

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reports of the independent accountants of Umpqua and Humboldt for the accuracy and completeness of the audited financial statements furnished to them.

Wells Fargo Securities opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Wells Fargo Securities assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements, and that the conditions precedent to the merger agreement are not waived. Wells Fargo Securities also assumed that there has been no material change in Umpqua s and Humboldt s assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them, that Umpqua and Humboldt will remain as going concerns for all periods relevant to its analyses, and that the merger will be accounted for as a purchase transaction and will qualify as a tax-free reorganization for federal income tax purposes.

In rendering its March 12, 2004 opinion, Wells Fargo Securities performed a variety of financial analyses. The following is a summary of the material analyses performed by Wells Fargo Securities, but is not a complete description of all the analyses underlying Wells Fargo Securities 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 analyses and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Wells Fargo Securities believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses 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.

The earnings projections used and relied upon by Wells Fargo Securities in its analyses were based upon internal assumptions of Umpqua and Humboldt. One key projection was that Humboldt would achieve earnings per share of $1.06 for the year 2004. This internal projection by Humboldt was based upon a number of assumptions including loan and deposit growth, the timing and magnitude of cost savings associated with the acquisition of California Independent Bancorp, loan loss provisions, charge offs and recoveries and assumptions with respect to interest rates. With respect to all such financial projections and estimates and all projections of transaction costs, purchase accounting adjustments and expected cost savings relating to the merger, Umpqua s and Humboldt s managements confirmed to Wells Fargo Securities that they reflected the best currently available estimates and judgments of such managements of the future financial performance of Umpqua and Humboldt, respectively, and Wells Fargo Securities assumed for purposes of its analyses that such performance would be achieved. Wells Fargo Securities expressed no opinion as to such financial projections or the assumptions on which they were based. The financial projections furnished to Wells Fargo Securities by Umpqua and Humboldt were prepared for internal purposes only and not with a view towards public disclosure. These projections, as well as the others estimated used by Wells Fargo Securities in its analyses, were based on numerous variables and assumptions which are inherently uncertain and accordingly, actual results could vary materially from those set forth in such projections.

Humboldt completed its acquisition of California Independent Bancorp during January 2004. To provide more relevant data with respect to certain financial analysis, particularly involving balance sheet information, Wells Fargo Securities utilized unaudited January 31, 2004 information for Humboldt.

The following is a brief summary of the material financial analyses presented to the Umpqua Board on March 12, 2004 by Wells Fargo Securities.

Summary of Proposal

Wells Fargo Securities reviewed the financial terms of the proposed transaction in which Umpqua will issue 1.00 share of Umpqua for every share outstanding of Humboldt. Based on an estimated price of an Umpqua common share of $20.80 and the March 10, 2004 closing price of $20.80, and an exchange ratio of

1.00 Umpqua common shares for each of Humboldt s common shares, Wells Fargo Securities calculated an implied per share value of $20.80 for each Humboldt common share, and an implied aggregate transaction value of approximately $334.5 million. Based on an Umpqua share price of $20.80 per share, the implied transaction value per share, and Humboldt s unaudited January 31, 2004 financial information, Wells Fargo Securities calculated the following ratios and premiums:

Implied Value as a Multiple of	Umpqua Stock Price @ $20.80
Shareholders Equity (1/31/04)	2.20
Tangible Shareholders Equity (1/31/04)	3.89X
Estimated 2004 EPS	20.10
Core deposit premium	25.86%
Premium to prior day close (03/10/04)	19.40%

Analysis

Summary of Wells Fargo Securities Analysis Conducted

Market-to-Market Implied Historical Exchange Ratio History Analysis	Historical Implied Exchange Ratio
Current Exchange Rate, March 10, 2004	0.838
Exchange Rate History- March 12, 2002 to Present	
High	1.012
Low	0.514
Average	0.729

Public Market Comparison	Umpqua	Humboldt(1)	National Peer Bank Mean
Closing Price at March 10, 2004	$20.80	$17.42	
Price/2004 Estimated Earnings	15.29x	16.44x	18.15x
Price/2005 Estimated Earnings	13.87	15.00	16.62
Price/Book Value (12/31/03)	1.85	1.74	2.30
Price/Tangible Book Value (12/31/03)	3.71	3.08	2.79
ROAA (LTM ending 12/31/03)	1.31%	0.97%	1.16%
ROAE (LTM ending 12/31/03)	11.68%	11.13%	13.80%
Net Interest Margin (LTM ending 12/31/03)	5.01%	4.94%	4.01%
Efficiency Ratio (LTM ending 12/31/03) **(2)**	56.32%	72.03%	60.38%

(1) Humboldt multiples based on financial information as at 1/31/04

(2) Efficiency Ratio is for Umpqua Bank

Discounted Cash Flow and Terminal Value Analysis

	Low	High
Discounted Present Value of Humboldt Shares	$14.91	$22.87

Contribution Analysis	Percentage of Combined	
	Umpqua	Humboldt(1)
Total Assets (12/31/03)	66.7%	33.3%
Total Loans (12/31/03)	66.9%	33.1%
Total Deposits (12/31/03)	66.3%	33.7%
Shareholders Equity (12/31/03)	67.7%	32.3%
Tangible Shareholders Equity (12/31/03)	65.0%	35.0%
Total Revenue (12/31/03)	68.6%	31.4%
2003 Net Income	74.3%	25.7%
2004 Estimated Net Income	70.4%	29.6%

(1) Humboldt financial information as at 1/31/04 (unaudited)

Comparable Transaction Analysis	Umpqua/Humboldt (Umpqua Stock Price @ $20.80)	Comparable Transactions Mean
Price/Book Value	2.20x	2.26x
Price/Tangible Book Value	3.89	2.64
Price/LTM Net Income	20.10	22.00
Core Deposit Premium	25.86%	23.50%
Target Bank ROAA (LTM)	0.97%	0.94%
Target Bank ROAE (LTM)	11.13%	11.60%
Target Bank Efficiency Ratio (LTM)	72.03%	59.45%

Exchange Ratio History

Wells Fargo Securities calculated the high, low and average ratio of the market price per share of Humboldt common stock to the market price per share of Umpqua common stock over the twenty-four month period ending March 10, 2004.

	As of March 10, 2004	Twenty-four Month High	Twenty-four Month Low	Twenty-four Month Average
Exchange Ratio	0.838	1.012	0.514	0.729

Public Market Comparison

Wells Fargo Securities presented a public market comparison of Umpqua and Humboldt and a selected group of 77 other publicly traded community-banking organizations in the United States, or the Peer Banks, with assets between $1.0 billion and $3.0 billion and a return on average assets, or ROAA, between 0.80% and 1.50%.

This comparison was presented on the basis of various financial ratios and other indicators, including among other things, market price to earnings per share, or EPS, ratios, historical price to stated book value and tangible book value ratios, and projected 2004 and 2005 EPS. The Peer Banks were selected for comparison purposes through a review of publicly traded banking institutions with similar asset size and operating characteristics. In general, financial data presented was as of the year ended December 31, 2003 and market data was as of March 9, 2004.

Wells Fargo Securities compared ratios of price to estimated 2004 and 2005 EPS for Umpqua and Humboldt (based on management projections provided by Humboldt and Umpqua) with the mean averages of the ratios for the Peer Banks for 2004 and 2005. Additionally, Wells Fargo Securities presented a public market comparison of Umpqua, Humboldt and the Peer Banks, on the basis of, among other things, return on

average common equity, or ROAE, ROAA, net interest margin, and efficiency ratios. The following table shows the comparisons.

	Price as a Multiple to(1)				12/31/2003			
	Estimated 2004 EPS	Estimated 2005 EPS	Book Value 12/31/03	Tangible Book Value 12/31/03	ROAA	ROAE	Net Interest Margin	Efficiency Ratio(3)
Umpqua	15.29x	13.87x	1.85x	3.71x	1.31%	11.68%	5.01%	56.32%
Humboldt(2)	16.44	15.00	1.74	3.08	0.97%	11.13%	4.94%	72.03%
Nat l Bank Mean	18.15	16.62&nbs						