

**Sterling Financial Corp. (NASDAQ: STSA) has agreed to merge with Umpqua Holdings Corporation (NASDAQ: UMPQ)**

**Deal Value: Approximately \$2.0 billion**

Sandler O'Neill served as exclusive financial advisor to Sterling Financial Corp. and rendered a fairness opinion in connection with the transaction. This transaction is Sandler O'Neill's 98<sup>th</sup> bank or thrift transaction since January 1, 2011. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.<sup>1</sup>

Since January 1, 2011, Sandler O'Neill has advised on 21 bank or thrift transactions in the western region with an aggregate deal value of \$4.6 billion, more than any other investment bank.<sup>1</sup>

Portland, OR. – September 11, 2013 – Umpqua Holdings Corporation (NASDAQ: UMPQ) and Sterling Financial Corporation (NASDAQ: STSA) announced today that they have entered into a definitive agreement pursuant to which Sterling will merge with and into Umpqua. The transaction will have a total value of approximately \$2.0 billion. Under the terms of the agreement, Sterling shareholders will receive 1.671 shares of Umpqua common stock and \$2.18 cash for each share of Sterling common stock. The total per share value of the Sterling merger consideration based on the closing price of Umpqua shares on September 11, 2013 of \$16.96, is \$30.52. Giving effect to the transaction, existing shareholders of Umpqua are expected to own approximately 51% of the outstanding shares of the combined company, and Sterling shareholders are expected to own approximately 49%.

The combined organization will have approximately \$22 billion in assets, \$15 billion in loans, \$16 billion in deposits, with 5,000 associates and 394 locations across five states – Oregon, Washington, Idaho, California and Nevada. Umpqua and Sterling have also agreed to start a \$10 million community foundation, underscoring the companies' commitment to serving their communities. Upon completion of the merger, the company will operate under the Umpqua Bank name and brand and remain headquartered in Portland, OR.

Umpqua Holdings Corporation will continue to be led by Ray Davis as president and CEO. Sterling president and CEO Greg Seibly will join Umpqua Bank as co-president, with Umpqua Bank co-president Cort O'Haver serving in the same capacity. The boards of both companies have unanimously approved the transaction. Upon completion of the transaction, the combined Company's board will have thirteen directors, nine representatives from Umpqua and four representatives from Sterling. Peggy Fowler will continue as Chairperson of the Board. Thomas H. Lee Partners, L.P. and Warburg Pincus Private Equity X, L.P., the two largest shareholders of Sterling, each owning approximately 20.8% of Sterling's outstanding common stock, fully support the transaction and expect to designate a representative of each firm to serve of the Board of Directors of the combined company following closing.

Completion is expected during the first half of 2014, and is subject to approval from each company's shareholders, regulatory approval and other customary conditions of closing.

Umpqua expects the acquisition to be 12% accretive to 2015 operating earnings per share with 100% of synergies phased in. Tangible book value per common share is expected to be diluted by 4.6% at closing, with a two-and-one-half year earnback on a proforma basis.

### Financial Highlights

(Dollars in millions)

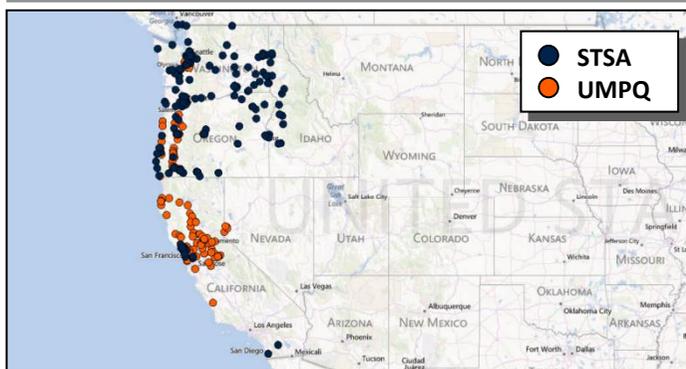
	<u>STSA</u>	<u>UMPQ</u>
Total Assets	\$9,940	\$11,392
Net Loans	\$7,176	\$7,294
Total Deposits	\$6,628	\$8,956
Total Equity	\$1,206	\$1,715
Tang. Comm. Equity / Tang. Assets	11.65%	9.64%

(1) Excludes terminated transactions and self-advisory roles

Note: Financial data as of 6/30/13

Source: SNL Financial

### Pro Forma Branch Map



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