

**Notice of Letter of Agreement
Regarding Divestiture of Certain Branches in Coos County, Oregon**

In connection with the proposed merger of Umpqua Holdings Corporation and its wholly owned subsidiary, Umpqua Bank (collectively, “Umpqua”), and Sterling Financial Corporation and its wholly owned subsidiary, Sterling Savings Bank (collectively, “Sterling”), the Antitrust Division of the U.S. Department of Justice (“DOJ”), Umpqua, and Sterling have entered into a Letter of Agreement (the “Agreement”) with respect to the divestiture of five Sterling branches located in Coos County, Oregon. The following is a summary of the key terms of the Agreement.

1. Subject to DOJ advance approval, Umpqua and Sterling will divest the following Sterling branches located in Coos County, Oregon (collectively, the “Branches”), together with all deposits and loans associated with the Branches: 212 S. Fifth Street, Coos Bay, Oregon; 150 S. Wall Street, Coos Bay, Oregon; 1611 Virginia Avenue, North Bend, Oregon; 1095 Oregon Avenue, Bandon, Oregon; and 259 N. Adams Street, Coquille, Oregon. Umpqua and Sterling will provide to the DOJ copies of any sale offering documents and any executed sales agreement relating to the Branches.

2. Until divestiture occurs, both Umpqua and Sterling will take all steps necessary to operate and maintain the Branches in the ordinary course of business and will make all reasonable efforts to maintain the Branches’ current customer relationships.

3. Until divestiture occurs, any branch manager or loan officer assigned to any of the Branches will not be transferred or reassigned to any other work location and will not be discharged from employment except for cause.

4. Sterling will enter into an agreement with an approved buyer to purchase the Branches and assume all related deposits and loans prior to legal close of the proposed merger. The sale and assumption must close no than 180 days after the proposed merger’s close. If the sale and assumption do not close within the required 180-day period, an independent trustee will be engaged to complete the sale.

5. The Branches and associated loans and deposits will not at any time be converted to Umpqua’s systems

6. For 180 days following close of the proposed merger, both Umpqua and Sterling will suspend any existing and not enter into any new non-compete agreement with any Umpqua or Sterling branch manager or loan officer located in Coos County, Oregon.

7. If within the two-year period following consummation of the proposed merger Umpqua elects to close any branch located in Coos County, Oregon, such branch will be sold or leased to another FDIC-insured institution that offers deposit and credit services to small businesses.

8. Umpqua and Sterling will include compliance with the terms of the Agreement as one of the commitments made to the Board of Governors of the Federal Reserve System (the “Board”) in connection with the parties’ pending merger application.

9. Provided that Umpqua and Sterling accomplish divestiture of the Branches and related deposits and loans in accordance with the terms of the Agreement, the DOJ will advise the Board that it believes the proposed merger will not have a significant adverse effect on competition and that pursuant to 12 U.S.C. § 1894(b) the DOJ concurs in the authorization of the merger.

10. Customers may direct questions regarding the divestiture of the Branches to the following:

Umpqua Holdings Corporation
Phone: (866) 486-7782
E-mail: CustomerService@UmpquaBank.com

Sterling Financial Corporation
Phone: (509) 626-5348
E-mail: cara.coon@bankwithsterling.com