

UMPQUA HOLDINGS CORP
Form DEF 14A
February 27, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant To Section 14(a) of The
Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Umpqua Holdings Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 17, 2012

Umpqua Shareholders:

The annual meeting of shareholders of Umpqua Holdings Corporation will be held at the RiverPlace Hotel, 1510 SW Harbor Way, Portland, Oregon, at 6 p.m., local time, on April 17, 2012 to take action on the following business:

1. **Election of Directors.** Electing ten members of Umpqua's board of directors, to hold office until the 2013 annual meeting of shareholders and the qualification and election of their successors.
2. **Ratification (Non-Binding) of Auditor Appointment.** Ratifying the Audit and Compliance Committee's appointment of Moss Adams LLP as the Company's independent registered public accountant for the fiscal year ending December 31, 2012.
3. **Advisory (Non-binding) Vote on Executive Compensation.** Approving the following advisory (non-binding) proposal:
RESOLVED, that the shareholders approve the compensation of executive officers as described in the Compensation Discussion and Analysis and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in this Proxy Statement .
4. **Other Business.** Considering and acting upon such other business and matters or proposals as may properly come before the annual meeting or any adjournments or postponements thereof. As of the date of this notice, the board of directors knows of no other matters to be brought before the shareholders at the meeting.

If you were a shareholder of record of Umpqua common stock as of the close of business on February 10, 2012, you are entitled to receive this notice and vote at the annual meeting, and any adjournments or postponements thereof.

For instructions on voting, please refer to the instructions on the *Notice of Internet Availability of Proxy Materials* you received in the mail or, if you received a hard copy of the Proxy Statement, on your enclosed proxy card. You have the ability to receive proxy materials by mail or e-mail if you request them and you continue to have the right to vote by mail as well as by telephone and on the internet.

This Proxy Statement and accompanying proxy card are being sent or made available on or about March 8, 2012.

You will find our proxy statement, Form 10-K and other important information at our website: www.umpquaholdingscorp.com. When you visit our site, you can also subscribe to e-mail alerts that will notify you when we file documents with the SEC and issue press releases.

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Your vote is important. Whether or not you expect to attend the annual meeting, it is important that your shares be represented and voted at the meeting.

By Order of the Board of Directors,

Steven L. Philpott
EVP/General Counsel/Secretary

February 27, 2012

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A Letter from our Board of Directors

March 2, 2012

Dear Shareholders,

At the 2011 annual shareholders meeting, the advisory vote on executive compensation, or say on pay, received substantially more Against votes than For votes. The board has always taken shareholder input seriously and our Compensation Committee immediately took action to evaluate our executive compensation program and implement changes to ensure that executive equity compensation is aligned with measurable and meaningful performance. The highlights below are more fully described in this proxy statement:

We undertook an extensive review of our executive compensation program with an independent outside compensation consultant to ensure our compensation philosophy meets or exceeds the expectations of our shareholders.

We amended 100% of the equity grants issued last year to include a condition that limits vesting to the extent that Umpqua's total shareholder return does not exceed the KRXTR regional bank index.

We met with proxy advisors ISS and Glass Lewis to more fully understand their pay for performance guidelines.

All institutional shareowners holding 1% or more of our stock who voted Against our say on pay resolution were invited to meet with us. We met with institutional investors representing over 26% of our outstanding stock to emphasize our commitment and accountability and advise them of our response to the negative say on pay vote, and actions we have taken to further ensure a clear and direct link between the Company's performance and our executive's compensation, as well as to understand any concerns they have with our program.

We strengthened our stock ownership policy to: (i) require that named executive officers acquire and maintain positions in Umpqua stock with a value ranging from 150% to 400% of base salary; and (ii) require directors to maintain position with a value of at least 400% of annual compensation.

Several of the companies that did not obtain a favorable say on pay vote last year were targeted with shareholder derivative suits. We are no exception, but we are pleased to report that the magistrate judge hearing the say on pay derivative action filed against us has recommended that it be dismissed and we look forward to final favorable resolution in the near future. Our most important responsibility is to exercise independent judgment on matters of consequence. We know that useful and meaningful disclosure is essential to our effectiveness as a board and an important part of our obligation to align governance and management with the best interests of our shareholders.

The changes we have made provide additional support to our strong compensation philosophy. We are committed to providing competitive, performance-based total compensation opportunities to our executives, who collectively have the responsibility for making our Company successful. We want to attract and retain not only qualified executives, but those who can represent our Company culture and values, which are an integral part of our success. By providing substantial performance-based incentive compensation that is aligned to our business strategy and directly tied to meeting specific business objectives, while avoiding unnecessary and excessive risk, we build a strong link between the interests of our executives and the value derived by our shareholders from owning Company stock.

As we reflect on the challenges of the past few years, we hope that the changes we have made to our compensation program will give satisfaction to our shareholders in knowing that we are responsive to your concerns and are committed to continuing shareholder communication and engagement. We value your input and never take for granted your continuing support and encouragement.

The Board of Directors of Umpqua Holdings Corporation

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QUESTIONS AND ANSWERS ABOUT VOTING AND THE SHAREHOLDER MEETING

Q: Why did I receive the proxy materials?

A: We have made the proxy materials available to you over the internet or, in some cases, mailed you paper copies of these materials because the board is soliciting your proxy to vote your shares of our common stock at the annual meeting to be held on Tuesday, April 17, 2012 and at any adjournments or postponements of this meeting.

Q: What is a proxy?

A: The board is asking you to give us your proxy. Giving us your proxy means that you authorize another person or persons to vote your shares of our common stock at the annual meeting in the manner you direct. The written document you complete to designate someone as your proxy is usually called a proxy card or a voting instruction form depending on how the ownership of your shares is reflected in our records. If you are the record holder of your shares, a proxy card is the document used to designate your proxy to vote your shares. If you hold your shares in street name, a voting instruction form is the document used to designate your proxy to vote your shares. In this proxy statement, the term proxy card means both the voting instruction form and proxy card unless otherwise indicated.

Q: Why did I receive a Notice of Internet Availability of Proxy Materials instead of paper copies of the proxy materials?

A: The Securities and Exchange Commission's (SEC) notice and access rule allows us to furnish our proxy materials over the internet to our shareholders instead of mailing paper copies of those materials to each shareholder. As a result, beginning on or before March 8, 2012, we sent to most of our shareholders by mail or e-mail a notice containing instructions on how to access our proxy materials over the internet and vote online. This notice is not a proxy card and cannot be used to vote your shares. If you received only a notice this year, you will not receive paper copies of the proxy materials unless you request the materials by following the instructions on the notice or on the website referred to on the notice.

We provided some of our shareholders, including shareholders who have previously asked to receive paper copies of the proxy materials, shareholders who are participants in our benefit plans and shareholders holding more than 1,000 shares of common stock, with paper copies of the proxy materials instead of a notice that the materials are electronically available over the internet. If you received paper copies of the notice or proxy materials, we encourage you to help us save money and reduce the environmental impact of delivering paper proxy materials to shareholders by signing up to receive all of your future proxy materials electronically, as described under [How can I receive my proxy materials electronically in the future?](#) below.

Q: What does the Notice of Internet Availability of Proxy Materials look like?

A: It will come in one of two forms. If you hold your shares in street name through a bank or broker, you will get a document titled Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting from Broadridge Financial Solutions. If you are a registered shareholder, you should have received a document titled Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting from our transfer agent, Computershare, formerly BNY Mellon Shareowner Services.

Q: What are Umpqua shareholders being asked to vote on at the annual shareholder meeting?

A: You will vote on:

Item 1: The election of ten directors to serve until the next annual meeting of shareholders;

Item 2: Ratifying (non-binding) the selection of Moss Adams LLP as the Company's independent auditor for 2012.

Item 3: Approving an advisory (non-binding) resolution on the Company's executive compensation program (say on pay vote);

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The board of directors recommends that you vote FOR all of the nominees and FOR Items 2 and 3.

Q: What do I need to do now?

A: First, carefully read this document in its entirety. Then, vote your shares by following the instructions from your broker, if your shares are held in street name or by one of the following methods:

If you received these printed materials by mail, 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 website listed on the proxy card and follow the instructions provided; or

attend the shareholder meeting and submit a properly executed proxy or ballot. If a broker holds your shares in street name, you will need to get a legal proxy from your broker to vote in person at the meeting.

Voting by phone or on the Internet has the same effect as submitting a properly executed proxy card.

Q: What are my choices when voting?

A: When you cast your vote on:

Item 1: You may vote in favor of electing the nominees as directors or vote against one or more nominees or you may abstain from voting;

Item 2: You may cast your vote in favor of or against the proposal, or you may elect to abstain from voting your shares;

Item 3: You may cast your vote in favor of or against the proposal, or you may elect to abstain from voting your shares.

Q: What if I abstain from voting?

A: If your shares are represented at the annual meeting, in person or by proxy, but you abstain from voting on a matter, or include instructions in your proxy to abstain from voting on a matter, your shares will be counted for the purpose of determining if a quorum is present.

Q: Who is eligible to vote?

A: Holders of record of Umpqua common stock at the close of business on February 10, 2012 are eligible to vote at Umpqua's annual meeting of shareholders. As of that date, there were 111,887,560 shares of Umpqua common stock outstanding held by 4,748 holders of record, a number that does not include beneficial owners who hold shares in street name.

Q: How many shares are owned by Umpqua's directors and executive officers?

A: On February 10, 2012, Umpqua's directors and executive officers beneficially owned 1,853,282 shares entitled to vote at the annual meeting, constituting approximately 1.66% of the total shares outstanding and entitled to vote at the meeting.

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

A: The Advisory Committee to the Umpqua Bank 401(k) and Profit Sharing Plan and the Supplemental Retirement Plan (the Company Plans) considers the items of business at this year's meeting to be routine or non-binding matters and the Advisory Committee will instruct the trustee to vote all shares held in the Company Plans as recommended by the board of directors.

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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 do this by:
calling the toll-free number on the Notice and Access Card or proxy card at least 24 hours before the meeting and following the directions provided;

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going to the website listed on the Notice and Access Card or proxy card at least 24 hours before the meeting and following the instructions provided;

submitting a properly executed proxy prior to the meeting bearing a later date than your previous proxy;

notifying Umpqua's corporate Secretary, in writing, of the revocation of your proxy before the meeting; or

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

If you voted through your broker, please contact your broker to change or revoke your vote.

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

A: Yes, but only if you give your broker instructions. 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 if you provide instructions on how to vote. If you do not tell your broker how to vote, your broker may vote your shares in favor of ratification of the auditor appointment but may not vote your shares on the election of directors or any other item of business. However, your broker is not required to vote your shares if you do not provide instructions.

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

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

Q: Why did I receive more than one Notice and Access Card or multiple proxy cards?

A: You may receive multiple cards if you hold your shares in different ways (e.g. joint tenancy, in trust or in custodial accounts). You should vote on each proxy that you receive.

Q: How do you determine a quorum?

A: Umpqua must have a quorum to conduct any business at the annual meeting. Shareholders holding at least a majority of the outstanding shares of Umpqua common stock as of the record date must attend the meeting in person or by proxy to have a quorum. Umpqua shareholders who attend the meeting or submit a proxy but abstain from voting on a given matter will have their shares counted as present for determining a quorum. Broker non-votes will also be counted as present for establishing a quorum.

Q: What is a broker non-vote?

A: Under New York Stock Exchange (NYSE) Rule 452, brokers are entitled to vote shares held by them for their customers on matters deemed routine under applicable rules, even though the brokers have not received voting instructions from their customers. Although Umpqua is listed on the NASDAQ Global Select market, Rule 452 affects us since most of the common shares held in street name are held with NYSE member-brokers. The ratification of our independent auditor (Item 2) currently qualifies as a routine matter. Your broker, therefore, may vote your shares in its discretion on that routine matter if you do not instruct your broker how to vote on them. Your broker is prohibited from voting your shares on non-routine matters unless you have given voting instructions on that matter to your broker. The election of directors (Item 1) and the non-binding resolution to approve the Company's executive compensation program (Item 3- say on pay) are deemed to be non-routine matters under Rule 452, so your broker may not vote on these matters in its discretion. Your broker, therefore, will need to return a proxy card without voting on these non-routine matters if you do not give voting instructions with respect to these matters. This is referred to as a broker non-vote or sometimes referred to as uninstructed shares.

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Q: How do you count votes?

A: Each common share is entitled to one vote. The named proxies will vote shares as instructed on the proxies. In the election of directors, each share is entitled to one vote for each director position to be filled, and shareholders may not cumulate votes. You may vote For , Against or Abstain from

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voting with respect to each director nominee and each of the other proposals. A representative of Computershare, formerly BNY Mellon Shareowner Services, our transfer agent, will count the votes and serve as our inspector of elections. The following table summarizes the votes required for passage of each proposal and the effect of abstentions and uninstructed shares held by brokers.

Proposal Number	Proposal	Vote Required	Effect of Abstentions	Broker Discretionary Voting Allowed?	Effect of Broker Non-Votes
1	Election of Directors	Votes cast For exceed Against votes (1)	No effect; not treated as a vote cast, except for quorum purposes.	No	No Effect
2	Ratification of Independent Auditor	Majority of shares present or represented by proxy	Treated as a vote Against the proposal	Yes	Not Applicable
3	Advisory vote on executive compensation (Say on Pay)	Majority of shares present or represented by proxy	Treated as a vote Against the proposal	No	No Effect

(1) Proposal 1 requires a plurality of the votes cast to elect a director. The ten director positions to be filled at the annual meeting will be filled by the nominees who receive the highest number of votes. However, we have adopted a majority voting policy that requires any director who receives more Against votes than For votes to offer to resign from the board.

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 each director nominee and in favor of Proposals 2 and 3.

Q: Is my vote confidential?

A: We maintain the confidentiality of the votes of individual shareholders. Ballots, proxy forms, and voting instructions returned to brokerage firms, banks, and other holders of record are kept confidential by those third parties. Only the proxy solicitor, the proxy tabulator, and the inspector of election have access to the ballots, proxy forms, and voting instructions. Our shareholder relations officer has online access to votes cast by registered shareholders, but does not access that information. The proxy solicitor and the proxy tabulator will disclose information taken from the ballots, proxy forms, and voting instructions only if there is a proxy contest, if the shareholder authorizes disclosure, to defend legal claims, or as otherwise required by law. If you write comments on your proxy card or ballot, management may learn how you voted in reviewing your comments.

Q: Who pays the cost of proxy solicitation?

A: Umpqua pays the cost of soliciting proxies. We have hired Phoenix Advisory Partners to solicit proxies for this meeting and we will pay their fees, estimated to be \$17,500 plus out of pocket costs. Proxies will be solicited by mail, telephone, facsimile, e-mail and personal contact. We may reimburse brokers and other nominee holders, for their expenses in sending proxy material and obtaining proxies. In addition to solicitation of proxies by mail, our officers and employees may solicit proxies in person or by telephone, fax, e-mail or letter, without extra compensation.

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Q: Where do I get more information?

A: If you have questions about the meeting or submitting your proxy, or if you need additional copies of this document or the proxy card, you should contact one of the following:

Steven Philpott
Executive Vice President, General Counsel & 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

Michelle Bressman
Vice President Shareholder Relations Officer
Umpqua Holdings Corporation
Finance Department
One SW Columbia Street, Suite 1200
Portland, OR 97258
(503) 268-6675 (voice)
(503) 645-3636 (fax)
michellebressman@umpquabank.com

Important Notice About the Availability of Proxy Materials for the Annual Meeting of Shareholders

to be held April 17, 2012:

This proxy statement and the company's annual report to shareholders are available at:

www.umpquaholdingscorp.com

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ANNUAL MEETING BUSINESS

Item 1. Election of Directors

Umpqua's articles of incorporation and bylaws provide that directors are elected to serve a one-year term of office, expiring at the next annual meeting of shareholders. Our articles of incorporation establish the number of directors at between six and nineteen, with the exact number to be fixed from time to time by resolution of the board of directors. The number of directors is currently set at twelve. Effective at the annual meeting, Allyn Ford, who has served on our board since 1999 and on the Bank board since 1971 and who has reached mandatory retirement at age 70, will retire from both boards. In addition, Jose Hermocillo will retire from the boards at the expiration of his term at the annual meeting. At that time, the number of directors will be set at ten if there have been no other changes in board membership.

Directors are elected by a plurality of votes, which means that the nominees receiving the most votes will be elected, regardless of the number of votes each nominee receives. Shareholders are not entitled to cumulate votes in the election of directors. However, in an uncontested election, our majority voting policy requires that any nominee for director who receives a greater number of votes against his or her election than votes for such election shall promptly tender his or her resignation to the board chair following certification of shareholder vote. In determining the votes cast for the election of a director, abstentions and broker non-votes are excluded. The Risk and Governance Committee considers the offer of resignation and recommends to the board whether to accept it. The policy requires the board to act on the Risk and Governance Committee's recommendation within 90 days following the shareholder meeting. Board action on the matter requires the approval of a majority of the independent directors.

The board of directors has nominated the following directors for election to one-year terms that will expire at the 2013 annual meeting:

Raymond P. Davis

Peggy Y. Fowler

Stephen M. Gambee

William A. Lansing

Luis F. Machuca

Diane D. Miller

Dudley R. Slater

Hilliard C. Terry, III

Bryan L. Timm

Frank R. J. Whittaker

Each of the nominees, except Mr. Slater, was elected to serve on the board at the 2011 annual meeting and currently serves as a director of Umpqua and of Umpqua Bank. Mr. Slater was appointed to both boards on August 18, 2011. The individuals appointed as proxies intend to vote FOR the election of the nominees listed above. If any nominee is not available for election, the individuals named in the proxy intend to vote for such substitute nominee as the board of directors may designate. Each nominee has agreed to serve on the board and we have no reason to believe any nominee will be unavailable.

The Risk and Governance Committee has oversight responsibility for recommending to the Board a slate of nominees to be presented to the shareholders for election to the Board of Directors at each annual or special meeting. The board's Statement of Governance Principles, available at www.umpquaholdingscorp.com, provides that directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of our shareholders. On an overall basis, the directors should have policymaking experience in all of the major business activities of the Company and its subsidiaries and to the extent practical, should be representatives of the major markets in which the Company operates. In addition, we seek directors who are civic minded and whose activities provide valuable perspective on important social and economic issues relevant to our business and the communities where we work and live.

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Board Recommendation

The board of directors unanimously recommends a vote FOR the election of all nominees.

Nominees

The age (as of March 1, 2012), business experience, and position of each of the directors currently serving is stated below. We also provide information about skills, qualifications and attributes of each director that led to the conclusion that he or she should serve on our board.

Raymond P. Davis, age 62, serves as director, President and Chief Executive Officer of Umpqua, positions he has held since the Company's formation in 1999. Mr. Davis has served as a director of Umpqua Bank since June 1994. He has served as Chief Executive Officer of Umpqua Bank from June 1994 to December 2000 and from November 2002 to the present. He has also served as President of Umpqua Bank from June 1994 to December 2000 and from March 2003 to the present.

Qualifications and Experience

Business: Extensive leadership, management and business operations experience as President and CEO of Umpqua and Umpqua Bank.

Banking: More than 30 years experience in the financial services industry, including his positions as President and CEO of Umpqua and Umpqua Bank and as President of US Banking Alliance, a bank consulting firm.

Financial: Expertise as Chief Financial Officer of Security Bank, Reno, Nevada.

Civic: Board service with SOLV, an Oregon organization fostering environmental stewardship, and Founders Circle, plus service on the Big Brothers Big Sisters, Children's Council.

Peggy Y. Fowler, age 60, was appointed to the board in April 2009 and elected in 2010. Ms. Fowler served as CEO and President of Portland General Electric (PGE) (NYSE: POR) from April 2000 to December 31, 2008 and as Co-CEO from January 1, 2009 to March 1, 2009. She was chair of the board from May 2001 until January 2004. She served as President of PGE from 1998 until 2000 and is currently a director of Hawaiian Electric Company.

Qualifications and Experience

Business: Strong leadership and business operations experience as President and CEO of PGE, director of The Regence Group, Chief Operating Officer of PGE's Distribution Operations, Senior Vice President of PGE's customer service and delivery and Vice President of PGE's power production and supply.

Banking: Banking industry experience as director of the Portland branch of the Federal Reserve Bank of San Francisco.

Finance: Expertise serving as a Committee member for several entities: Audit Committee for Hawaiian Electric Company, Finance Committee for PGE, Investment and Executive and Governance Committee for Regence.

Civic: Board service as a director for PGE Foundation and Mentor for International Women's Forum.

Stephen M. Gambee, age 48, was appointed to the board in July 2005 and was elected in 2006. Since 1994 he has been the President and CEO and a shareholder of Rogue Valley Properties, Inc. and a Managing Member of Rogue Waste Systems, LLC, a family owned business providing waste disposal and environmental services in the Southern Oregon area. Prior to assuming the duties of the family businesses, Mr. Gambee was a real estate economist employed by Robert Charles Lesser & Co. /Hobson & Associates as the Pacific Northwest Director of Consulting.

Qualifications and Experience

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Business: Management, leadership, business operations and governmental relations experience as President and CEO of Rogue Valley Properties and Managing Member of Rogue Waste Systems, LLC, which are environmentally conscious waste management businesses.

Civic: Chairman of the St. Mary's School Community Foundation. Chairman of Jackson County Commission Economic Development Advisory Committee. Member of the Finance Committee, Asante Health System.

William A. Lansing, age 66, has served as a director since December 2001. He previously served as a director of Independent Financial Network, Inc. from 1991 until its merger with Umpqua in December 2001. Mr. Lansing is

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the retired President and Chief Executive Officer of Menasha Forest Products Corporation in North Bend, Oregon, a position he held from 2001 to 2006, He has over 40 years of professional business experience in the forest products industry and other businesses and is the retired Chairman of Torrent Energy Corporation.

Qualifications and Experience

Business: Broad business leadership and organizational management skills as Retired President and CEO of Menasha Forest Products Corporation and Chairman of the board of Lone Rock Timber Company.

Banking: Extensive banking industry expertise as Vice Chairman of the board of Independent Financial Network, a bank acquired by Umpqua.

Civic: Service as Vice Chairman of the Southwestern Oregon Community College Foundation Board of Trustees, Co-Chair of capital campaign to build a new Historical and Maritime Center in Coos Bay, board member of the Eugene Council of the Boy Scouts of America, board member of the World Forestry Center in Portland, Oregon and board member of the Coos County Salmon and Trout Enhancement organization.

Governance: Former chairman of Umpqua's Compensation Committee.

Luis F. Machuca, age 54, was appointed to the board in January 2010 and elected in April 2010. Since January 2002, he has been President and Chief Executive Officer of Kryptiq Corporation, a healthcare connectivity company that facilitates a first-of-its-kind, open collaborative network for healthcare.

Qualifications and Experience

Business: Business operations and innovation technology experience as President and CEO of Kryptiq Corporation as well as senior leadership roles at Intel Corp.; EVP of the NEC Computer Services Division of PB-NEC Corp. and President and COO of eFusion Corp.

Civic: Serves on The Regence Group Board of Directors and the University of Portland Board of Regents. He has served as director or Trustee of the Oregon Health & Science University Foundation Board of Trustees, the ENDfootwear Advisory Board, the Catholic Charities of Oregon Board of Directors, the Portland Metropolitan Family Services Board of Directors, the Jesuit High School Board of Trustees, the Lifeworks NW Board of Directors, and the Boy Scouts of America Cascade Pacific Council Executive Board.

Diane D. Miller, age 58, was appointed to the board in July 2004 and elected in May 2005. She has been President and CEO of Wilcox, Miller & Nelson, a human capital management firm since August 1986. Ms. Miller served as a director of Humboldt Bancorp and Humboldt Bank from January to July 2004.

Qualifications and Experience

Business: Broad business management and leadership experience as President and CEO of Wilcox, Miller & Nelson, Vice President of a \$2 billion real estate syndication company (ConCap), Board of Directors of California Chamber of Commerce, Vice Chair of its PAC, and Chair of the University of the Pacific Audit Committee.

Financial: Former director of Humboldt Bancorp.

Governance: Ms. Miller is a 2011 National Association of Corporate Directors (NACD) Board Leadership Fellow, a credential demonstrating her commitment to boardroom excellence by completing NACD's comprehensive program of study for experienced corporate directors a rigorous suite of courses spanning leading practices for boards and committees. She supplements her skill sets through ongoing engagement with the director community and access to high-level director-led governance education. In addition, Ms. Miller provides certificated training on governance issues to a wide variety of public companies as a member of the National Association of Corporate Director's national faculty. She also serves as the Board Chair for the NACD Northern California Chapter.

Compensation: Ms. Miller works with a variety of companies on their C-level compensation as it relates to executive recruitment.

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Civic: Regent for the University of the Pacific and a member of its Audit Committee.

Dudley R. Slater, age 54, was appointed to the board in August 2011. He currently serves as Vice Chairman on the Board of Integra Telecom, Inc., a company he co-founded in 1996. Previously, Mr. Slater served as Chief Executive Officer of Integra from 1998 through 2011.

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Qualifications and Experience

Business: Extensive executive leadership, operations management and entrepreneurial experience managing a high growth company from insignificance to national prominence (becoming one of the 10 largest US landline telecommunications companies) as Founder and Chief Executive Officer of Integra Telecom, Inc.

Industry: Facilities based telecommunications services. Ernst & Young 2011 Entrepreneur Of The Year in the Northwest.

Finance: Prior member of the Integra Telecom Finance Committee.

Civic: Appointed by Governor of Oregon to the Oregon Innovation Council. Founded and led the Integra Telecom Federal PAC. Director of Orphans Overseas, Warm Springs Telecommunications Company, Portland State University School of Business Administration Advisory Board.

Governance: Director of Wide Open West, Inc. / WOW Internet and Cable (one of the largest cable companies in the US); President and Chief Executive Officer, Western Institutional Review Board.

Hilliard C. Terry, III, age 42, was appointed to the board in January 2010 and elected in April 2010. He is currently Executive Vice President and Chief Financial Officer of Textainer Group Holdings Limited (NYSE: TGH), an intermodal marine container management and leasing company. Before joining Textainer, he was Vice President and Treasurer of Agilent Technologies, Inc. (NYSE: A), which he joined in 1999, prior to the company's initial public offering and spinoff from Hewlett-Packard Company (HP). Mr. Terry held positions in investor relations and/or investment banking with Kenetech Corporation, VeriFone, Inc. and Goldman Sachs & Co.

Qualifications and Experience

Business: Leadership and business management experience as a senior executive of Textainer Group Holdings Limited and his former position as an executive of Agilent Technologies, Inc.

Marketing: Extensive communications and marketing experience as the Head of Investor Relations and primary spokesperson to the investment community for Agilent Technologies, Inc. and Global Marketing Manager for VeriFone, Inc., an HP subsidiary.

Finance: Mr. Terry currently oversees the accounting, treasury, credit and collections, internal audit and risk management functions of Textainer. Previously he was responsible for Agilent's global treasury organization which included corporate cash management, corporate finance, customer financing, foreign exchange, pension assets and risk management. He was also a member of the company's Benefits Committee which has fiduciary oversight for Agilent's employee benefit and retirement programs. He oversaw investments of a multi-billion dollar global corporate cash portfolio and defined benefit (pension) assets for the company.

Civic: Board of Trustees, Oakland Museum of California (member of the Governance Committee).

Bryan L. Timm, age 48, was appointed to the board in December 2004 and elected in May 2005. Since May 2008, Mr. Timm has been the Chief Operating Officer of Columbia Sportswear Company (NASDAQ: COLM) and he was named Executive Vice President in October 2008. Mr. Timm joined Columbia Sportswear in June 1997 as Corporate Controller, was named Chief Financial Officer in July 2002 and in 2003, was named Vice President, Chief Financial Officer and Treasurer.

Qualifications and Experience

Business: Senior leadership and business operations management experience at Columbia Sportswear and as a member of the College of Business and Economics Advisory Board for the University of Idaho.

Finance: Audit Committee Chair at Umpqua. Prior to joining Columbia Sportswear, Mr. Timm had extensive experience in various accounting, internal audit, and financial positions with Oregon Steel Mills (NYSE: OS) from 1991 to 1997, rising to Divisional Controller for CF&I Steel, Oregon Steel Mills' largest division. From 1986 to 1991, he was an accountant with KPMG LLP. He is a CPA (inactive) in the state of Oregon.

Civic: Director of Doernbecher Children's Hospital Foundation.

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Frank R. J. Whittaker, age 61, was elected to the board in April 2009. Mr. Whittaker is the former Vice President of Operations for The McClatchy Company (NYSE: MNI) a position he retired from on May 27, 2011. From 1985 to 1997, Mr. Whittaker was President and General Manager of McClatchy's flagship paper, The Sacramento Bee.

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Qualifications and Experience

Business: Extensive leadership, business management and business operations experience with oversight of McClatchy's 16 newspapers in California, Florida, Kentucky and the Carolinas. In the newspaper industry, Mr. Whittaker is a past Board Member and Treasurer of the Audit Bureau of Circulations and is past President of the California Newspaper Publishers Association and the past President of the California Newspaper Carrier Foundation.

Civic: Mr. Whittaker is serving as the co-chair of the campaign to substantially expand the School of Nursing at U C Davis. Mr. Whittaker has served as the chairman of capital campaigns for Sutter Hospital, River Oaks Center for Children and the Neighborhood Housing Services. He has also served at various times on the boards of more than a dozen nonprofits, including Sacramento Regional Community Foundation, United Way and Jesuit High School. For his civic work, he has received major awards from organizations, including The Salvation Army, The Anti-Defamation League, Multiple Sclerosis and the National Philanthropy Association.

Director Independence

The board of directors has determined that all directors except Mr. Davis are independent, as defined in the NASDAQ listing standards. In determining the independence of directors, the board considered the responses to Director & Officer Questionnaires that indicated no transactions with directors other than banking transactions with Umpqua Bank and arrangements under which Umpqua Bank: (i) purchases waste disposal services from an affiliate of Mr. Gambee and (ii) leases an aircraft from an entity in which Mr. Ford has indirect material interests. The board also considered the lack of any other reported transactions or arrangements; directors are required to report conflicts of interest and transactions with the Company pursuant to our Corporate Governance Principles and Code of Ethics, which can be found on our website www.umpquaholdingscorp.com. See the section below entitled *Related Party Transactions* for additional information.

Item 2. Ratification of Auditor Appointment

The Audit and Compliance Committee has selected the independent registered public accounting firm of Moss Adams LLP (Moss Adams), the Company's independent auditors for the year ended December 31, 2011, to act in such capacity for the fiscal year ending December 31, 2012, and recommends that shareholders vote in favor of ratification of such appointment. There are no affiliations between the Company and Moss Adams, its partners, associates or employees, other than those which pertain to the engagement of Moss Adams in the previous year (i) as independent auditors for the Company and (ii) for certain consulting services. Moss Adams has served as the Company's independent auditor since 2005.

Shareholder approval of the selection of Moss Adams as our independent auditors is not required by law, by our bylaws or otherwise. The Sarbanes-Oxley Act of 2002 requires the Audit and Compliance Committee to be directly responsible for the appointment, compensation and oversight of the audit work and the independent auditors. The Committee will consider the results of the shareholder vote on this proposal and, in the event of a negative vote, will reconsider its selection of Moss Adams. However, the Audit and Compliance Committee is not bound by the shareholder vote.

Even if Moss Adams' appointment is ratified by the shareholders, the Audit and Compliance Committee may, in its discretion, appoint a new independent registered public accounting firm at any time if it determines that such a change would be in the best interests of the Company and its shareholders. A representative of Moss Adams is expected to attend the annual meeting and that representative will have the opportunity to make a statement, if they desire to do so, and to answer appropriate questions.

Board Recommendation

The board of directors unanimously recommends a vote FOR the ratification of Moss Adams as independent auditor.

Table of Contents**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Moss Adams LLP (Moss Adams) has audited our consolidated financial statements for the years ended December 31, 2005 through 2011.

Independent Auditors Fees

The following table shows the fees incurred for professional services provided by Moss Adams for 2011 and 2010:

(\$ in thousands)	2011	2010
Audit Fees (a)	\$713	\$665
Audit-Related Fees (b)	\$25	\$90
All Other Fees (c)	\$11	\$22
Tax Fees	-	-
Total Fees	\$749	\$777

(a) Audit Fees include:

The integrated audit of the Company's annual consolidated financial statements and internal controls over financial reporting for the years-ended December 31, 2011 and 2010, respectively.

Reviews of the Company's quarterly consolidated financial statements for the periods ended March 31, June 30, and September 30, 2011 and 2010, respectively.

Audit of the annual financial statements of Umpqua Investments for the years-ended December 31, 2011 and 2010, respectively.

(b) Audit-Related Fees represent billings for services provided during the 12 months ended December 31, 2011 and 2010, respectively, and includes:

Audit of the Umpqua Bank 401(k) and Profit Sharing Plan for the year ended December 31, 2010, audited during 2011; the plan year ended December 31, 2009, was audited in 2010.

Audit of assets acquired and liabilities assumed related to Rainier Pacific Bank (2010).

(c) All Other Fees represent all other billings for the 12 months ended December 31, 2011 and 2010, respectively, and includes:

Consultation with management regarding accounting matters (2011 and 2010).

Review of responses to SEC Comment Letters (2011).

Underwriting and comfort letters (2010).

Ratio of All Other Fees to Audit Fees and Audit-	2011 1.49%	2010 2.97%
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Related Fees

In considering the nature of the services provided by the independent auditor, the Audit and Compliance Committee determined that such services are compatible with the provision of independent audit services. The Committee discussed these services with the independent auditor and Company management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants.

Pre-Approval Policy

The services performed by Moss Adams for the 2011 audit engagement were pre-approved by the Audit and Compliance Committee at its March 15, 2011 meeting, in accordance with the Committee's pre-approval policy and procedures. This policy describes the permitted audit,

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audit-related, tax, and other services (collectively, the Disclosure Categories) that the independent auditor may perform. The policy requires that a description of the services (the Service List) expected to be performed by the independent auditor in each of the Disclosure Categories be pre-approved annually by the Committee.

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Services provided by the independent auditor during the following year that are included in the Service List were pre-approved following the policies and procedures of the Committee.

Any requests for audit, audit-related, tax, and other services not contemplated on the Service List must be submitted to the Committee for specific pre-approval and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings. However, the authority to grant specific pre-approval between meetings, as necessary, has been delegated to the Chair of the Audit and Compliance Committee. The Chair must update the Committee at the next regularly scheduled meeting of any services that were granted specific pre-approval.

In addition, although not required by the rules and regulations of the SEC, the Committee generally requests a range of fees associated with each proposed service on the Service List and any services that were not originally included on the Service List. Providing a range of fees for a service incorporates appropriate oversight and control of the independent auditor relationship, while permitting the Company to receive immediate assistance from the independent auditor when time is of the essence.

The policy contains a de minimis provision that operates to provide retroactive approval for permissible non-audit services under certain circumstances. The provision allows for the pre-approval requirement to be waived if all of the following criteria are met:

1. The service is not an audit, review or other attest service;
2. The aggregate amount of all such services provided under this provision does not exceed \$5,000 per fiscal year if approved by management or \$50,000 per fiscal year if approved by the Chair of the Committee;
3. Such services were not recognized at the time of the engagement to be non-audit services (to date the SEC has not provided any guidance with respect to determining whether or not a service was recognized at the time of the engagement. We believe that the SEC intended the term recognized to mean identified);
4. Such services are promptly brought to the attention of the Audit and Compliance Committee and approved by the Audit and Compliance Committee or its designee; and
5. The service and fee are specifically disclosed in the Proxy Statement as meeting the de minimis requirements.

AUDIT AND COMPLIANCE COMMITTEE REPORT

The Audit and Compliance Committee of the board of directors oversees the accounting, financial reporting and regulatory compliance processes of the Company, the audits of the Company's financial statements, the qualifications of the public accounting firm engaged as the Company's independent auditor and the performance of the Company's internal and independent auditors. The Committee's function is more fully described in its Board approved charter, available on our website: www.umpquaholdingscorp.com. The Committee reviews that charter on an annual basis.

The board annually reviews the NASDAQ listing standards' definition of independence for audit committee members and applicable SEC rules related to audit committee member independence and has determined that each member of the Committee meets those standards.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements. Management must adopt accounting and financial reporting principles, internal controls and procedures that are designed to ensure compliance with accounting standards, applicable laws and regulations.

As a Committee, we met with management periodically during the year to consider the adequacy of the Company's internal controls and the objectivity of its financial reporting. The Committee discussed these matters with the Company's independent auditors and with appropriate Company financial personnel and internal

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auditors. The Committee also discussed with the Company's senior management and independent auditors the process used for certifications by the Company's Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer, which are required for certain of the Company's filings with the SEC.

The Committee is responsible for hiring and overseeing the performance of the Company's independent registered public accounting firm. The Company's independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, and expressing an opinion on the effectiveness of the Company's internal control over financial reporting.

The Committee engaged Moss Adams LLP (Moss Adams) as the Company's independent registered public accounting firm, to perform the audit of the Company's financial statements for the period ending December 31, 2011. Moss Adams has been engaged in this capacity since August 2005, based on the Committee's review of Moss Adams's performance and independence from management. In accordance with NASDAQ Rule 5605, Moss Adams is registered as a public accounting firm with the Public Company Accounting Oversight Board.

The Committee reviewed and discussed the audited financial statements for the fiscal year ending December 31, 2011 with management. The Committee also met separately with both management and Moss Adams to discuss and review those financial statements and reports prior to issuance. Management has represented, and Moss Adams has confirmed to the Committee, that the financial statements were prepared in accordance with generally accepted accounting principles.

The Committee received from and discussed with Moss Adams the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended and as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Committee has received the written disclosure and the letter from Moss Adams required by applicable requirements of the PCAOB regarding independence and has discussed with Moss Adams the auditor's independence.

Based upon the review and discussions referred to above, the Committee recommended to the board of directors that the Company's audited financial statements be included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2011.

Submitted by the Audit and Compliance Committee:

Bryan Timm (Chair)

Stephen Gambee

Luis Machuca

Diane Miller

Hilliard Terry, III

Frank Whittaker (Vice Chair)

Item 3. Shareholder Advisory (Non-binding) Vote on Executive Compensation

The board is committed to excellence in governance and recognizes the interest our shareholders have expressed on the Company's executive compensation program. As a part of that commitment, and in accordance with SEC rules, our shareholders are being asked to approve an advisory resolution on the compensation of the named executive officers, as reported in this Proxy Statement. This proposal, commonly known as a say on pay proposal, gives you the opportunity to endorse or not endorse our fiscal year 2011 executive compensation program and policies for the named executive officers. At the 2011 annual meeting, in accordance with the board's recommendation, our shareholders endorsed an annual say on pay vote. Our board determined that we will hold an annual advisory shareholder vote on executive compensation until the next say on pay frequency vote.

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This vote is not intended to address any specific item of compensation, but rather our overall compensation policies and procedures relating to the named executive officers. While your vote is advisory and will not be binding on the board, we strive to align our governance policies and practices with the interests of our long term shareholders. As it did last year, the board will take into account the outcome of the say on pay vote when considering future compensation plans.

Umpqua has several compensation governance programs in place, as described in this proxy, to align executive compensation with the long-term shareholder interests and to manage compensation risk, including:

An independent Compensation Committee that engages its own advisors and consultants;

Stock ownership guidelines and a stock retention or hold to retirement policy for executives;

Grants under performance-based equity incentive plans that are tied to total shareholder return;

A requirement that at least 50% of equity grants to executives be performance-based ;

Prohibition on repricing stock options;

No income tax gross-ups on awards;

Annual incentive plans tied to Company operating earnings; and

A compensation recoupment or clawback policy.

We are requesting your non-binding vote on the following resolution:

RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers as described in the Proxy Statement for the 2012 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the SEC including the Compensation Discussion and Analysis, the 2011 Summary Compensation Table and the other related tables and narrative disclosure.

Board Recommendation

The board of directors unanimously recommends a vote FOR approval of the compensation of named executive officers as described in the Compensation Discussion and Analysis, the compensation tables and other narrative disclosure in this proxy statement.

Other Business

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The board of directors knows of no other matters to be brought before the shareholders at the meeting. In the event other matters are presented for a vote at the meeting, the proxy holders will vote shares represented by properly executed proxies at their discretion in accordance with their judgment on such matters. At the meeting, management will report on our business and shareholders will have the opportunity to ask questions.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements about Umpqua that are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may include statements regarding business strategies, management plans and objectives for future operations. All statements other than statements of historical fact are forward-looking statements. 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. Forward-looking statements involve substantial risks and uncertainties, many of which are difficult to predict and are generally beyond the control of Umpqua. Risks and uncertainties include, but are not limited to:

Competitive market pricing factors for compensation and benefits;

Changes in legal or regulatory requirements; and

The ability to recruit and retain certain key management and staff.

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There are many factors that could cause actual results to differ materially from those contemplated by these forward-looking statements. For a more detailed discussion of some of the risk factors, see the section entitled *Risk Factors* in Umpqua's 10-K and other filings with the SEC. Umpqua does 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.

INFORMATION ABOUT EXECUTIVE OFFICERS

The age (as of March 1, 2012), business experience, and position of our executive officers other than Raymond P. Davis, about whom information is provided above, are as follows:

Barbara J. Baker, age 62, serves as Executive Vice President/Cultural Enhancement of Umpqua and Umpqua Bank, positions she has held since September 2002. Ms. Baker served as Oregon site executive for IBM's server division (formerly Sequent Computer Systems, Inc.), where she managed human resources services and programs as well as corporate communications and community relations. Prior to joining Sequent, Ms. Baker served as Vice President of Human Resources for First Interstate Bank (now Wells Fargo).

Ulderico (Rick) Calero, Jr., age 46, serves as Executive Vice President/Community Banking of Umpqua and Umpqua Bank, a position he has held since November, 2010. From November 2009 to October 2010, Mr. Calero was Sales and Marketing Director for Citibank. From December 2008 to November 2009 he was a consumer banking executive at Regions Financial Corporation Beginning October 1999 and continuing through December 2008, Mr. Calero held various senior management positions with Citibank, NA and its affiliates. He has a B.A. from Fordham University and an M.B.A. from the Cox School of Business at Southern Methodist University.

Brad F. Copeland, age 63, serves as Senior Executive Vice President/Chief Operating Officer of Umpqua and Umpqua Bank. He was appointed Chief Operating Officer in March 2010 and previously served as Chief Credit Officer since December 1, 2000. Mr. Copeland served as Executive Vice President and Credit Administrator of VRB Bancorp and Valley of the Rogue Bank from January 1996 until their merger with Umpqua in December 2000.

Colin D. Eccles, age 54, serves as Executive Vice President/Chief Information Officer of Umpqua and Umpqua Bank, a position he has held since January 2009. From January 2002 to January 2009, Mr. Eccles worked for Washington Mutual, the last 2 1/2 years serving as the Chief Information Officer for its retail bank technology organization. Before that, he worked as Director of Services Delivery for Computer Sciences Corporation (CSC)'s Financial Services Group.

Ronald L. Farnsworth, age 41, serves as Executive Vice President/Chief Financial Officer of Umpqua and Umpqua Bank, a position he has held since January 2008 and Principal Financial Officer of Umpqua, a position he has held since May 2007. From March 2005 to May 2007, Mr. Farnsworth served as Umpqua's Principal Accounting Officer. From January 2002 to September 2004, Mr. Farnsworth served as Vice President - Finance of Umpqua. Mr. Farnsworth served as Chief Financial Officer of Independent Financial Network, Inc. (IFN) and its subsidiary Security Bank from July 1998 to the time of IFN's acquisition by Umpqua in December 2001.

Kelly J. Johnson, age 50, serves as Executive Vice President/Wealth Management of Umpqua and Umpqua Bank, a position he has held since January 2009. From February 1994 until he joined Umpqua, Mr. Johnson was employed by RBC Wealth Management (RBC), a full service investment and financial services firm. Most recently, he was responsible for their Oregon, Central Washington, and Reno, Nevada operations. Mr. Johnson has served in numerous management capacities related to the investment and securities industry since 1986. He has a B.S. and an M.B.A. from the Carlson School of Management at the University of Minnesota.

Neal T. McLaughlin, age 43, serves as Executive Vice President/Treasurer of Umpqua and Umpqua Bank, a position he has held since February 2005 and Principal Accounting Officer, a position he has held since May 2007. From 2002 until joining Umpqua, Mr. McLaughlin served as Senior Vice President and Chief Financial Officer of Albina Community Bancorp and before that he was Executive Vice President and Chief Financial Officer at Centennial Bancorp and Columbia Bancorp.

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Cort L. O Haver, age 49, serves as Executive Vice President/Commercial Banking of Umpqua and Umpqua Bank, positions he has held since March 2010. From October 2006 until he joined Umpqua, Mr. O Haver was employed by Mechanics Bank as Executive Vice President and Director of Corporate Banking. Prior to that time, he was a Senior Vice President in charge of the Real Estate Lending Division at U.S. Bank, with responsibility for California, Oregon and Washington.

Steven L. Philpott, age 60, serves as Executive Vice President/General Counsel of Umpqua and Umpqua Bank, positions he has held since November 2002. He has served as Corporate Secretary of Umpqua and Umpqua Bank since 2004. Mr. Philpott served as General Counsel for Centennial Bancorp from October 1995 until its merger with Umpqua in November 2002. Prior to that time, he was in private practice in Eugene, Oregon.

Mark P. Wardlow, age 55, serves as Executive Vice President/Chief Credit Officer of Umpqua and Umpqua Bank, a position he has held since February 2010. Mr. Wardlow served as Executive Vice President/Senior Credit Officer of Umpqua from 2007 to 2010. Prior to that time, he served as Executive Vice President/Chief Lending Officer for Umpqua's California region from 2004 to 2007. Since 2006, Mr. Wardlow has served on the board of the California Bankers Association.

SECURITY OWNERSHIP OF MANAGEMENT AND OTHERS

The following table sets forth the shares of common stock beneficially owned as of February 10, 2012, by each director and each Named Executive Officer, the directors and executive officers as a group and those persons known to beneficially own more than 5% of Umpqua's common stock.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)		Percent of Class
*	Raymond P. Davis	837,149	(2,3)	**
*	Brad F. Copeland	236,548	(2,4)	**
*	Allyn C. Ford	226,977		**
*	Ronald L. Farnsworth	136,543	(2,5)	**
*	Mark P. Wardlow	97,732	(6)	**
*	William A. Lansing	77,192	(2)	**
*	Cort L. O Haver	60,000	(7)	**
*	Stephen M. Gambee	46,767		**
*	Bryan L. Timm	35,392		**
*	Diane D. Miller	28,252	(2)	**
*	Peggy Y. Fowler	23,236		**
*	Jose R. Hermocillo	13,869		**
*	Frank R.J. Whittaker	13,760		**
*	Luis F. Machuca	9,857		**
*	Hilliard C. Terry III	6,965		**
*	Dudley R. Slater	3,043		**
	<u>All directors and executive officers as a group (22 persons)</u>	1,853,282	(2-8)	1.66%
	<u>Name and Address of Beneficial Owner</u>			
*	Eaton Vance Management			
	2 International Place, Boston, MA 02110	9,969,587	(9)	8.70%
*	BlackRock, Inc.,			
	40 East 52 nd St., New York, NY 10022	9,610,669	(10)	8.39%
*	Dimensional Fund Advisors LP			
	Palisades West, Building One, 6300 Bee Cave Road Austin, TX 78746	7,621,417	(11)	6.65%

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*	The Vanguard Group, Inc.			
	100 Vanguard Blvd., Malvern, PA 19355	5,915,620	(12)	5.16%
*	No par value common stock.			
**	Less than 1.0%.			

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- (1) Shares held directly with sole voting and investment power, unless otherwise indicated. Shares held in the Dividend Reinvestment Plan have been rounded down to the nearest whole share. Includes shares held indirectly in Director Deferred Compensation Plans, 401(k) Plans, Supplemental Retirement Plans, Deferred Compensation Plans and IRAs.
- (2) Includes shares held with or by his/her spouse.
- (3) Includes 502,500 shares covered by options exercisable within 60 days.
- (4) Includes 120,000 shares covered by options exercisable within 60 days.
- (5) Includes 59,500 shares covered by options exercisable within 60 days.
- (6) Includes 30,000 shares covered by options exercisable within 60 days.
- (7) Includes 10,000 shares covered by options exercisable within 60 days.
- (8) Includes 917,700 shares covered by options exercisable within 60 days.
- (9) This information is taken from a Schedule 13G filed January 11, 2012 with respect to holdings as of December 31, 2011.
- (10) This information is taken from a Schedule 13G/A filed February 10, 2012 with respect to holdings as of December 30, 2011.
- (11) This information is taken from a Schedule 13G/A filed February 14, 2012 with respect to holdings as of December 31, 2011. The reporting person reports that the shares are held by various investment companies, trusts and accounts and the reporting person disclaims beneficial ownership.
- (12) This information is taken from a Schedule 13G filed February 9, 2012 with respect to holdings as of December 31, 2011.

CORPORATE GOVERNANCE OVERVIEW

Our independent board of directors believes that its primary role as stewards of the Company is to ensure that we maximize shareholder value in a manner consistent with legal requirements and the highest standards of integrity. The board has adopted and adheres to a Statement of Governance Principles, which the board and senior management believe represent sound governance practices and provide a framework to sustain our success and build long term value for our shareholders and stakeholders. We regularly review these governance principles and practices in light of Oregon law and applicable federal law, SEC and banking agency regulations, NASDAQ listing standards and best practices suggested by recognized governance authorities.

Statement of Governance Principles and Charters

Our Statement of Governance Principles and the charter of each of our board committees can be viewed on our website at www.umpquaholdingscorp.com. This Statement is also available in print to any shareholder who requests it. Each board committee operates under a Board approved written charter.

Employee Code of Conduct/Code of Ethics for Financial Officers

The Company has adopted a code of conduct, referred to as the Business Ethics and Conflict of Interest Code. We require all employees to adhere to this Code in addressing legal and ethical issues that they encounter in the course of doing their work. This Code requires our employees to avoid conflicts of interest, comply with all laws and regulations, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company's best interest. All newly hired employees are required to certify that they have reviewed and understand this Code. In addition, each year all other employees are reminded of, and asked to affirmatively acknowledge, their obligation to follow the Code.

In addition, the Company has adopted a Code of Ethics for Financial Officers, which applies to our chief executive officer, our chief financial officer, our principal accounting officer, our treasurer and all other officers

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serving in a finance, accounting, tax or investor relations role. This code for financial officers supplements our Business Ethics and Conflict of Interest Code and is intended to promote honest and ethical conduct, full and accurate financial reporting and to maintain confidentiality of the Company's proprietary and customer information.

Our Business Ethics and Conflict of Interest Code and Code of Ethics for Financial Officers are available in the Corporate Governance section of our website, www.umpquaholdingscorp.com.

Compliance and Ethics Reporting and Training

Our employees may report confidential and anonymous complaints to an ethics hotline maintained by an independent vendor. These complaints may be made online or by calling a toll-free phone number. Complaints relating to financial matters are routed to our Chief Auditor, who reports those complaints, if any, directly to the chair of our Audit and Compliance Committee of the board. Other complaints, such as those dealing with employee issues, are routed to another appropriate executive manager for review. Employees are encouraged to report any conduct that they believe in good faith to be an actual or apparent violation of law or a violation of our Business Ethics and Conflict of Interest Code. The chair of our Audit and Compliance Committee provides an annual report to the committee on the complaints received via the hotline.

Our compliance program is an integral part of our operations and includes the following features:

Our Chief Compliance Officer oversees compliance with all customer-facing regulations at Umpqua Bank and Umpqua Investments and she reports to the Audit and Compliance Committee at each regular meeting.

All of our associates complete annual required training on ethics and the regulations that apply to their jobs.

Our Bank Secrecy Act Officer oversees our compliance with anti-money laundering and anti-terrorist financing regulations.

Director Criteria and Nomination Procedures

Our Statement of Governance Principles describes the qualifications that the Company looks for in its nominees to the board of directors. Directors should possess the highest personal and professional ethics, integrity and values and should be committed to representing the long-term interests of our shareholders. The board will consider the policy-making experience of the candidate in the major business activities of the Company and its subsidiaries. The board will also consider whether the nominee is representative of the major markets in which the Company operates. Most importantly, the Committee is looking for candidates who have a deep, genuine interest in Umpqua and its culture.

The Risk and Governance Committee typically engages an executive recruiter to help identify and evaluate potential board candidates. The Committee considers diversity by race, gender and culture when reviewing board candidates. At inception of the recruitment process, the Committee reviews the experience and qualifications that it deems most important and communicates those factors to the recruiting firm. The Committee considers skill sets that will be lost upon the departure of a director.

Directors must be willing to devote sufficient time to effectively carry out their duties and responsibilities. Nominees should not serve on more than three boards of public companies in addition to the Company's board. The board's policy provides that no person shall be eligible for election or reelection as a director if that person will reach the age of 70 at the time of that person's election or reelection, provided that a director who reaches age 70 during his or her term, shall complete the term for which that director was elected.

Shareholder Recommendations

A shareholder may recommend a candidate for nomination to the board and that recommendation will be reviewed and evaluated by our Risk and Governance Committee. Our Committee will use the same procedures and criteria for evaluating nominees recommended by shareholders as it does for nominees recommended by the

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Committee. Shareholder recommendations for board candidates should be submitted to the Company's corporate Secretary, Steven Philpott at Umpqua Holdings Corporation's Legal Department, P.O. Box 1560, Eugene, OR 97440. Shareholders may nominate board candidates only by following the procedures set forth in our bylaws.

In 2011, we received no recommendations of potential nominees or nominations of board candidates from our shareholders.

Changes in Nomination Procedures

There have been no material changes to the procedures by which shareholders may recommend nominees to our board of directors since our procedures were disclosed in the proxy statement for the 2011 annual meeting.

Shareholder Communications

Our directors are active in their respective communities and they receive comments, suggestions, recommendations and questions from shareholders, customers and other interested parties on an ongoing basis. Our directors are encouraged to share those questions, comments and concerns with other directors and with our CEO.

Communicating with Directors

Comments and questions may be directed to our board by submitting them in writing to the Company's corporate Secretary, Steven Philpott, at Umpqua Holdings Corporation's Legal Department, P.O. Box 1560, Eugene, OR 97440. These comments or summaries of the comments will be communicated to the board at its next regular meeting. No communications of this type were received from shareholders in 2011.

Shareholders may also request information or submit questions and comments via our website at www.umpquaholdingscorp.com. Governance documents, including our Statement of Governance Principles and Committee Charters are also available to shareholders on our website.

In addition, shareholders may request email notification of corporate events, new Company documents or press releases.

Director Attendance at Annual Meetings

The Company conducts the annual meeting in Portland, Oregon on the day before a scheduled regular meeting of the board. The board expects all nominated directors to attend the annual meeting. All of the directors nominated for election at the 2012 meeting, who were then serving on the board, attended the 2011 meeting.

Annual Board Evaluations

Each year, our board evaluates the performance of its committees and its members. This evaluation process occurs in two stages. Each board member answers a questionnaire designed to rate, on a scale of one to five, the performance of each board committee on which that director serves, with respect to a number of components relevant to that committee's functions. The answers and comments are compiled anonymously and reviewed by the committee as a whole, and reported to the full board. The Risk and Governance Committee then reviews those results and recommends changes in committee structure, membership and function to the full board. The Risk and Governance Committee's practice is to rotate directors through the various board committees to broaden their exposure to the company's operations and to take advantage of each director's skill set.

In addition, each board member fills out a confidential self evaluation of his or her own performance, which is delivered to the board chair. The board chair then reviews that information with the board member and solicits input from each committee chair with respect to the board member's performance. The Risk and Governance Committee considers this information when recommending a slate of candidates to be nominated by the full board and in making committee membership decisions.

Succession Planning

Succession planning for the CEO and other named executive officer positions is one of the board's most important duties. Each year, the CEO presents his written succession plan to the full board. He reviews with the Risk and Governance Committee up to three internal candidates who should be considered to replace him and his

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recommendation as to which, if any, internal candidate should be considered to replace him in the event he cannot serve. Under the current plan, any internal candidate selected on an interim basis will have the opportunity to compete for the position with other candidates that come forward in an internal and external search. Each of the other named executive officers has a written succession plan that is reviewed with the CEO annually.

Meetings and Committees of the Board of Directors

The board of directors met five times during 2011, including a three-day strategic planning retreat. At the retreat, the board and executive management focused on how to best sustain and enhance shareholder value, the Company's growth strategy and financial performance while maintaining Umpqua's unique culture and commitment to community banking. All board committees have regularly scheduled meetings except the Risk and Governance Committee, which meets as appropriate, upon the call of its chairperson. Board committee chairs call for additional regular and special meetings of their committees, as they deem appropriate. In 2011, each director attended at least 87% of the meetings of the board and the committees on which the director served.

The board and each of our board committees regularly meet in executive session. Our CEO, who sits on the board and on four board committees, attends some executive sessions and is excused from others.

The board of directors has seven active board committees: the Audit and Compliance Committee, the Budget Committee, the Compensation Committee, the Executive Committee, the Financial Services Committee, the Loan and Investment Committee, and the Risk and Governance Committee.

The table below shows membership information for each board committee as of December 31, 2011:

		C - Chair		V - Vice Chair		- Member		
	Audit and Compliance	Budget	Compensation	Executive	Financial Services	Loan and Investment	Risk and Governance	
Raymond P. Davis								
Allyn C. Ford				C			C	
Peggy Y. Fowler		C	C					
Stephen M. Gambee						C		
Jose R. Hermocillo								
William A. Lansing					C			
Luis F. Machuca								
Diane D. Miller			V					
Dudley R. Slater								
Hilliard C. Terry III								
Bryan L. Timm	C	V						
Frank R.J. Whittaker	V							

Allyn Ford serves as Chair of the boards of Umpqua and Umpqua Bank. Peggy Fowler has been elected to succeed Mr. Ford as Chair of the boards when he retires at the April 2012 meeting.

Audit and Compliance Committee

The board of directors has a standing Audit and Compliance Committee that meets with our independent registered public accounting firm to plan for and review the annual audit reports. The Committee meets at least

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four times per year and is responsible for overseeing our internal controls and the financial reporting process. Each member of the Committee is independent, as independence is defined under NASDAQ Rule 5605(a)(2).

The board of directors has adopted an Audit and Compliance Committee Charter, a copy of which is available on our website in the Corporate Governance section at www.umpquaholdingscorp.com. The charter provides that only independent directors may serve on the Committee. The charter further provides that at least one member shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The board of directors has determined that the Committee Chair, Bryan L. Timm, meets the SEC criteria for an audit committee financial expert. Hilliard C. Terry III, who serves on that Committee, also meets those criteria.

The board of directors believes that each of the current members of the Committee has education and/or employment experience that provides them with appropriate financial sophistication to serve on the Committee. In 2011, the Audit and Compliance Committee met twelve times. In addition to these formal meetings, the Committee reviews and approves for issuance or filing the Company's earnings releases and periodic reports to be filed with the SEC and it usually meets by telephone conference to discuss those documents.

Budget Committee

The Budget Committee reviews and oversees our budgeting process, including the annual operating and capital expenditure budgets. It also oversees dividend planning and our stock repurchase programs. The Committee meets at least quarterly. In 2011, the Budget Committee met five times.

Compensation Committee

See *Roles and Responsibilities of the Committee* in Section 3 of the *Compensation Discussion and Analysis*.

Executive Committee

The Executive Committee may, subject to limitations in our Bylaws and under Oregon law, exercise all authority of the full board when the full board is not in session. This Committee is responsible for the review and oversight of the Company's strategic planning process and consideration of the Company's merger and acquisition opportunities. This Committee is comprised of the chairman of the board, the chair of each board committee and Umpqua's CEO. This Committee meets at least quarterly. In 2011, the Executive Committee met four times.

Financial Services Committee

The Financial Services Committee reviews and oversees the operations of Umpqua Investments, Inc. and Umpqua's Wealth Management Division. This Committee serves as Umpqua Investments' board of directors. This Committee must meet at least quarterly and in 2011 the Committee met four times.

Loan and Investment Committee

The Loan and Investment Committee approves certain loans, approves charge-offs to the loan loss reserve, sets loan, investment and liquidity policies and monitors compliance with those policies and oversees Umpqua's loan and investment portfolios. The Loan and Investment Committee meets at least quarterly and in 2011 it met five times. In addition to these formal meetings, the Committee from time to time reviews and approves extensions of credit to large relationships and it usually meets by telephone conference to discuss those matters.

Risk and Governance Committee

The Risk and Governance Committee proposes nominees for appointment or election to the board of directors and conducts searches to fill the positions of President and CEO. This Committee also oversees the Company's corporate governance processes and board structure and our enterprise risk management program. The Committee is comprised of the independent chairman of the board and the chair of each board committee. All of the directors serving on the Risk and Governance Committee are independent, as defined in the NASD listing standards. The Risk and Governance Committee meets at least quarterly and in 2011 the Committee met five times.

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The Board's Role in Enterprise Risk Oversight

The board of directors has delegated responsibility for overseeing risk management for the Company to the Risk and Governance Committee. On a quarterly basis, the Company's Chief Auditor/Risk Manager provides a comprehensive risk report to the members of that Committee. While the Risk and Governance Committee has primary responsibility for overseeing risk management, our other board committees and the entire board of directors are actively involved in overseeing risk management for the Company. Additionally, at least four times per year, the full board receives a report from the Chief Auditor/Risk Manager covering the most significant issues the Company is facing.

The board also engages in regular discussions with the Chief Auditor/Risk Manager, CEO, CFO, Chief Credit Officer, General Counsel, Chief Compliance Officer and other company officers as the board may deem appropriate related to risk management. In addition, each board committee has been assigned oversight responsibility for specific areas of risk and risk management is an agenda topic at all regular committee meetings. The committees consider risks within their areas of responsibility, for instance the Compensation Committee considers risks that may result from changes in compensation programs, and our Loan and Investment Committee focuses on risk related to credit and interest rates, among others. The Chief Auditor/Risk Manager reports directly to the Audit and Compliance Committee and indirectly reports to the CEO for administrative purposes.

Corporate Social Responsibility

The Company's commitment to corporate social responsibility is central to Umpqua and our culture. We believe we have an obligation to support the communities we serve, which informs all aspects of our Company. These values are demonstrated daily at all levels through business practices and through active community outreach. These activities include associate engagement, relevant philanthropy, access to leadership, socially-responsible marketing and sustainable business practices.

Associate engagement

Our Connect Volunteer Network has become one of the nation's leading volunteer programs, providing associates with paid time-off each year to serve at youth-focused organizations, schools and community development programs. In 2011 we set a new standard with more than 90 percent participation by 2,217 associates volunteering 44,946 hours to more than 1,500 community organizations and schools across the Company's four-state footprint.

Relevant philanthropy

Our associate-driven decision-making process for charitable giving ensures community need is assessed locally and met with the most appropriate solutions. We invest in the areas of youth development & education, community development and the arts. We utilize our associates' financial expertise to deliver important financial literacy education to community members. Our Learn to Earn program educates and encourages youth to save by forming partnerships with schools and communities. The program currently provides children with the convenience of on-campus banking in 153 schools and serves more than 12,000 student accounts.

Access

The Company's leadership team is accessible to all associates, customers and the public. Annual town halls are held every year in each market, as well as public forums to create opportunities for open dialogue.

Socially-responsible marketing

The needs of our customers and communities are integrated into our business and marketing practices. For example, our new product suite was carefully designed to balance the needs of the Company while doing what's right for the customer, including low-income and senior populations.

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Marketing efforts are also designed to engage community around neighborhood improvement. For example, our Build Your Block Challenge program forges important relationships in neighborhoods by giving voice to residents' ideas for neighborhood improvement through \$10,000 enhancement funds.

Sustainable business practices

We've made sustainability a focus of our daily operations. Our Umpqua sustainability team educates our associates and comes up with ideas that affect the entire Company. We know sustainability is a constant work in progress and we're proud to be on that journey. Examples include: a drive to reduce our paper consumption by 30% by 2014, 100% mass transit reimbursement for associates and fleet car purchasing standards that have resulted in significant transition to hybrid models. Our retail bank store model includes smaller square footage, digital technology that shares product information electronically, and serves 100% organic fair-trade coffee.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon our review of (i) Forms 3, 4 and 5 that we filed on behalf of directors and executive officers, or received from them with respect to the fiscal year ended December 31, 2011, and (ii) their written representations (if applicable) that no Form 5 is required, we believe that all reporting persons made all required Section 16 filings with respect to the 2011 fiscal year on a timely basis.

SHAREHOLDER PROPOSALS FOR THE 2013 ANNUAL MEETING OF SHAREHOLDERS

If any shareholder intends to present a proposal to be considered for inclusion in the Company's proxy material in connection with the 2013 annual meeting of shareholders, the proposal must be in proper form under SEC Regulation 14A, Rule 14a-8, *Shareholder Proposals*, and received by the Secretary of the Company on or before November 11, 2012. Shareholder proposals to be presented at the 2013 annual meeting of shareholders, which are not to be included in the Company's proxy materials must be received by the Company no later than December 11, 2012, in accordance with the Company's Bylaws.

RELATED PARTY TRANSACTIONS

Transactions with Related Persons/Approval Process

We have a formal process with respect to the review and approval of loans extended by Umpqua Bank to related persons, as described below. In accordance with our written procedures for the review of transactions with related persons and NASDAQ Rule 5605, all transactions with related persons must be approved by disinterested members of Umpqua's Audit and Compliance Committee.

Loans to Directors and Officers

Umpqua Holdings Corporation does not extend loans or credit to any officers or directors. However, many of our directors and officers, their immediate family members and businesses with which they are associated, borrow from and have deposits with Umpqua Bank. All such loans are made in the ordinary course of Umpqua Bank's business, and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender, Umpqua Bank. These loans did not and do not involve more than the normal risk of collection or present other unfavorable features to Umpqua Bank.

Loans by the bank to directors and designated executive officers are governed by Regulation O, 12 CFR Part 215. Under the bank's procedures, the Chief Credit Officer can approve individual credits subject to Regulation O up to a total credit exposure of \$100,000 and report those loans to our Loan and Investment Committee. All Regulation O credits with a total credit exposure in excess of \$100,000 must be approved by that Committee. Regulation O limits loans to executive officers to \$100,000 unless the loan is secured by a first lien on the officer's primary or secondary residence or unless the loan is made to finance the education of the officer's children. All of our named executive officers are designated as executive officers of Umpqua Bank under Regulation O.

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As of December 31, 2011, the aggregate outstanding balance of all loans to Regulation O executive officers, directors, principal shareholders and their businesses was \$15,714,212, which represented approximately 0.94% of our consolidated shareholders' equity at that date. All such loans are currently in good standing and are being paid in accordance with their terms.

DIRECTOR COMPENSATION

The Compensation Committee annually reviews its director compensation policy and in January 2012, the Committee affirmed the following statement of philosophy with regard to director compensation:

Umpqua's director compensation is designed to align the board of directors with its shareholders, and to attract, motivate, and retain high performing members critical to our company's success. Our director compensation philosophy is simple: we pay our directors a competitive rate when compared to similar sized and performing financial services organizations.

Objectives Umpqua Bank is committed to providing competitive compensation to our directors. Within that context, our prime objectives are to:

- i Attract and retain highly qualified people that portray our company culture and values.
- i Link the interests of our directors to the values derived by our shareholders.
- i Align the interests of our directors, executives, and employees.
- i Conform to the highest levels of fairness, ethics, transparency, and sound governance practice.

Periodic Evaluation On a regular basis the board will engage a third party professional to perform an evaluation to ensure director compensation is fair and competitive. Any change to director compensation is first reviewed by the Compensation Committee of the board prior to full board approval. Currently, it is the company's policy for director compensation to be paid in company stock, which may be taken as deferred compensation; provided, however, that a director may elect to receive up to 30% of his or her compensation in cash.

Director Training We are committed to the continuing education of our directors. Umpqua provides an annual allowance for our directors to obtain director-specific education. Directors receiving such education shall provide an educational synopsis to the board or appropriate board committee.

The Compensation Committee is charged with reviewing director compensation and recommending changes to the full board. The board of directors has adopted a Director Compensation Plan that sets forth the terms and manner in which non-employee directors will be compensated for their service on the board of directors and committees of Umpqua and its subsidiaries.

All director fees are payable in shares of Umpqua Holdings Corporation common stock, purchased periodically on the open market by a brokerage firm for the account of each director, with funds provided by the Company. The shares are purchased under a trading plan that complies with Rule 10b5-1(c)(2) of the Securities Exchange Act of 1934. Directors may choose to receive compensation on a deferred basis.

Under the plan, director fees are paid monthly, in arrears, after review of attendance records. In 2011, directors could attend committee meetings by teleconference, but they are allowed to attend only one regular board meeting per year by teleconference and they must be personally present at all other regular board meetings. The plan also reiterates the directors' obligations under applicable securities laws and Umpqua's Insider Trading Policy, and obligates the directors, if requested to do so, to execute a lockup agreement in the event of a firm commitment for an underwritten public offering of our securities.

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Umpqua also provides a nonqualified deferred compensation plan to its non-employee directors. Under this plan, each director may annually elect to place all or part of his or her director compensation for the coming year into the deferred plan. Under the plan, a director may choose to have distributions from the plan in a lump sum or in annual installments over three, five or ten year periods following the date that the director leaves the board. Umpqua pays

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director compensation in shares of its common stock and the shares are held by a trustee. The dividends paid on those shares are credited to the director's account, but no interest or other compensation is paid by the Company with respect to the deferred account.

The Compensation Committee's practice is to engage an outside consultant at least once every three years to review director compensation paid by a peer group of companies to ensure that the compensation we pay to our directors is competitive given Company performance, board performance and our community bank philosophy.

In 2009, the Committee reviewed benchmarking data for director compensation. However, no change was made to the basic board and committee fees in 2010. In 2010, the Committee reviewed input from directors about the director compensation program and determined that adjustments were appropriate, to encourage in-person attendance at the five quarterly board and committee meetings (including the strategic planning session) by paying only one-half the fee for phone or video attendance at those meetings. Full fees are paid if other committee meetings or special board meetings are attended by phone or video. The schedule of fees that has been in effect since January 1, 2011 is set forth in the following table:

Schedule of Directors' Fees

	Quarterly Retainer (1)	Board Meeting Participation (2)	Committee Meeting Participation (3)(4)
Board Chair	\$ 8,750	\$ 4,000	\$ 1,000
Audit & Compliance Chair	\$ 8,000	\$ 4,000	\$ 1,000
Other Committee Chairs	\$ 7,500	\$ 4,000	\$ 1,000
Participating Director	\$ 5,000	\$ 4,000	\$ 1,000

- (1) Each director serves on the board of Umpqua Holdings Corporation and Umpqua Bank but receives only one Quarterly Retainer.
- (2) Each director receives one Participation Fee for board meetings actually attended (if both Umpqua Holdings Corporation and Umpqua Bank board meetings are scheduled to be held on the same day, either jointly or one following another, one Participation Fee is paid).
- (3) A \$250 committee participation fee is paid for conference calls of the Audit and Compliance Committee at which a quorum is present to review earnings releases or periodic reports filed with the SEC.
- (4) A \$250 committee participation fee is paid for conference calls of the Loan and Investment Committee at which a quorum is present to review credits or charge-offs.

Table of Contents**Director Compensation**

The following table summarizes the compensation paid by the Company to non-employee directors for the year ending December 31, 2011. Although each director ultimately receives at least 70% of his or her fees in Umpqua stock, this table shows the cash paid directly to the director or contributed by the Company to the Director Compensation Plan to purchase that stock on the open market.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
(a) (1)	(b) (2)	(c)	(d)	(e)	(f)	(g)(3)	(h)
Ford, Allyn	\$ 59,000						\$ 59,000
Fowler, Peggy	\$ 68,250						\$ 68,250
Frohnmayr, David (3) (4)	\$ 28,750					\$ 10,000	\$ 38,750
Gambee, Stephen	\$ 67,000						\$ 67,000
Hermocillo, Jose	\$ 55,500						\$ 55,500
Lansing, William	\$ 65,250						\$ 65,250
Machuca, Luis	\$ 57,250						\$ 57,250
Miller, Diane	\$ 61,500						\$ 61,500
Slater, Dudley(5)	\$ 17,500						\$ 17,500
Terry, Hilliard	\$ 59,750						\$ 59,750
Timm, Bryan	\$ 73,250						\$ 73,250
Whittaker, Frank	\$ 61,500						\$ 61,500

- (1) Director Davis is omitted from this table because he is a named executive officer, he receives no separate compensation for service as a director and his compensation is fully reflected in the Summary Compensation Table.
- (2) Amounts in column (b) are earned in cash and paid in Umpqua stock except that in 2011, Directors Fowler, Frohnmayr, Hermocillo, Terry and Whittaker elected to receive 30% of their compensation in cash and the remaining 70% in Umpqua stock.
- (3) Director Frohnmayr retired from the board of directors when his term expired at the 2011 annual meeting.
- (4) Director Frohnmayr was paid \$10,000 for planning and serving as the facilitator at the board's 2011 strategic planning retreat.
- (5) Director Slater was appointed to the board in August, 2011.

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The following table shows what each director earned for each component of director compensation:

Name	Retainer	Board Participation	Committee Participation	Total
Ford	\$35,000	\$20,000	\$4,000	\$59,000
Fowler	\$30,000	\$20,000	\$18,250	\$68,250
Frohnmayr (1)	\$12,500	\$12,000	\$4,250	\$28,750
Gambee	\$30,000	\$20,000	\$17,000	\$67,000
Hermocillo	\$25,000	\$20,000	\$10,500	\$55,500
Lansing	\$30,000	\$20,000	\$15,250	\$65,250
Machuca	\$25,000	\$20,000	\$12,250	\$57,250
Miller	\$25,000	\$20,000	\$16,500	\$61,500
Slater (2)	\$12,500	\$4,000	\$1,000	\$17,500
Terry	\$25,000	\$20,000	\$14,750	\$59,750
Timm	\$32,000	\$20,000	\$21,250	\$73,250
Whittaker	\$25,000	\$20,000	\$16,500	\$61,500

(1) Director Frohnmayr retired from the board of directors when his term expired at the 2011 annual meeting.

(2) Director Slater was appointed to the board in August 2011.

We invite the spouses of our directors to attend our annual multi-day strategic planning session. We believe this event provides a valuable opportunity for our directors to strengthen relationships with senior executives, enhance leadership development and advance our business objectives. The participation of spouses in the meals and social functions at the planning session is a positive contributor to the process. The Company pays the spouses' travel expenses, meals and activities that may be considered to provide a personal benefit in connection with this event. In 2011, these payments did not exceed \$12,800 in the aggregate and are not separately disclosed.

Expenses associated with attending meetings, such as travel costs and meals, are considered integrally and directly related to the performance of their duties as directors, they are not considered to be personal benefits or perquisites and are not separately disclosed.

COMPENSATION DISCUSSION AND ANALYSIS**Introduction**

Our executive compensation program is designed to support Umpqua's vision and mission to:

Create a unique and memorable banking environment in which our customers perceive the company as an indispensable partner in achieving their financial goals;

Provide opportunities for our people to achieve unparalleled personal and professional success;

Enable our shareholders to achieve the exceptional rewards of ownership;

Assure that our communities benefit from our involvement and investment in their future.

You should read this section of the proxy statement in conjunction with the advisory vote that we are conducting on the compensation of our named executive officers (see Item 3- *Shareholder Advisory (Non-binding) Vote on Executive Compensation*). This Compensation Discussion and Analysis (CD&A) contains information that is relevant to your voting decision.

Our CD&A is organized into four sections.

Section 1- Executive Summary

Section 2- Performance and Pay

Section 3- Compensation Process and Decisions for 2011

Section 4- Other Compensation Information

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Section 1 Executive Summary

Our Response to Say on Pay Vote:

A majority of the stockholders who voted on our 2011 Say on Pay proposal voted against the proposal. In response to that vote, our board of directors, the Committee and our executive team took immediate and thorough action:

- a. The Committee engaged Towers Watson, a leading human resources consulting firm, to perform a review of our executive compensation program and make recommendations for enhancements.
- b. Our executive team agreed to amend the equity grants issued in January 2011 to include a vesting condition that limits vesting to the extent that Umpqua's total shareholder return (TSR) does not exceed the KRX total return index, a regional bank index.
- c. We met with representatives of Institutional Shareholder Services (ISS) and Glass Lewis to fully understand their view of the pay for performance aspect of our compensation program.
- d. We engaged Phoenix Advisory Partners to advise on outreach to our institutional shareholders who voted against our say on pay resolution.
- e. We met with many of our large institutional shareholders who voted against our 2011 say on pay resolution to advise them of our response and to understand their concerns with our program.
- f. We strengthened our stock ownership policy to require that named executive officers acquire and maintain positions in company stock with a value ranging from 150% to 400% of base salary.
- g. We enhanced our policy to require that at least 50% of all equity awards to executive officers will be performance based. In 2011, 100% of the equity awards to executives were performance-based.
- h. We revised our hold to retirement policy to remove the age 62 exemption. 75% of all net equity awards must be held to retirement.

Financial Highlights:

In 2011, the Company accomplished the following:

- Full year 2011 operating earnings of \$0.66 per diluted share, a 450% increase over 2010;
- Non-covered loans and leases grew \$229 million, or 4%, and total non-covered loan commitments increased \$353 million;
- Provision for non-covered loan losses declined 59% year over year to \$46.2 million;
- Net charge-offs declined 54% year over year to \$55 million;
- Non-covered non-performing assets declined 29%, to 1.09% of total assets;
- Record mortgage banking revenue of \$26.6 million on closed loan volume of \$995 million;
- We repurchased 2.5 million shares of common stock at a weighted average price of \$11.65 per share;
- Declared dividends increased 20% over the previous year;
- Tangible common equity ratio of 9.14%;
- Total risk-based capital of 17.16%, and Tier 1 common risk weighted ratio of 12.76%. Our balance sheet continues to be one of the strongest in our region; and
- TSR exceeded the one-year KRX total return index by 9.25% and the three-year KRX total return index by 1.93%

Other Highlights:

In 2011, Umpqua Bank was:

- Named one of Fortune's 100 Best Companies to Work For for the 6th consecutive year;

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Ranked 33rd in Forbes Magazine's Best Banks in America ;
Ranked highest in the Northwest for customer satisfaction by J.D. Power and Associates;
Named most admired financial services company in Oregon by the Portland Business Journal;
Recognized as a finalist in large companies category for Washington's Best Workplaces award presented by Puget Sound Business Journal;
Recognized as an honoree for the Portland Business Journal's Healthiest Employers of Oregon award.

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Recognized as a Best Place to Work by the North Bay Business Journal; and

Completed the most active year for organic growth in our history, building 9 new stores, including 6 in Puget Sound and 3 in Portland, enhancing our attractive regional footprint.

Summary of Compensation Decisions:

Base salaries for Mr. Davis, Mr. Copeland and Mr. O Haver were unchanged from their year-end 2010 levels;

Mr. Farnsworth and Mr. Wardlow each received a \$10,000 base salary equity adjustment (3.4%);

The Company achieved operating earnings per share of \$0.66, which resulted in an 80% payout of the financial component of the 2011 annual incentive plans;

Overall, the annual incentive plan payouts to named executive officers ranged from 49% of target for Mr. Davis to 89% of target for Mr. Wardlow and Mr. Farnsworth;

The Compensation Committee performed a comprehensive review of the executive compensation program, with the assistance of recommendations from Towers Watson (TW) about best practices and strategies for enhancing the compensation program; and

As a result of that review:

- i a total shareholder return vesting condition was added to all equity grants to executives in 2011;
- i the Company's stock ownership and hold to retirement policies for executives were strengthened; and
- i our long term incentive policy was modified to require that at least 50% of equity grants to executive officers be performance-based .

Section 2 Performance and Pay

We have always maintained a strong pay for performance philosophy that links executive compensation to achievement of the operating and financial goals set by the board. We anticipate that growth in operating earnings per share and expansion of our franchise will be positively reflected in our stock price.

Following the 2011 Say on Pay Vote, we engaged many of the institutional shareholders who voted against the program and reached out to their proxy advisors. ISS and Glass Lewis both recommended that their clients vote against our say on pay resolution because, in their opinion, there was pay for performance disconnect between the compensation paid to our CEO and the total return realized by our shareholders in 2010. At the heart of our disagreement with their conclusions was an acknowledged difference in the metrics used by the advisors to measure performance (total shareholder return compared to a peer group) and the metrics used in 2010 by the Committee in setting compensation (primarily earnings per share growth, balance sheet improvement and achievement of strategic goals). We realize that it is important to understand their concerns and address them to the extent they are consistent with the goals of our executive compensation program.

As a result of productive discussions with ISS, Glass Lewis and our shareholders, the Committee worked to more closely align incentive compensation earned in a given year or period with the returns realized by our shareholders over that same period. Our TSR compared to a regional bank index is now an integral part of our long term equity award program. In addition, the Committee considered ISS's executive compensation guidelines when setting CEO Davis's 2011 annual incentive award.

Unfortunate fallout of the say on pay vote was the filing of a shareholder derivative suit against our board and certain executive officers, as described in our annual report on form 10-K. A number of similar cases were filed around the country but in December 2011, the magistrate judge hearing the derivative action recommended that it be dismissed and we look forward to final favorable resolution in the near future.

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In 2011, the Company achieved the following results, compared with prior periods:

Financial Metric	12/31/11	12/31/10	12/31/09
Operating earnings per diluted share	\$0.66	\$0.12	(\$0.82)
Non-covered, non-performing assets to total assets ratio	1.09%	1.53%	2.38%
Non-covered loans at FYE (000 \$)	\$5,888,098	\$5,658,987	\$5,999,267
Deposits at FYE (000 \$)	\$9,236,690	\$9,433,805	\$7,440,434
Dividends declared per share	\$0.24	\$0.20	\$0.20
Total risk based capital ratio	17.2%	17.6%	17.2%
Available liquidity to total assets ratio	51%	41%	32%

The following graph shows Umpqua's total shareholder return compared with the KRX total return index over the past three years. The KRX is a regional bank stock index compiled by Keefe Bruyette and Woods, a global investment bank focused on the financial services sector. The index is comprised of 50 regional bank stocks, including Umpqua, ranging in size from \$2.8 billion to \$45.3 billion in assets. The graph shows that Umpqua's total return exceeds that of the KRX total return index over the past three years, with less volatility over that period.

Section 3 Compensation Process and Decisions for 2011

Roles and Responsibilities of the Committee

The Compensation Committee carries out the board's overall responsibilities with respect to executive compensation, director compensation and review of the CEO's performance. The Committee also oversees administration of the Company's employee benefit plans, including the Umpqua Bank 401(k) and Profit Sharing

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Plan, the Supplemental Retirement Plan and the Deferred Compensation Plan. All Committee members are required to meet the NASD and SEC independence and experience requirements. The Committee must meet at least quarterly. In 2011, the Committee met nine times.

The Committee operates under a written charter which is posted on our website at www.umpquaholdingscorp.com. The Committee annually reviews its charter and recommends changes to the full board. The Committee Chair sets the agenda and meeting calendar for the Committee. As authorized by its charter, the Committee routinely hires attorneys and independent consultants for advice on compensation matters.

Role of the Chief Executive Officer

CEO Davis is actively engaged in recommending the compensation of our other named executive officers. At the end of each fiscal year, he reviews with the Committee the performance of each executive officer and he recommends the level of base and incentive compensation as well as equity grants for the ensuing year of individual executive officers reporting to him, including the executive officers covered by NASDAQ Rule 5605. The Committee reviews those recommendations and compares them with market information to ensure that executive compensation is competitive and that the CEO is exercising his discretion appropriately. The Committee reviews, and ratifies or approves, all components of the compensation for executive officers covered by NASDAQ Rule 5605, including salary, annual incentives, long-term incentive compensation and internal pay equity.

Our Executive Vice President/Cultural Enhancement works with our CEO, our business unit executives, General Counsel and outside counsel and consultants to recommend and design the overall structure of the Company’s incentive and benefit plans.

Role of the Compensation Consultant

With respect to making compensation decisions, our Committee periodically reviews compensation survey data or benchmarking data provided by recognized compensation consultants. The Committee uses this information to understand prevailing market practices and aggregate, as well as component, compensation packages provided by companies who are similar to Umpqua in size and scope. The Committee also considers company performance, individual performance and internal pay equity when making compensation decisions.

Identification of Named Executive Officers

For 2011, our named executive officers as defined in Item 402 of Regulation S-K, were:

Name	Title	Designation
Raymond P. Davis	President and Chief Executive Officer	Principal Executive Officer
Brad F. Copeland	Senior Executive Vice President/Chief Operating Officer	
Ronald L. Farnsworth	Executive Vice President/Chief Financial Officer	Principal Financial Officer
Mark P. Wardlow	Executive Vice President/Chief Credit Officer	
Cort L. O Haver	Executive Vice President/Commercial Banking	

Executive Compensation Philosophy

The Company has adopted the following written statement of its executive compensation philosophy, which is reviewed annually by the Compensation Committee:

Decisions regarding executives’ total compensation program design, as well as individual pay decisions, will be made in the context of this *Executive Compensation Philosophy* and our ability to pay, as defined by our financial success. Umpqua’s executive compensation is designed to recognize superior operating performance thereby maximizing shareholder value, and to attract, motivate and retain the high performing executive team critical to our Company’s success. Our executive compensation philosophy is simple: we pay competitive base salaries and we strongly reward performance.

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Objectives Umpqua Bank is committed to providing competitive, performance-based total compensation opportunities to our executives who collectively have the responsibility for making our Company successful. Within that context, our prime objectives are to:

- i Attract and retain highly qualified executives that portray our Company culture and values
- i Motivate executives to provide excellent leadership and achieve Company goals
- i Provide substantial performance-related incentive compensation that is aligned to our business strategy and directly tied to meeting specific business objectives; avoiding unnecessary and excessive risks that threaten the value of the Company
- i Strongly link the interests of executives to the value derived by our shareholders from owning Company stock
- i Connect the interests of our executives and our employees
- i Be fair, ethical, transparent and accountable in setting and disclosing executive compensation.

Base Salary Base pay opportunities should be fully competitive with other relevant organizations within the markets in which we compete. Individual salary determinations involve consideration of incumbent qualifications, behaviors, cultural adherence, and performance.

Short-Term Incentives Consistent with competitive practices, executives should have a significant portion of their targeted annual total cash compensation at risk, contingent upon meeting company profitability goals, regulatory goals and personal objectives.

Long-Term Incentives Executives who are critical to our long-term success should participate in long-term incentive opportunities. At least 50% of equity awards should be performance-based, to link a significant portion of total compensation to shareholder value.

Executive Benefits We offer executives competitive benefit programs, such as health insurance, 401(k) plan, vacation, and life insurance, of which similar programs are offered to our employees.

Communication and Training We are committed to sharing information with executives to enable them to fully understand our objectives for executive pay and each element of their total compensation package.

Plan Design and Objectives

Compensation Element	Fixed or At Risk	Annual or Long Term	Cash or Equity	Primary Purpose
Base Salary	Fixed	Annual	Cash	Provide a competitive amount of fixed cash compensation based on experience, skills, responsibilities and competitive pay levels
				Encourages Executive To
Annual Incentive	At Risk	Annual	Cash	Maximize operating earnings per share
Restricted Stock Award	At Risk	Long Term	Equity	Continue to work for the company and generate a total shareholder return that exceeds a regional bank stock index
LTIP Award	At Risk	Long Term	Equity	

Stock Option	At Risk	Long Term	Equity	Increase operating earnings per share at a rate that exceeds the peer group Increase the stock price and generate a total shareholder return that exceeds a regional bank stock index
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The following table shows the percentage ratio of each type of compensation earned by the named executive officers in 2011:

Executive Officer	Fixed / At Risk		Annual (1) / Long Term		Cash (1) / Equity	
	Ray Davis (2)	34%	66%	38%	62%	38%
Brad Copeland	36%	64%	59%	41%	59%	41%
Cort O Haver	41%	59%	67%	33%	67%	33%
Mark Wardlow	37%	63%	63%	37%	63%	37%
Ron Farnsworth	37%	63%	63%	37%	63%	37%

(1) Includes all other compensation from the Summary Compensation Table

(2) Excludes the change in pension value of the Davis SERP

Base Salary

The purpose of base salary is to create a secure base of cash compensation for executives that is competitive with the market. Executive salary increases do not follow a preset schedule or formula; however, the following are considered when determining appropriate salary levels and increases:

- The individual's current and sustained performance results and the methods utilized to achieve those results;
- Non-financial performance indicators to include strategic developments for which an executive has responsibility (such as product development, expansion of markets, increase in same-store loan or deposit growth and acquisitions) and managerial performance (such as service quality, sales objectives and regulatory compliance);
- The Company's financial performance; and
- Peer data and benchmarking reports.

Individual and Company Performance

A significant component of compensation is related to performance. We believe that an employee's compensation should be tied to how well the employee's team and the Company perform against both financial and non-financial goals and objectives. The board annually establishes the financial goals for the incentive compensation program. Non-financial goals include satisfactory performance on all internal and external regulatory exams and audits and achievement of the business and personal goals assigned to each executive.

Short-Term and Long-Term Incentives

Incentive compensation balances short and long term performance. We try to focus all senior managers on achieving strong short-term or annual results in a manner that will ensure the Company's long-term viability and success. Therefore, to reinforce the importance of balancing these perspectives, senior management is regularly provided with both annual and long-term incentives. Participation in long-term incentive programs increases with higher levels of responsibility, as employees in these leadership roles have the greatest influence on the Company's strategic direction and results over time.

Annual Incentives

The purpose of annual incentive plans is to provide cash compensation on an annual basis that is at risk and contingent on the achievement of annual business and operating objectives, as well as personal goals and objectives.

The Committee and the board have selected operating earnings per share (OEPS) as the key annual financial performance measurement for the following reasons:

- EPS is the single most important indicator of profitability, which measures earnings allocable to each outstanding share of common stock;

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EPS aligns the interest of the executive officer with retail and institutional shareholders; and

OEPS attempts to normalize earnings and eliminate infrequent income and expense items.

We use and publicly report OEPS as a non-GAAP financial measure because it is useful in understanding Umpqua's financial performance. When calculating OEPS, we exclude the following income and expense items:

Gains or losses on our junior subordinated debentures carried at fair value resulting from changes in interest rates and the estimated market credit risk adjusted spread that do not directly correlate with the Company's operating performance;

Expenses that are related to the completion and integration of mergers and acquisitions;

Goodwill impairment losses that have no direct effect on the Company's or the Bank's cash balances, liquidity, or regulatory capital ratios; and

One-time bargain purchase gains on certain FDIC-assisted acquisitions that are not reflective of Umpqua's on-going earnings power.

All of these items are excluded net of their tax impact. We calculate *operating earnings (loss) per diluted share* by dividing operating earnings by the same diluted share total used in determining diluted earnings per common share. See the following section in our Form 10-K for a reconciliation of the non-GAAP OEPS calculation to GAAP earnings per share: Part II, Item 7, *Reconciliation of Operating Earnings (Loss) to net (Loss) Earnings Available to Common Shareholders*.

At the beginning of each year we adopt an incentive plan that provides for incentive compensation to be awarded to the Chief Executive Officer and our other named executive officers upon achievement of the Company's earnings and regulatory goals set by the board, and individual performance objectives established by the Committee and approved by the board for Mr. Davis and individual performance objectives established by Mr. Davis for the other named executive officers.

Each executive is assigned a target incentive, which is a percentage of base salary. The overall target incentive is set annually by the Committee based on market comparables for similar positions and internal groupings of executives. The Committee also assigns a maximum incentive above the target incentive. Achievement of the target incentive is based on the success of the Company and the individual executive in certain performance areas, as more particularly discussed in the section titled *2011 Executive Compensation Decisions*.

The annual incentive plan for each named executive officer also includes a negative discretion component that allows the Committee to consider significant one-time events that might affect, for example, earnings per share, and reduce the award that would otherwise be suggested by rigid computation of the formula in the plan.

The annual incentive plans of all named executive officers require the executive to repay to the Company any incentives awarded based on earnings per share for a particular period if it is later determined that the earnings per share were materially inaccurate. This plan provision, often called a claw back, was implemented in 2007 and the provision has not been triggered. Since 2009, claw back provisions have been incorporated in the incentive compensation plans of all Company managers.

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Other Annual Compensation Benefits and Perquisites

We provide benefit programs to executive officers and to other employees. The following table identifies the benefit plans and identifies those employees who may be eligible to participate:

Benefit Plan	Named Executive Officers	Certain Managers	Full Time Employees
401(k) Plan			