

UMPQUA HOLDINGS CORP  
Form DEF 14A  
February 25, 2011  
Table of Contents

**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)

Payment of Filing Fee (Check the appropriate box):

Fee not required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 19, 2011**

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 19, 2011 to take action on the following business:

- 1. Election of Directors.** Electing eleven members of Umpqua's board of directors, to hold office until the 2012 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, 2011.
- 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. Advisory (Non-binding) Vote on Frequency of Advisory Votes on Executive Compensation.** Voting on the following advisory (non-binding) proposal: RESOLVED, that the shareholders recommend that the Company hold an advisory vote on the compensation of Umpqua's named executive officers every one, two or three years, as determined by the alternative that receives the highest number of shareholder votes.
- 5. 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 11, 2011, 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 10, 2011.

You will find our proxy statement, Form 10-K and other important information at our website: [www.umpquaholdingscorp.com](http://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.

**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 25, 2011

**Table of Contents**

**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS ABOUT VOTING AND THE SHAREHOLDER MEETING</u>	1
<u>ANNUAL MEETING BUSINESS</u>	7
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION</u>	10
<u>INFORMATION ABOUT DIRECTORS AND EXECUTIVE OFFICERS</u>	10
<u>SECURITY OWNERSHIP OF MANAGEMENT AND OTHERS</u>	15
<u>CORPORATE GOVERNANCE OVERVIEW</u>	16
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	22
<u>SHAREHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING OF SHAREHOLDERS</u>	22
<u>RELATED PARTY TRANSACTIONS</u>	23
<u>DIRECTOR COMPENSATION</u>	24
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	28
<u>EXECUTIVE COMPENSATION DECISIONS</u>	37
<u>COMPENSATION COMMITTEE REPORT</u>	47
<u>COMPENSATION TABLES</u>	48
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	60
<u>AUDIT AND COMPLIANCE COMMITTEE REPORT</u>	61
<u>INCORPORATION BY REFERENCE</u>	63

**Table of Contents**

**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 19, 2011 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 10, 2011, 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 will get a document titled Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting from our transfer agent, 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 eleven 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 2011.



**Table of Contents**

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

**Item 4:** Approving an advisory (non-binding) resolution on how frequently shareholders should vote on a resolution relating to the Company's executive compensation program (say on when vote);

**The board of directors recommends that you vote FOR all of the nominees; FOR Items 2 and 3 and, with respect to Item 4, that you vote in favor of an annual vote on the Company's executive compensation program.**

**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;

Item 4: You may cast your vote in favor of one of the three options, 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, but will not be counted as either an affirmative vote or a negative vote with respect to that matter. With respect to the items scheduled to be voted on at the meeting, abstentions will have no effect on the outcome of the vote on those proposals, assuming 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 11, 2011 are eligible to vote at Umpqua's annual meeting of shareholders. As of that date, there were 114,582,005 shares of Umpqua common stock outstanding held by 4,909 holders of record, a number that does not include beneficial owners who hold shares in street name.

**Table of Contents**

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

A: On February 11, 2011, Umpqua's directors and executive officers beneficially owned 1,864,986 shares entitled to vote at the annual meeting, constituting approximately 1.63% 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.

**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;

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.

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**Table of Contents**

**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 auditors (Item 2) currently qualifies as 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), the non-binding resolution to approve the Company's executive compensation program (Item 3- say on pay) and the non-binding resolution on how frequently shareholders should vote on the executive compensation program (Item 4-say on when) are all 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 .

**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. A representative of BNY Mellon Shareowner Services, our transfer agent, will count the votes and serve as our inspector of elections.

Item 1 requires a plurality of the votes cast to elect a director. The eleven director positions to be filled at the annual meeting will be filled by the nominees who receive the highest number of votes. Votes that are withheld and broker non-votes will not affect the outcome of the election of directors. However, we have adopted a majority voting policy that requires any director who receives more withhold votes than for votes to offer to resign from the board.

Item 2 does not require shareholder approval, but the Audit and Compliance Committee and the board are submitting the selection of Moss Adams LLP for ratification to obtain the views of our shareholders. The ratification of the appointment of Moss Adams LLP as the Company's independent auditors requires the affirmative vote of a majority of the shares present, in person or by proxy, and entitled to vote.

Item 3, the say on pay resolution is an advisory vote that is not binding on our board of directors. Approval of the proposed resolution requires the affirmative vote ( for ) of a majority of those shares present, in person or by proxy, and entitled to vote.

Item 4, the say on when resolution is an advisory vote that is not binding on our board of directors, however, our board of directors will strongly consider the frequency of the vote that is selected by the largest number of shareholders. This resolution will be determined by a plurality of the votes cast.

**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 and in favor of annual shareholder advisory vote on executive compensation.**

**Q: Who pays the cost of proxy solicitation?**

A: Umpqua pays the cost of soliciting proxies. We have hired Laurel Hill Advisory Group, LLC to solicit proxies for this meeting and we will pay their fees, estimated to be \$20,000, including 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

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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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**Table of Contents**

**Q: How can I receive my proxy materials electronically in the future?**

A: Although you may request to receive paper copies of the proxy materials, we would prefer to send proxy materials to shareholders electronically. Shareholders who sign up to receive proxy materials electronically will receive an e-mail prior to next year's annual meeting with links to the proxy materials, which may give them faster delivery of the materials and will help us save printing and mailing costs and conserve natural resources. Your election to receive proxy materials by e-mail will remain in effect until you terminate your election. To receive proxy materials electronically by e-mail in the future, follow the instructions described below or on the notice.

If we sent you proxy materials by mail and you would like to sign up to receive these materials electronically in the future, please have your proxy card available and register using one of the following choices:

Record Holders If you are the record holder of your shares, you may either go to [www.proxyvoting.com/umpq](http://www.proxyvoting.com/umpq) and follow the instructions for requesting meeting materials or call 866-540-5760.

Street Name Holders If you hold your shares in street name, you may either go to [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions to enroll for electronic delivery or contact your brokerage firm, bank, or other similar entity that holds your shares.

If you have previously agreed to electronic delivery of our proxy materials, but wish to receive paper copies of these materials for the annual meeting or for future meetings, please follow the instructions on the website referred to on the electronic notice you received.

**Q: Are there any rules regarding admission to the annual meeting?**

A: Yes. You are entitled to attend the annual meeting only if you were, or you hold a valid legal proxy naming you to act for, one of our shareholders on the record date. Before we will admit you to the meeting, we must be able to confirm:

Your identity by reviewing a valid form of photo identification, such as a driver's license; and

You were, or are validly acting for, a shareholder of record on the record date by:

verifying your name and stock ownership against our list of registered shareholders, if you are the record holder of your shares;

reviewing other evidence of your stock ownership, such as your most recent brokerage or bank statement, if you hold your shares in street name; or your most recent plan statement, if you are a participant in one of the Company Plans; or

reviewing a written proxy that shows your name and is signed by the shareholder you are representing, in which case either the shareholder must be a registered shareholder or you must have a brokerage or bank statement for that shareholder as described above.

***If you do not have a valid form of picture identification and proof that you owned, or are legally authorized to act for someone who owned, shares of our common stock on the record date, you will not be admitted to the meeting.***

At the entrance to the meeting, we will verify that your name appears in our stock records or will inspect your brokerage or bank statement, or your plan statement if you are a participant in one of the Company Plans, as your proof of ownership and any written proxy you present as the representative of a shareholder. We will decide whether the documentation you present for admission to the meeting meets the requirements described above. The annual meeting will begin at 6:00 p.m., Pacific Time. Please allow ample time for the admission procedures described above.





**Table of Contents**

**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](mailto: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) 727-4109 (voice)  
(503) 727-4233 (fax)  
[michellebressman@umpquabank.com](mailto:michellebressman@umpquabank.com)

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

**to be held April 19, 2011:**

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

**[www.umpquaholdingscorp.com](http://www.umpquaholdingscorp.com)**

**Table of Contents**

**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, David Frohmayer, who has served on our board since 1999 and on the Bank board since 1996, will retire from both boards. At that time, the number of directors will be set at eleven.

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 2012 annual meeting:

Raymond P. Davis

Allyn C. Ford

Peggy Y. Fowler

Stephen M. Gambee

Jose R. Hermocillo

William A. Lansing

Luis F. Machuca

Diane D. Miller

Hilliard C. Terry, III

Bryan L. Timm

Frank R. J. Whittaker

Each of the nominees was elected to serve on the board at the 2010 annual meeting and currently serves as a director of Umpqua and of Umpqua Bank. 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.

***Board Recommendation***

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

**Item 2. Ratification of Auditor Appointment**

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The Audit and Compliance Committee has selected the firm of Moss Adams LLP ( Moss Adams ), the Company's independent auditors for the year ended December 31, 2010, to act in such capacity for the fiscal year ending December 31, 2011, 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,

## **Table of Contents**

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. In 2010, the Audit and Compliance Committee solicited proposals from other major firms to provide independent audit services to the Company. At the conclusion of that process, the Audit and Compliance Committee elected to retain Moss Adams as the Company's independent auditor.

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.**

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

The *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act) enacted in July, 2010 includes a provision, commonly referred to as Say-on-Pay, that entitles our shareholders to cast an advisory vote to approve the compensation of our named executive officers as disclosed in this proxy statement.

We believe that our compensation policies and procedures are strongly aligned with the long-term interests of our shareholders. Because your vote is advisory, it will not be binding upon the Board. However, the Compensation Committee values your opinion and will take into account the outcome of the vote when considering future executive compensation arrangements.

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 hold to retirement policy for executives;

Grants under performance-based equity incentive plans;

Prohibition on repricing stock options;

Annual incentive plans tied to Company earnings; and

A compensation recoupment or clawback policy.

***Our program for compensation of named executive officers was approved by our shareholders in each of the last two years and we are requesting your non-binding vote on the following resolution:***

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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 2011 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the SEC including the Compensation Discussion and Analysis, the 2010 Summary Compensation Table and the other related tables and narrative disclosure.

## **Table of Contents**

### ***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.**

### **Item 4. Shareholder Advisory (Non-binding) Vote on the Frequency of the Advisory Vote on Executive Compensation**

The Dodd-Frank Act also requires most publicly traded companies to allow their shareholders to vote, at least once every six years, on how frequently to conduct the shareholder advisory vote on executive compensation. This proposal, commonly referred to as *Say on When* is a non-binding advisory vote that allows shareholders to indicate whether they prefer an advisory vote on named executive officer compensation every one, two or three years.

We are providing you the opportunity, as a shareholder, to indicate your preference for the frequency of a *Say on Pay* vote through the following resolution:

RESOLVED, that the shareholders recommend that the Company holds an advisory vote on the compensation of Umpqua's named executive officers every one, two or three years, as determined by the alternative that receives the highest number of shareholder votes.

After careful consideration of this proposal, and noting that we have offered our shareholders a *Say-on-Pay* vote opportunity in each of the last two years, our board of directors determined that an annual advisory vote on executive compensation is the most appropriate alternative for the Company at this time. An annual vote is consistent with our policy of seeking input from and engaging in discussions with our shareholders. Annual say-on-pay voting aligns shareholder feedback with management decision making. Compensation decisions are made on an annual basis, so it makes sense for say-on-pay to occur annually. However, there are valid contrary arguments. For example, we agree that pay practices should be based on long term financial and other performance metrics and annual reviews may tend to focus on short term results instead of long term shareholder value. We understand that our shareholders may have different views on the best approach for Umpqua and we look forward to your input.

### ***Board Recommendation***

**The board of directors unanimously recommends a vote for an annual advisory vote on the compensation of our named executive officers as disclosed pursuant to the SEC's compensation disclosure rules.**

### **Other Business**

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.

## Table of Contents

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document 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.

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 DIRECTORS AND EXECUTIVE OFFICERS

#### *Directors and Nominees*

The age (as of February 25, 2011), 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 61, 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.

*Leadership Experience:* President and CEO of Umpqua and Umpqua Bank.

*Industry Experience:* More than 30 years experience as President and CEO of Umpqua and Umpqua Bank and previously as President of US Banking Alliance, a bank consulting firm.

*Financial Experience:* Chief Financial Officer of Security Bank, Reno, Nevada.

*Civic Experience:* Big Brothers Big Sisters, Children's Council; BAI, Board of Directors; Jeld-Wen Tradition, Board of Directors; SOLV, Founders Circle.

**Allyn C. Ford**, age 69, serves as Chairman of the board of directors and has served as a director since the Company's formation in 1999 and as a director of Umpqua Bank for over 30 years. Mr. Ford is President of Roseburg Forest Products, a fully integrated wood products manufacturer located in Roseburg, Oregon and he has served in that capacity since 1997. Mr. Ford has over 30 years of management experience with Roseburg Forest Products.

*Leadership Experience:* Board chair of private and public companies.

*Industry Experience:* Long time Chairman of Umpqua and Umpqua Bank.

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*Civic Experience:* Director of the Ford Family Foundation, the Doernbecher Hospital Foundation, the World Forestry Center, Community Cancer Center, Boy Scouts of America and Manager of Mt. Scott, LLC.



## **Table of Contents**

**Peggy Y. Fowler**, age 59, was appointed to the board in April 2009 and elected in 2010. Ms. Fowler served as CEO and President of Portland General Electric (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 the company from 1998 until 2000.

*Leadership Experience:* President and CEO of PGE, director 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 power production and supply.

*Industry Experience:* Director of the Portland branch of the Federal Reserve Bank of San Francisco.

*Finance Experience:* Audit Committee member for Hawaiian Electric Company, Finance Committee member for Portland General Electric Company, Investment and Executive and Governance Committee member for Regence.

*Other Public Company Experience:* Director for Portland General Electric, Director for Hawaiian Electric Company.

*Civic Experience:* Director for PGE Foundation and Mentor for International Women's Forum.

**Stephen M. Gambee**, age 47, 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, solid waste collection and disposal businesses. Prior to assuming the duties of the family businesses, Mr. Gambee was employed by Robert Charles Lesser & Co. /Hobson & Associates as the Pacific Northwest Director of Consulting.

*Leadership Experience:* President, CEO and Managing Member of waste management businesses.

*Civic Experience:* Chairman of the St. Mary's School Community Foundation.

**Jose R. Hermocillo**, age 56, was elected to the board in April 2009. Since 1998, Mr. Hermocillo has served as Senior Vice President and Managing Director of APCO Worldwide's office in Sacramento, California. APCO Worldwide, Inc. is a global communication consultancy.

*Leadership Experience:* Head of APCO Worldwide's Sacramento California office.

*Government Experience:* Partner in a political consulting and public affairs firm, labor union lobbyist and policy committee consultant in the California State Senate.

**William A. Lansing**, age 65, 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 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.

*Leadership Experience:* Retired President and CEO of Menasha Forest Products Corporation, Chairman of the board of Lone Rock Timber Company.

*Industry Experience:* Vice Chairman of the board of Independent Financial Network (predecessor bank).

*Other Public Company Experience:* Retired Chairman of Torrent Energy Corporation.

*Civic Experience:* 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.

**Luis F. Machuca**, age 53, 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.

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*Leadership Experience:* President and CEO of Kryptiq Corporation; various management roles at Intel Corp.; EVP of the NEC Computer Services Division of PB-NEC Corp.; President and COO of eFusion Corp.

*Civic Experience:* Mr. Machuca currently 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

## Table of Contents

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 57, 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.

*Leadership Experience:* President and CEO of Wilcox, Miller & Nelson, Board of Directors of California Chamber of Commerce, Vice Chair of its PAC, Chair of its Labor and Employment Committee, and member of its Audit Committee.

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

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

*Corporate Governance Experience:* Ms. Miller provides certificated training on governance issues to a wide variety of public companies as a member of the National Association of Corporate Directors national faculty. She also serves as the Board Chair for the NACD Northern California Chapter.

**Hilliard C. Terry, III**, age 41, was appointed to the board in January 2010 and elected in April 2010. He is Vice President and Treasurer of Agilent Technologies, Inc. (NYSE: A). He joined Agilent Technologies in 1999, prior to the company's initial public offering and spinoff from Hewlett-Packard Company (HP).

*Leadership Experience:* His current position as an executive of Agilent Technologies, Inc.

*Civic Experience:* Board of Trustees, Oakland Museum of California (member of the Financial Committee).

*Marketing Experience:* 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 Experience:* Mr. Terry is responsible for Agilent's global treasury organization which includes corporate cash management, corporate finance, customer financing, foreign exchange, pension assets and risk management. He is also a member of the company's Benefits Committee which has fiduciary oversight for Agilent's employee benefit and retirement programs. He oversees investments of a multi-billion dollar global corporate cash portfolio and defined benefit (pension) assets for the company.

*Other Public Company Experience:* Mr. Terry held positions in investor relations and/or investment banking with Kenetech Corporation, VeriFone, Inc. and Goldman Sachs & Co.

**Bryan L. Timm**, age 47, 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 Company in June 1997 as Corporate Controller and was named Chief Financial Officer in July 2002. In 2003, Mr. Timm was named Vice President, Chief Financial Officer and Treasurer.

*Leadership Experience:* His positions at Columbia Sportswear and as a member of the College of Business and Economics Advisory Board for the University of Idaho.

*Finance Experience:* Audit Committee Chair at Umpqua. Prior to joining Columbia, Mr. Timm held 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 Experience:* A director of Doernbecher Children's Hospital Foundation.

**Frank R. J. Whittaker**, age 60, was elected to the board in April 2009. Mr. Whittaker has been Vice President of Operations for The McClatchy Company (NYSE: MNI) since September 1, 1997. From 1985 to 1997, Mr. Whittaker was President and General Manager of McClatchy's flagship paper, The Sacramento Bee.

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*Leadership Experience:* Mr. Whittaker oversees 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.

## Table of Contents

*Civic Experience:* 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 non profits, 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. See the section below entitled *Related Party Transactions* for additional information.

### *Executive Officers*

The age (as of February 25, 2011), 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 61, 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 45, serves as Executive Vice President, Community Banking of Umpqua and Umpqua Bank, a position he has held since November, 2010. Prior to joining Umpqua, Mr. Calero was employed by Citibank as their Sales and Marketing Director for local markets. Previously, Mr. Calero held senior leadership roles with Regions Financial Corp and Citigroup, both domestically and internationally. He has a B.A. from Fordham University and an M.B.A. from the Cox School of Business at SMU.

**Brad F. Copeland**, age 62, serves as Senior Executive Vice President and 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 53, serves as Executive Vice President and 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 the Retail Bank’s technology organization. Before that, he worked as Director of Services Delivery for Computer Sciences Corporation (CSC)’s Financial Services Group.

**Ronald L. Farnsworth**, age 40, 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.

**Table of Contents**

**Kelly J. Johnson**, age 49, 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, a Full Service Investment and Financial Services firm. Most recently, he was responsible for their Oregon, Central Washington, and Reno, Nevada operation. 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 42, 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. At Umpqua’s request, Mr. McLaughlin serves on the board of the Oregon Bankers’ Association and on its Advocacy Committee.

**Cort L. O Haver**, age 48, 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 US Bank, with responsibility for California, Oregon and Washington.

**Steven L. Philpott**, age 59, serves as Executive Vice President and 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 54, serves as Executive Vice President and 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.

**Table of Contents****SECURITY OWNERSHIP OF MANAGEMENT AND OTHERS**

The following table sets forth the shares of common stock beneficially owned as of February 11, 2011, 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.

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership(1)</b>	<b>Percent of Class</b>
*	Raymond P. Davis	767,874(2,3)	**
*	Allyn C. Ford	217,894	**
*	Brad F. Copeland	186,951(2,4)	**
*	Ronald L. Farnsworth	98,005(2,5)	**
*	William A. Lansing	71,723(2)	**
*	Mark P. Wardlow	64,013(6)	**
*	Stephen M. Gambee	40,477	**
*	Cort L. O Haver	30,000(7)	**
*	Bryan L. Timm	29,039	**
*	Diane D. Miller	22,337(2)	**
*	David B. Frohnmayer	21,665(2)	**
*	Jose R. Hermocillo	11,117	**
*	Frank R.J. Whittaker	9,934	**
*	Peggy Y. Fowler	6,139	**
*	Luis F. Machuca	4,686	**
*	Hilliard C. Terry III	3,366	**
	<b>All directors and executive officers as a group (22 persons)</b>	<b>1,864,986(2-8)</b>	<b>1.63%</b>
	<b><u>Name and Address of Beneficial Owner</u></b>		
*	BlackRock, Inc., 40 East 52 <sup>nd</sup> St., New York, NY 10022	8,978,218(9)	7.84%
*	Dimensional Fund Advisors LP		
	Palisades West, Building One, 6300 Bee Cave Road		
	Austin, TX 78746	6,258,375(10)	5.46%

\* No par value common stock.

\*\* Less than 1.0%.

(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 490,000 shares covered by options exercisable within 60 days.

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- (4) Includes 109,000 shares covered by options exercisable within 60 days.
- (5) Includes 44,000 shares covered by options exercisable within 60 days.
- (6) Includes 19,000 shares covered by options exercisable within 60 days.
- (7) Includes 5,000 shares covered by options exercisable within 60 days.
- (8) Includes 807,798 shares covered by options exercisable within 60 days.
- (9) This information is taken from a Schedule 13G/A filed February 9, 2011 with respect to holdings as of December 31, 2010.
- (10) This information is taken from a Schedule 13G/A filed February 11, 2011 with respect to holdings as of December 31, 2010. The reporting person reports that the shares are held by various investment companies, trusts and accounts and the reporting person disclaims beneficial ownership.



## **Table of Contents**

### **CORPORATE GOVERNANCE OVERVIEW**

Our board of directors believes that its primary role 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 promote this purpose, are sound and represent the best practices for our Company. We regularly review these governance principles and practices in light of Oregon law and applicable federal law, Securities Exchange Commission (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](http://www.umpquaholdingscorp.com). This Statement is also available in print to any shareholder who requests it. Each board committee operates under a 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 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](http://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.

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.

## **Table of Contents**

### **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.

A shareholder may recommend a candidate for nomination to the board and that recommendation will be reviewed and evaluated by our Nominating Committee. Our Committee will use the same procedures and criteria for evaluating nominees recommended by shareholders as it does for nominees recommended by the 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 2010, 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 2010 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. 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 2010. The Company scheduled the annual meeting each year in Portland, Oregon on the day before a scheduled regular meeting of the board. The board now expects all directors to attend the annual meeting. Thirteen of fourteen directors attended the 2010 annual meeting and all of the directors nominated for election at the 2011 meeting attended in 2010.

### **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

## **Table of Contents**

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.

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.

## **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 Nominating Committee, which is accompanied by his review of up to three internal candidates who should be considered to replace him and his 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 ten times during 2010, including five special meetings and 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 2010, each director attended at least 75% of the board meetings, as well as meetings of 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.

At December 31, 2010, the board of directors had 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.

**Table of Contents**

The table below shows membership information for each board committee as of December 31, 2010:

	C Chair Audit and Compliance	Chair Budget	V Vice Chair Compensation	Vice Chair Executive	Financial Services	Member Loan and Investment	Risk and Governance
Raymond P. Davis							
Allyn C. Ford				C			C
Peggy Y. Fowler		C	C				
David B. Frohnmayer					V		
Stephen M. Gambee						C	
Jose R. Hermocillo							
William A. Lansing					C		
Luis F. Machuca							
Diane D. Miller			V				
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 and William Lansing serves as Vice Chair of the boards.

***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 four times per year and is responsible for overseeing our internal controls and the financial reporting process. As of April 21, 2010, the members of the Committee were directors Timm (Chair), Gambee, Machuca, Miller, Terry and Whittaker (Vice Chair). 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](http://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 Bryan L. Timm meets the SEC criteria for an audit committee financial expert. 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 2010, the Audit and Compliance Committee met seven 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 budget and the capital expenditure budget. It also oversees dividend planning and our stock repurchase programs. Effective April 21, 2010, the members of the Committee were directors Fowler (Chair), Davis, Lansing, Miller, Timm (Vice Chair) and Whittaker. The Committee meets at least quarterly. In 2010, the Budget Committee met five times.

## **Table of Contents**

### ***Compensation Committee***

See *Roles and Responsibilities* in the section entitled, *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. Effective April 21, 2010, the members of the Committee were directors Ford (Chair), Davis, Fowler, Gambee, Lansing and Timm. This Committee meets at least quarterly. In 2010, the Executive Committee met five 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. Effective April 21, 2010, the members of the Committee were directors Lansing (Chair), Davis, Frohnmayer (Vice Chair), Hermocillo and Machuca. This Committee must meet at least quarterly and in 2010 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 reviews Umpqua's loan and investment portfolios. Effective April 21, 2010, members of the Committee were directors Gambee (Chair), Davis, Fowler, Frohnmayer, Hermocillo and Terry. The Loan and Investment Committee meets at least quarterly and in 2010 it met five times. In addition to these formal meetings, the Committee from time to time reviews and approves certain large extensions of credit 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 chairman of the board and the chair of each board committee. In July 2010, the board transferred enterprise risk and corporate governance oversight functions from the Executive/Governance Committee to the Nominating Committee, a committee of independent outside directors. The committees were renamed as the Executive and the Risk and Governance Committees, respectively. All of the directors serving on the Risk and Governance Committee are independent, as defined in the NASD listing standards. Effective April 21, 2010, the members of the Committee were directors Ford (Chair), Fowler, Gambee, Lansing and Timm. The Risk and Governance Committee meets as often as it deems appropriate and in 2010 the Committee met two times. The Executive/Governance Committee met three times in 2010 before the committees were reorganized.

### **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

**Table of Contents**

primary responsibility for overseeing risk management, our entire board of directors is 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, 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/enterprise risk manager reports directly to the Audit and Compliance Committee and indirectly reports to the CEO for administrative purposes.

**Table of Contents**

**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, 2010, 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 2010 fiscal year on a timely basis.

**SHAREHOLDER PROPOSALS FOR THE 2012 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 2012 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 12, 2011. Shareholder proposals to be presented at the 2012 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 12, 2011, in accordance with the Company's Bylaws.

**Table of Contents**

**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 2007, Umpqua adopted written procedures to review and approve transactions with related persons. In accordance with these procedures 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.

As of December 31, 2010, the aggregate outstanding balance of all loans to Regulation O executive officers, directors, principal shareholders and their businesses was \$11,278,807, which represented approximately 0.67% 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.



## Table of Contents

### **DIRECTOR COMPENSATION**

The Compensation Committee annually reviews its director compensation policy and in January 2010, 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:

Attract and retain highly qualified people that portray our company culture and values.

Link the interests of our directors to the values derived by our shareholders.

Align the interests of our directors, executives, and employees.

Conform to the highest levels of fairness, ethics, transparency, and sound governance practice.

**Director Compensation** 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 2010, 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.

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 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.

**Table of Contents**

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.

The Committee reviewed input from directors in September 2009 about the director compensation program. At the Committee's request, management compiled benchmarking data for director compensation and based upon the Committee's recommendation, there were no changes to the retainer or the basic board or committee participation fees paid in 2010. The only adjustment to director compensation in 2010 was to add a \$250 per telephonic meeting participation fee for certain conference calls held by the Audit and Compliance Committee and the Loan and Investment Committees, as described in footnotes 3 and 4 to the table, below. Except as noted in those footnotes, the schedule of fees that has been in effect since January 1, 2009 is set forth in the table, below.

**Schedule of Directors' Fees**

	<b>Quarterly Retainer (1)</b>	<b>Board Meeting Participation(2)</b>	<b>Committee Meeting Participation(3)(4)</b>
Board Chair	\$ 6,000	\$ 4,000	\$ 500
Participating Director	\$ 5,000	\$ 4,000	\$ 500

- (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, 2010. 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 (a)(1)	Fees Earned or Paid in Cash (\$) (b)(2)	Stock Awards (\$) (c)	Option Awards (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Nonqualified	All Other Compensation (\$) (g)(3)	Total (\$) (h)
					Deferred Compensation Earnings (f)		
Angell, Ronald(4)	\$ 21,250						\$ 21,250
Ford, Allyn	\$ 46,500						\$ 46,500
Fowler, Peggy	\$ 51,750						\$ 51,750
Frohnmayr, David	\$ 40,250					\$ 7,500	\$ 47,750
Gambee, Stephen	\$ 53,250						\$ 53,250