

UMPQUA HOLDINGS CORPORATION
EIN: 93-1261319
Attachment to IRS Form 8937

PART I: REPORTING ISSUER

As further described below, Sterling Financial Corporation, a Washington corporation ("Sterling") merged with and into Umpqua Holdings Corporation, an Oregon corporation ("Umpqua"). Stockholders of Sterling received both cash and shares of Umpqua common stock in exchange for their shares of Sterling common stock in the Merger (as defined below).

PART II: ORGANIZATIONAL ACTION

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Merger (as defined below) on the tax basis of Umpqua stock received in the Merger in exchange for Sterling stock. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Umpqua does not provide tax advice to its stockholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to stockholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Merger to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. You also are urged to read the Joint Proxy/Prospectus of Umpqua and Sterling on Form 424(B)(3), dated January 22, 2014 (Registration No. 333-192346), noting especially the discussion on pages 136-138 under "United States Federal Income Tax Consequences of the Merger." You may access the Joint Proxy/Prospectus at www.sec.gov.

Item 14. Description of Organizational Action:

Pursuant to the terms of the Agreement and Plan of Merger, dated as of September 11, 2013 (the "Agreement"), by and between Sterling and Umpqua, Sterling merged with and into Umpqua (the "Merger"), subject to the terms and conditions set forth in the Agreement, with Umpqua surviving. In the Merger, each share of Sterling common stock issued and outstanding was converted into the right to receive (x) 1.671 shares of Umpqua common stock, no par value per share (the "Stock Consideration"), and (y) \$2.18 in cash (the "Cash Consideration," and together with the Stock Consideration, including the value of any cash in lieu of fractional shares, the "Merger Consideration"). Umpqua did not issue any fractional shares of Umpqua common stock in the Merger. Sterling stockholders who would otherwise have been entitled to a fractional

share of Umpqua common stock upon the completion of the Merger instead received an amount in cash based on the average closing-sale price per share of Umpqua common stock for the ten trading days immediately preceding (and including) the day on which the Merger was completed.

Item 15. Description of the quantitative effect of the organization action on the basis of the security in the hands of the U.S. taxpayer as an adjustment per share or as a percentage of old stock basis:

The receipt by a Sterling stockholder of a combination of Umpqua common stock and cash in exchange for Sterling common stock in the Merger has an effect on such stockholder's tax basis. Generally, the aggregate tax basis of Umpqua common stock received by a Sterling stockholder that exchanges its shares of Sterling common stock for a combination of Umpqua common stock and cash in the Merger will be equal to the aggregate adjusted tax basis of the shares of Sterling common stock surrendered, reduced by the amount of cash received by the Sterling stockholder pursuant to the Merger (excluding any cash received in lieu of a fractional share of Umpqua common stock) and increased by the amount of any gain (excluding any gain or loss resulting from the deemed receipt and redemption of fractional shares), if any, recognized by the Sterling stockholder on the exchange. The amount of gain recognized is *the lesser of* (A) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the Umpqua common stock received pursuant to the Merger over the stockholder's aggregate tax basis in the shares of Sterling common stock surrendered) and (B) the amount of cash received pursuant to the Merger (excluding any cash received in lieu of a fractional share of Umpqua common stock).

Item 16. Description of the calculation of the change in basis and the data that supports the calculation:

The following is an example of how the basis determination would be applied:

Shares of Sterling common stock owned: 425.25

Sterling stockholder's aggregate adjusted tax basis: \$10,000.00 (assumed to be about \$23.52 per share)

Whole shares of Umpqua common stock received in the Merger (425.25 shares of Sterling common stock multiplied by the ratio of 1.671 and rounding down the product thereof): 710

Number of fractional shares of Umpqua common stock for which cash is paid: 0.59275

FMV per share of Umpqua shares received: \$18.58

FMV of the Stock Consideration received (i.e., Umpqua shares received in exchange for Sterling shares, including fractional shares of Umpqua common stock deemed received) (\$18.58 per share of Umpqua multiplied by 710.59275 shares of Umpqua common stock): \$13,202.81

Cash Consideration received in exchange for Sterling common stock pursuant to the Merger (425.25 shares of Sterling common stock multiplied by \$2.18 in cash per share): \$927.05

Total Merger Consideration received (\$927.05 in Cash Consideration plus \$13,202.81 in FMV of Stock Consideration): \$14,129.86

Realized gain (\$14,129.86 total Merger Consideration received minus \$10,000.00 aggregate tax basis): \$4,129.86

Recognized gain (determined as lesser of realized gain or cash received): \$927.05

Aggregate tax basis of Umpqua common stock received (including fractional shares deemed received) (\$10,000.00 aggregate tax basis in Sterling shares minus \$927.05 cash received (i.e., excluding cash received in lieu of a fractional share of Umpqua common stock) plus \$927.05 recognized gain): \$10,000.00

Tax basis per share of Umpqua common stock received (including fractional shares deemed received) (\$10,000.00 aggregate basis divided by 710.59275): \$14.07 (or, more precisely, \$14.07276 per share)

Aggregate tax basis in whole shares of Umpqua common stock received in the Merger (710 x \$14.07276): \$9,991.66

Tax basis in fractional share deemed sold: (0.59275 x \$14.07276): \$8.34

Items 17 & 18. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based and ability of any resulting loss to be recognized:

The Merger qualifies as a "reorganization" within the meaning of Section 368(a) of the Code. In general, the federal income tax consequences to the former Sterling stockholders are determined under Sections 356, 358 and 1221. Sterling stockholders will generally recognize gain (but not loss), pursuant to Section 356 of the Code, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and fair market value of the Umpqua common stock received pursuant to the Merger over the Sterling stockholder's adjusted basis in its shares of Sterling common stock surrendered, as determined pursuant to Sections 1001 and 1011 of the Code) and (2) the amount of cash received pursuant to the Merger (excluding any cash received in lieu of a fractional share of Umpqua common stock).

The receipt by a Sterling stockholder of cash in lieu of fractional shares of Umpqua common stock will be treated as if the fractional shares had been distributed to the Sterling stockholders in connection with the Merger and then had been sold for cash in a taxable transaction. Gain or loss will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the portion of the stockholder's aggregate adjusted tax basis of the shares of Sterling common stock surrendered that is allocable to the fractional share. The gain or loss generally will be long-term capital gain or loss if the holding period of such shares of Sterling

common stock is more than one year at the effective time of the Merger. The deductibility of capital losses is subject to limitations. See the Joint Proxy/Prospectus of Umpqua and Sterling on Form 424(B)(3), dated January 22, 2014 (Registration No. 333-192346) for more information.

Item 19. Provide any other information necessary to implement the adjustment:

The Merger and resulting stock exchange became effective on April 18, 2014. For a Sterling stockholder whose taxable year is the calendar year, the reportable tax year is 2014.

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The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matters addressed herein.