UMPQUA HOLDINGS CORP
Form DEF 14A
March 08, 2016
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 x

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Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
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Umpqua Holdings Corporation
(Name of Registrant as Specified In Its Charter)

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

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 20, 2016

The annual meeting of shareholders of Umpqua Holdings Corporation will be held at RiverPlace Hotel, 1510 SW Harbor Way, Portland, Oregon, at 2:00 p.m., local time, on April 20, 2016 to take action on the following business:

MANAGEMENT PROPOSALS. The Board of Directors recommends you vote FOR each director nominee and FOR the following proposals:

1. Election of Directors. Elect 11 nominees to Umpqua Holdings Corporation’s board of directors, to hold office until the 2017 annual meeting of shareholders and qualification and election of their successors.
2. Amendment to 2013 Incentive Plan. Approve the addition of 8.0 million shares (equivalent to 4.0 million restricted stock or performance share awards) to the 2013 Incentive Plan.
3. Ratification (Non-Binding) of Registered Public Accounting Firm Appointment. Ratify the Audit and Compliance Committee’s appointment of Moss Adams LLP as Umpqua Holdings Corporation’s independent registered public accounting firm for the fiscal year ending December 31, 2016.
4. Advisory (Non-Binding) Resolution to Approve Executive Compensation. Approve 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.”

OTHER BUSINESS. Considering and acting upon such other business that is properly brought 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 shareholders at the meeting.

If you were a shareholder of record of Umpqua Holdings Corporation common stock as of the close of business on February 11, 2016, you are entitled to receive this notice and vote at the annual meeting, and any adjournments or postponements thereof. This Proxy Statement and accompanying proxy card are being sent or made available on or about March 7, 2016.

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 the enclosed proxy card. You can choose 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.

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

Andrew H. Ognall
EVP/General Counsel/Secretary

March 7, 2016

PROXY STATEMENT FOR 2016 ANNUAL MEETING OF SHAREHOLDERS

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These proxy materials are provided in connection with the solicitation of proxies by the board of directors of Umpqua Holdings Corporation, an Oregon corporation, for the annual meeting of shareholders and at any adjournments or postponements of the meeting. This Proxy Statement and accompanying proxy card are being sent or made available on or about March 7, 2016. In this Proxy Statement we refer to Umpqua Holdings Corporation as the “Company,” “Umpqua,” “we,” “us,” “our,” or similar references; to Sterling Financial Corporation as “Sterling”; and to the merger of Sterli with and into Umpqua effective as of April 18, 2014, as the “Sterling merger.”

2016 PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all the information you should consider, and you should read the entire proxy statement carefully before voting. For information about the meeting and voting please see Questions and Answers About the Shareholder Meeting at the end of this Proxy Statement. Your vote is very important. The board of directors is requesting that you allow your common stock to be represented at the annual meeting by the proxies named on the proxy card.

2015 FINANCIAL PERFORMANCE AND COMPENSATION HIGHLIGHTS

Strong growth in core areas and improvement in key metrics	• gross loans and leases grew 10% to $16.8 billion at December 31, 2015, from $15.3 billion at December 31, 2014 • deposits increased 5% to $17.7 billion at December 31, 2015, from $16.9 billion at December 31, 2014 • return on average assets (operating earnings basis) for 2015 improved to 1.11% from 1.06% in the prior year • declared dividends of $0.62 per share in 2015, a dividend yield of 3.9% for the year ended December 31, 2015 • tangible book value grew by 4% in 2015 • 2015 operating earnings of $1.15 per diluted share, a 6.5% increase over 2014
Financial benefits of Sterling merger	• operating earnings per share accretion exceeded target of 12% accretion • achieved $82 million, or 95%, of $87 million (annualized) cost synergy target in December 2015
Shareholder engagement initiatives	• commenced a shareholder outreach program to discuss corporate governance and compensation matters • leading up to the 2016 annual meeting we reached out to shareholders holding approximately 75% of our outstanding common stock
Long-term focused compensation program with strong governance features	• predominantly performance-based incentive programs: o equity awards tied to total shareholder return o annual cash incentives tied to meaningful operating earnings per share results o circuit-breaker provisions in incentive awards • stock retention, or hold-to-retirement, requirement for executive officers • clawback provisions applicable to all cash incentives and equity awards • issued an average of 0.38% of shares outstanding under our shareholder-approved equity plans over the past three years • avoid problematic pay practices such as single-trigger change-in-control provisions and tax gross ups severance or change-in-control benefits • independent Compensation Committee that engages its own advisors

ELECTION OF DIRECTORS

The Board has nominated the following 10 independent directors and our CEO for election:

Nominee	Age	Principal Occupation	Director Since
Luanne Calvert	53	Chief Marketing Officer for Virgin America Inc.	2015
Raymond Davis	66	President and CEO of Umpqua	1999
Peggy Fowler	64	Retired President and CEO of Portland General Electric	2009
Stephen Gambee	52	President and CEO of Rogue Valley Properties, Inc.; Managing Member of Rogue Waste Systems, LLC	2005
James Greene	62	Founder and Managing Partner of Sky D Ventures	2012
Luis Machuca	58	President and CEO of Enli Health Intelligence	2010
Maria Pope	51	Senior Vice President, Power Supply, Operations and Resource Strategy for Portland General Electric	2014
John Schultz	51	Executive Vice President, General Counsel and Corporate Secretary of Hewlett Packard Enterprise	2015
Susan Stevens	65	Retired head of Corporate Banking for the Americas at J.P. Morgan Securities	2012
Hilliard Terry	46	Executive Vice President and Chief Financial Officer of Textainer Group Holdings Limited	2010
Bryan Timm	52	President of Columbia Sportswear Company	2004

AMENDMENT TO 2013 INCENTIVE PLAN

Shareholders approved our 2013 Incentive Plan on April 16, 2013. We are seeking approval of a proposed amendment to authorize additional shares for up to 4.0 million full value awards (or 8.0 million stock options or stock appreciation rights). The board believes that issuing equity grants provides appropriate long-term incentives and is a critical part of a competitive compensation package. Please carefully review the more detailed information about the 2013 Incentive Plan and proposed amendment in this Proxy Statement.

We have used shares under the 2013 Incentive Plan responsibly:

(1) Shares outstanding under all equity plans (including Plans assumed in mergers) divided by shares outstanding at year end (based on Company’s annual reports).

(2) Shares granted under all equity plans in the calendar year divided by weighted average diluted shares outstanding (based on Company’s annual reports).

ANNUAL MEETING BUSINESS

ITEM 1. ELECTION OF DIRECTORS

Umpqua's articles of incorporation and bylaws provide that each director is 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 19, 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 13, and will be set at 11 effective at the annual meeting.

Directors are elected by a plurality of votes, which means that the nominees who receive the highest number of votes cast "FOR" will be elected, regardless of the number of votes each nominee receives. 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 the shareholder vote. In determining the votes cast for the election of a director, abstentions and broker non-votes are excluded. The Governance Committee of the board considers the offer of resignation and recommends to the board whether to accept it. Our policy requires the board to act on the Governance Committee's recommendation within 90 days following the shareholder meeting, and board action on the matter requires the approval of a majority of the independent directors. Shareholders are not entitled to cumulate votes in the election of directors.

The board of directors has nominated the following directors, each of whom currently serves as a director of Umpqua and Umpqua Bank, for election to one-year terms that will expire at the 2017 annual meeting:

Luanne Calvert
Raymond P. Davis
Peggy Y. Fowler
Stephen M. Gambee
James S. Greene
Luis F. Machuca
Maria M. Pope
John F. Schultz
Susan F. Stevens
Hilliard C. Terry, III
Bryan L. Timm

Each of the nominees other than directors Calvert and Schultz was elected to serve on the board at the 2015 annual meeting. Directors Calvert and Schultz joined the board of directors in September 2015. 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, upon the recommendation of the Governance Committee. Each nominee has agreed to serve on the board and we have no reason to believe any nominee will be unavailable to serve.

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

Nominees

The age (as of March 1, 2016), 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.

Luanne Calvert	Luanne Calvert, age 53, was appointed to the board in September 2015. Ms. Calvert is currently Chief Marketing Officer for Virgin America Inc. (NASDAQ: VA), an airline that provides air travel services in the continental United States and Mexico, a position she has held since 2012. She was previously Vice President, Marketing with Virgin America Inc., a position she held from 2011-2012. She was an independent marketing strategy consultant from 2009-2011 for LVMH and Moleskine clients. She previously served as Creative Director at Google and was the CEO of her own agency, Mixed Marketing. From 1999-2002 she served as Director of Marketing at Yahoo! Inc. Qualifications and Experience: Leadership: Luanne leads the airline's brand strategy, online marketing, public relations, promotions, advertising, social media, in-flight entertainment + technology, website, analytics, in-house creative and loyalty teams including the airline's Elevate frequent flyer program and credit card businesses; she reports directly to the CEO, overseeing a team of 40 professionals, and manages a marketing budget in the tens of millions. She is also an active participant with the Virgin America Board of Directors. Industry/Skills: With Umpqua's retail strategy and brand focus in the banking industry, Luanne's years of experience with national and global brands will provide significant insight. Civic: Non-profit board leadership at SF Travel and advisory role at First Graduate. She is also an advisor to iMedia, and Venture Beat. Governance: Current member of SF Travel's Marketing Committee and Umpqua's Compensation and Finance and Capital Committees.
Raymond P. Davis	Raymond P. Davis, age 66, 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 President and Chief Executive Officer of Umpqua Bank for over 19 years. Qualifications and Experience: Leadership: Extensive leadership, management and business operations experience as President and CEO of Umpqua and Umpqua Bank. Mr. Davis is the author of two books on leadership in business: Leading for Growth and Leading through Uncertainty. Industry: More than 35 years' experience in the financial services industry, including his positions as President and CEO of Umpqua and Umpqua Bank and as President of US Banking Alliance, a bank consulting firm. Finance: Expertise as Chief Financial Officer of Security Bank, Reno, Nevada. Civic: Board service with SOLV, an Oregon organization fostering environmental stewardship, and Founders Circle, as well as service on the Big Brothers Big Sisters, Children's Council.

Governance: Current member of the Umpqua Executive, Finance and Capital, and Enterprise Risk and Credit Committees.

Peggy Y. Fowler	Peggy Y. Fowler, age 64, was appointed to the board in April 2009. Ms. Fowler served as CEO and President of Portland General Electric Company ("PGE") (NYSE: POR) from April 2000 to December 31, 2008 and as Co-CEO from January 1, 2009 to March 1, 2009. She was Chair of the PGE board from May 2001 until January 2004. She served as President of PGE from 1998 until 2000 and is currently a director of Hawaiian Electric Industries (NYSE: HEI) and Hawaiian Electric Company. Qualifications and Experience: Leadership: Strong leadership and business operations experience as President and CEO of PGE, director of Cambia Health Solutions, Inc., Chief Operating Officer of PGE's Distribution Operations, Senior Vice President of PGE's customer service and delivery and Vice President of PGE's power production and supply. Industry: Banking industry experience as director of the Portland branch of the Federal Reserve Bank of San Francisco. Finance: Expertise serving as a committee member for several entities: Audit Committee for Hawaiian Electric Company; Finance Committee for PGE; and Audit, Investment and Executive and Governance Committees for Cambia. Civic: Board service as a director for PGE Foundation and Mentor for International Women's Forum. Governance: Current Chair of Umpqua's Board of Directors and Chair of the Umpqua Executive and Governance Committees.
Stephen M. Gambee	Stephen M. Gambee, age 52, was appointed to the board in July 2005. Since 1994 he has been the President and CEO and a shareholder of Rogue Valley Properties, Inc. and a Managing Member of Rogue Waste Systems, LLC, a family owned business providing waste disposal and environmental services in the Southern Oregon area. Prior to assuming the duties of the family businesses, Mr. Gambee was a real estate economist employed by Robert Charles Lesser & Co./Hobson & Associates as the Pacific Northwest Director of Consulting. Qualifications and Experience: Leadership: Management, leadership, business operations and governmental relations experience as President and CEO of Rogue Valley Properties and Managing Member of Rogue Waste Systems, LLC, which are environmentally conscious waste management businesses. Civic: Currently Chair of Jackson County Board of Commissioners Economic Development Advisory Committee and Secretary of the Medford-Jackson County Chamber of Commerce. Mr. Gambee has also previously served as: Director and President of the Craterian Theater/Collier Center of the Performing Arts; Treasurer of YPO Oregon Evergreen Chapter; Director and Treasurer for Rogue Gallery and Art Center; and Director of the Jackson Josephine County Boys and Girls Club. Governance: Current Chair of the Umpqua Enterprise Risk and Credit Committee and member of the Umpqua Executive, Audit and Compliance, and Governance Committees.

James S. Greene	James S. Greene, age 62, was appointed to the board in July 2012. Mr. Greene is currently Founder and Managing Partner of Sky D Ventures, a private equity and advisory services company serving the financial services and FinTech global market. Prior to Sky D Ventures, Mr. Greene was a general partner of Frost Data Capital, LLC, an investment and incubator vehicle for “big data” companies, from November 2013 to October 2015. He was previously a Vice President with Cisco Systems, Inc. (NASDQ: CSCO) in its Global Advanced Services Organization, a position he held from February 2012 to September 2013. He joined Cisco in 2005 as Vice President and Global Head of its Financial Services Consulting Business. From there he served as leader of Cisco’s global Strategic Partner Organization. Qualifications and Experience: Leadership: Business and technology strategy formulation, private equity and venture investing, business operations and information technology systems, solutions, sales and delivery. Senior executive roles at Accenture, CapGemini and Cisco Systems, Inc. Industry: Global Financial Services and Global FinTech. Big data platforms and solutions. Finance: Serving the global financial services industry for 33 years. Civic: Neighborhood association and board. Community sports teams. Governance: 10 year member of the board of Electronics For Imaging, Inc., a public company (NASDAQ: EFII), where he served on the board’s Audit Committee, Governance and Nomination Committees. Current member of Umpqua’s Executive, Finance and Capital, Governance, and Compensation Committees and Chair of Pivotus Ventures, Inc. He has served on several private company boards and advisory boards.
Luis F. Machuca	Luis F. Machuca, age 58, was appointed to the board in January 2010. Since January 2002, he has been President and Chief Executive Officer of Enli Health Intelligence Corporation, a healthcare applications company that activates collaborative care. Qualifications and Experience: Leadership: Business operations and innovation technology experience as President and CEO of Enli Corporation as well as senior leadership roles at Intel Corp., EVP of the NEC Computer Services Division of PB-NEC Corp. and President and COO of eFusion Corp. Civic: Serves on the Cambia Health Solutions Board of Directors and chairs the UniteOr Board of Directors. He has served as director or trustee of the University of Portland Board of Regents, the Oregon Health & Science University Foundation Board of Trustees, the ENDfootwear Advisory Board, the Catholic Charities of Oregon Board of Directors, the Portland Metropolitan Family Services Board of Directors, the Jesuit High School Board of Trustees, the Lifeworks NW Board of Directors, and the Boy Scouts of America Cascade Pacific Council Executive Board. Governance: Chair of Umpqua’s Compensation Committee and serves on the Umpqua Executive, Finance and Capital, and Governance Committees.

Maria M. Pope	Maria M. Pope, age 51, joined the board in April 2014, effective with the closing of the Sterling merger. Since March 2013, Ms. Pope has served as Senior Vice President, Power Supply, Operations, and Resource Strategy for PGE. Prior to this, she served as Chief Financial Officer and Treasurer from January 2009 and was a member of the board of directors of PGE from 2006 to 2008. She serves as a general partner shareholder and director of Pope Resources, a Delaware limited partnership. Qualifications and Experience: Leadership: Leadership and business management experience as a senior executive of PGE and her former positions as chief financial officer of Mentor Graphics Corp. and Pope & Talbot, Inc. Finance: CFO roles of three publicly traded companies and past Chair of the Audit Committees of TimberWest Forest Corp., Premera Blue Cross and Oregon Health & Sciences University (OHSU). Civic: Vice Chair of OHSU's Governing Board (appointed by the Governor, 2010), prior Chair of the Oregon Symphony and Council of Forest Industries. Governance: Serves on the Umpqua Audit and Compliance and Compensation Committees. Previously served on the Sterling Audit and Credit and Risk Committees and has served on several public, private and advisory boards.
John F. Schultz	John F. Schultz, age 51, appointed to the board in September 2015. Mr. Schultz is currently Executive Vice President, General Counsel and Corporate Secretary of Hewlett Packard Enterprise (NYSE: HPE), a leading global provider of cutting-edge technology solutions to optimize traditional information technology and help build the secure, cloud-enabled, mobile-ready future uniquely suited to their customers' needs. He held the same role at Hewlett-Packard Company prior to the company's separation into Hewlett Packard Enterprise and HP Inc. and served as a member of the HP Executive Counsel from 2012-2015. He was previously Deputy General Counsel, Litigation Investigations and Global Functions with Hewlett-Packard Company, a position he held from 2008-2012. Qualifications and Experience: Industry/Skills: As general counsel for a publicly traded corporation, leads risk management functions, including ethics and litigation management. Civic: Nonprofit leadership. Governance: Current member of Umpqua's Audit and Compliance and Enterprise Risk and Credit Committees.

Susan F. Stevens	Susan F. Stevens, age 65, was appointed to the board in September 2012. Ms. Stevens was a senior executive who retired as head of Corporate Banking for the Americas at J.P. Morgan Securities Inc. in 2011. She held that position from 2006 until 2011. She was at J.P. Morgan for 15 years. Prior to 2006, she was a Managing Director in Loan Syndications, where she was head of the Investment Grade Syndications group from 2001 to 2006. She was head of Capital Markets at Wells Fargo Bank from 1992 to1995. She was with Bank of America for 11 years before joining Wells Fargo. She is active in Golden Seeds, a New York based angel investment group focused on women entrepreneurs. Qualifications and Experience: Industry: Over 30 years in the banking industry with broad industry knowledge and experience in client management, capital markets and risk management. Civic: Board of Trustees of Thunderbird School of Global Management, Glendale, AZ (2012-2014) (on Executive Committee and Chair of Finance and Business Planning Committee) and The Neighborhood Coalition for Shelter, New York, NY (on Executive Committee and Treasurer). Governance: Current Vice Chair of the Umpqua Enterprise Risk and Credit Committee and member of the Umpqua Audit and Compliance Committee.
Hilliard C. Terry, III	Hilliard C. Terry, III, age 46, was appointed to the board in January 2010. Since January 2012, he has served as Executive Vice President and Chief Financial Officer of Textainer Group Holdings Limited (NYSE: TGH), an intermodal marine container management and leasing company. Before joining Textainer, he was Vice President and Treasurer of Agilent Technologies, Inc. (NYSE: A), which he joined in 1999, prior to the company's initial public offering and spinoff from Hewlett-Packard Company ("HP"). Mr. Terry held positions in investor relations and/or investment banking with Kenetech Corporation, VeriFone, Inc. and Goldman Sachs & Co. Qualifications and Experience: Leadership: Senior leadership and business management experience as a senior executive of Textainer Group Holdings Limited and previously as an executive of Agilent Technologies, Inc. Marketing: Extensive investor communications and marketing experience as the Head of Investor Relations and primary spokesperson to the investment community for Agilent Technologies, Inc. and Global Marketing Manager for VeriFone, Inc., an HP subsidiary. Finance: Mr. Terry has 11 years of financial management experience. In his current role as a public-company CFO, he currently oversees the accounting, treasury, credit and collections, internal audit and risk management functions of Textainer. Previously he was responsible for Agilent's global treasury organization which included corporate cash management, corporate finance, customer financing, foreign exchange, pension assets and risk management. He was also a member of the company's Benefits Committee, which has fiduciary oversight for Agilent's employee benefit and retirement programs. He oversaw investments of a multi-billion dollar global corporate cash portfolio and defined benefit (pension) assets for the company. Governance: Current Chair of Umpqua's Finance and Capital Committee and serves on the Enterprise Risk and Credit, Executive and Governance Committees.

Civic: Board of Trustees, Oakland Museum of California (member of the Executive and Governance Committees).

Bryan L. Timm	Bryan L. Timm, age 52, was appointed to the board in December 2004. Since February 2015, Mr. Timm has been the President of Columbia Sportswear Company (NASDAQ: COLM) and he continues to hold the office of Chief Operating Officer, to which he was appointed in May 2008. Mr. Timm joined Columbia Sportswear in June 1997 as Corporate Controller, was named Chief Financial Officer in July 2002 and in 2003, was named Vice President, Chief Financial Officer and Treasurer. Qualifications and Experience: Leadership: Senior leadership and business operations management experience at Columbia Sportswear; as a member of the College of Business and Economics Advisory Board for the University of Idaho; and as a member (2012) and Chair (2013) of the Policyowners' Examining Committee at Northwestern Mutual Life Insurance Co. Finance: Audit and Compliance Committee Chair at Umpqua. Over twenty years serving in financial positions of publicly held companies including CFO of Columbia Sportswear. In addition to his C-level positions with Columbia Sportswear Company, Mr. Timm worked in various accounting, internal audit, and financial positions at publicly held 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 (lapsed) in the state of Oregon. Civic: Director of Doernbecher Children's Hospital Foundation. Governance: Current Vice Chair of the Umpqua Board of Directors, Chair of the Umpqua Audit and Compliance Committee and member of the Umpqua Executive, Governance and Compensation Committees.

Directors Serving Until the Annual Meeting

Ellen R.M. Boyer	Ellen R. M. Boyer, age 56, joined the board in April 2014, effective with the closing of the Sterling merger. Ms. Boyer served as a director of Sterling from 2007. Ms. Boyer currently serves as CFO of Logic20/20 Inc., a business and technology consulting firm. Ms. Boyer served as CFO and COO of Wesley Homes, a continuing care retirement community based in the Seattle area, from August 2011 to February 2014. Prior to that, Ms. Boyer served for nine years as the CFO and COO at Kibble & Prentice, an insurance and financial services company. Ms. Boyer also previously served as the CFO for two technology companies in the Pacific Northwest and was an audit senior manager with PriceWaterhouseCoopers. Qualifications and Experience: Leadership: Executive positions in business operations as COO and finance as CFO for Wesley Homes and Kibble & Prentice. Finance: CPA (active) in the State of Washington. CFO for several technology companies in the Pacific Northwest. Civic: Serves on the Board and finance committees with several not-for-profit entities, including Seattle Pacific University and Financial Executives International. Governance: Current member of the Umpqua Finance and Capital and Enterprise Risk and Credit Committees. Previously Chair of the Audit Committee and a member of the Credit and Risk Committee at Sterling.

Robert C. Donegan	Robert C. Donegan, age 61, joined the board in April 2014, effective with the closing of the Sterling merger. Mr. Donegan served as a director of Sterling from 2010 and as a director of Golf Savings Bank from 2006 until its merger with Sterling Bank. Since September 2001, Mr. Donegan has served as president of Ivar's, Inc., now in its 78th year as a Seattle restaurant company with more than 80 locations. He also served as the CFO and a director of Ivar's, Inc., for four years prior to becoming president. Before that, Mr. Donegan was an executive vice president and the CFO of Peet's Coffee. Qualifications and Experience: Leadership: Business operations and executive leadership as President of Ivar's. Finance: CFO experience for both Ivar's and Peet's Coffee. Civic: Commissions, committees and task forces for the City of Seattle, King County (WA) and the State of Washington including previous service as Chair of the Board of the Seattle Metropolitan Chamber of Commerce, and a board member of the Seattle Aquarium, the Chief Seattle Council of the Boy Scouts, the Seattle Historic Waterfront Association and the Seattle Sports Commission. Governance: Current member of Umpqua's Audit and Compliance and Compensation Committees. Served as a member of Sterling's Audit Committee and as Vice-Chair of Sterling Bank's Directors Trust Committee.

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 annual Director & Officer Questionnaires that indicated no transactions with directors other than banking transactions with Umpqua Bank, and arrangements under which Umpqua Bank purchases waste disposal services in southern Oregon from a company affiliated with Mr. Gambee at standard, regulated rates, which in 2015 totaled $5,967. The board also considered the lack of any other reported transactions or arrangements; directors are required to report conflicts of interest and transactions with the Company pursuant to our Corporate Governance Principles and Code of Ethics, which can be found on our website www.umpquaholdingscorp.com. See Related Party Transactions for additional information.

Board Recommendation

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

ITEM 2. AMENDMENT TO 2013 INCENTIVE PLAN

Introduction

At the 2013 annual meeting shareholders approved the Company's 2013 Incentive Plan (the "2013 Plan"). The 2013 Plan initially authorized the issuance of equity awards with respect to four million shares of Umpqua common stock; however, the 2013 Plan has a fungible share reserve under which each share granted in respect of full value awards, such as restricted stock or restricted stock units, counts as two shares. As a result, the 2013 Plan initially authorized the issuance of a maximum of:

- four million shares of Umpqua common stock through awards of stock options or stock appreciation rights or
- two million shares of Umpqua common stock through full value awards of restricted stock or restricted stock units.

We are requesting that shareholders approve an amendment to the 2013 Plan to add eight million shares to the maximum number of shares of common stock authorized for issuance under the 2013 Plan, which is the equivalent of a maximum of an additional four million shares for full value awards. The 2013 Plan is our only plan for providing equity incentive compensation to our employees and directors. The board believes that issuing equity awards provides appropriate long-term incentives that align the interests of employees with shareholders generally and is a critical part of a competitive compensation package.

Good Equity Pay Practices

The 2013 Plan is designed to reinforce the alignment between the interests of employees with shareholders generally and, as highlighted below, includes a number of provisions that the Company believes represent best practices.

- No "Evergreen" Provision. There is no "evergreen" feature pursuant to which the shares available for issuance under the 2013 Plan can be automatically replenished.

- No Liberal Share "Recycling." Shares issued in respect of awards that have been settled or exercised will not be available for future grants. Shares withheld by or delivered to the Company to satisfy the exercise price of stock options or tax withholding obligations will also be considered issued under the 2013 Plan and not available for future grants.

- Minimum Vesting Period. All awards have a minimum vesting period of at least one year.

- No Discounted Stock Options. Stock options may not be granted with exercise prices lower than the fair market value of the underlying shares on the date of grant.

- No "Repricing" without Shareholder Approval. The Company may not, without the approval of shareholders, (i) reduce the exercise price of an outstanding stock option or the grant price of an outstanding stock appreciation right ("SAR"), (ii) cancel and re-grant an outstanding option or SAR or exchange such option or SAR for either cash or a new award with a lower (or no) exercise price when the exercise price of such option or the grant price of such SAR is above the fair market value of a share of Common Stock.

- "Double Trigger" Vesting. Awards issued under the 2013 Plan will not vest solely upon a "change in control" (as defined in the 2013 Plan) so long as they are assumed by the successor.

- No Dividends on Unvested Awards. The 2013 Plan prohibits the payment of dividends or dividend equivalents on awards until the applicable vesting conditions have been satisfied, although dividends and dividend equivalents may accrue subject to satisfaction of such conditions.

- Limited Transferability. Awards generally may not be transferred, except by will or the laws of descent, unless approved by the Compensation Committee.

- Clawback. Clawback provisions consistent with the Company's annual incentive plan provide the Compensation Committee and the board of directors with the ability to recover awards (or the value thereof) from any 2013 Plan participant that vested based upon materially inaccurate financial statement or other performance metrics.

Authorized Shares

Shares available for issuance under the 2013 Plan may be used to issue any type of award permitted under the 2013 Plan. The 2013 Plan, however, contains a fungible share reserve feature. Under this feature, a distinction is made between the number of shares in the reserve attributable to stock options and stock appreciation rights and to full value awards. Full value awards initially count as two shares against the share reserve whereas stock options and stock appreciation rights count as one share. Since inception, we have issued the following under the Plan:

Award Issued Under 2013 Plan

Year	Stock Options / Stock Appreciation Rights	Full Value Awards
2013	-	169,323
2014	-	839,692
2015	-	639,461
2016 (through February 29, 2016, and including conditional grants)	-	535,313

As of February 11, 2016, no shares remained authorized but unissued under the 2013 Plan.

2013 Plan Reserves for Full Value Awards	
Initial shares authorized under the 2013 Plan	2,000,000
Shares awarded as full value awards from April 2013 through February 11, 2016*	(2,083,789)
Cancellations of full value awards (added to the share reserve through February 11, 2016)	122,963
Shares available to be granted as of February 11, 2016*	39,174
Additional shares requested for full value awards	4,000,000
Full value awards issued contingent upon shareholder approval of the amendment	(100,000)
Estimated total shares available to be granted if amendment is approved**	3,939,174

* Excludes conditional grant described below.
** We have issued only full value awards under the 2013 Plan and our current plan is to continue that practice. The total shares available for issuance as stock options and SARs if the amendment is approved is estimated at 7,878,348.

Determination of Number of Shares

In setting the proposed number of additional shares for the 2013 Plan, the Compensation Committee and the board of directors considered the following:

- the average equity expenditures, commonly referred to as the average "burn rate," as calculated by Institutional Shareholder Services ("ISS") as of December 1, 2015, under the 2013 Plan over three years, which equaled 1.16% compared to an ISS-reported burn rate benchmark for banks in the Russell 3000 Index of 3.17%;

- the value of available and new shares, compared to total market value of the Company’s shares (“SVT”) as calculated by ISS as of December 1, 2015, and described in more detail below, which totaled 2.2% and compared favorably to an ISS benchmark of 5.4%; and
- the potential dilutive effect of new and available shares compared to the total common shares outstanding (“Voting Power Dilution”) included in the ISS analysis and described in more detail below; and
- the proposed additional shares are expected to provide an approximate four to five year supply of shares for full value awards and we would anticipate seeking shareholder approval for additional shares at the 2020 annual meeting.

The following table shows the shareholder value transfer, or SVT, assuming a 200-day average stock price/average award value of $17.30 and a market value of $3,808,947,488 as of December 1, 2015:

	Share Allocation	Average Award Value	SVT ($)	SVT as % of Market Value
New Shares	4,000,000	$17.30	69,200,000	1.8
Available Shares (as of 12/1/15)	351,524	$17.30	6,081,365	0.2
Outstanding Shares (as of 12/1/15)	639,461	$17.30	11,062,675	0.3
Total Shares	4,990,985		86,344,041	2.3

The following table shows the potential dilution resulting from issuance of all new shares and all available shares (assuming all new grants are issued as stock options or stock appreciation rights) as compared with total common shares outstanding of 220,170,375 as of December 1, 2015.

	Share Allocation	Voting Power Dilution
Maximum New Shares	8,000,000	3.51
Available Shares (as of 12/1/15)	703,048	0.32
Outstanding Shares (as of 12/1/15)	639,461	0.24
Total Shares	9,342,509	4.07

The following table shows the potential dilution resulting from issuance of all new shares and all available shares (assuming only full value awards are issued) as compared with total common shares outstanding of 220,170,375 as of December 1, 2015.

	Share Allocation	Voting Power Dilution
Maximum New Shares	4,000,000	1.78
Available Shares (as of 12/1/15)	351,524	0.16
Outstanding Shares (as of 12/1/15)	639,461	0.29
Total Shares	4,990,585	2.22

Plan Benefits

Future benefits under the 2013 Plan are not currently determinable, except with respect to awards made on February 1, 2016 that are contingent on shareholder approval of the proposed amendment.

The following table lists the number of shares of restricted stock issued contingent on shareholder approval:

New Plan Benefits
2013 Incentive Plan

Name and Position	Number of Shares
Davis, Raymond, President/CEO	100,000
O'Haver, Cort, President Commercial Bank	-
Seibly, J. Gregory, President Consumer bank	-
Farnsworth, Ronald, CFO	-
Ognall, Andrew, EVP/General Counsel	-
Executive Group (eight individuals)	100,000
Non-Executive Director Group	-
Non-Executive Officer Employee Group	-

2016 Awards

In February 2016, non-employee directors received a total of 14,063 shares under the 2013 Plan in the form of restricted stock awards as part of the quarterly director retainer compensation. On February 1, 2016, executive officers (other than the CEO whose grant of 100,000 restricted stock awards is contingent upon shareholder approval) received 191,000 restricted stock awards under the 2013 Plan and other employees received 230,250 restricted stock awards under the 2013 Plan. These awards are not contingent upon shareholder approval of the proposed amendment.

Text of Proposed Amendment

The proposed amendment to Section 5.1 of the 2013 Plan is as follows (highlighted):

"5.1 Number of Shares Available. Subject to adjustment in accordance with Section 13, the total number of shares of Common Stock available for the grant and issuance under the Plan is twelve (12) four (4) million; provided that, no more than four (4) million shares of Common Stock may be granted as Incentive Stock Options. Any shares of Common Stock granted in connection with Options and Stock Appreciation Rights shall be counted against this limit as one (1) share for every one (1) Option or Stock Appreciation Right awarded. Any shares of Common Stock granted in connection with Awards other than Options and Stock Appreciation Rights shall be counted against this limit as two (2) shares of Common Stock for every one (1) share of Common Stock granted in connection with such Award. During the terms of the Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Awards. Shares of Common Stock available for distribution under the Plan may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares reacquired by the Company in any manner."

Key Terms of the 2013 Plan

A copy of the 2013 Plan is available through our SEC filings as an exhibit to our most recently filed Form 10-K and as a separately filed appendix to this Proxy Statement, which filings are available through our investor relations web site (www.umpquaholdingscorp.com) in the "Financial Information" section under "SEC filings", or at the SEC's web site (http://www.sec.gov/edgar/searchedgar/companysearch.html). The only matter related to the 2013 Plan that you are being asked to vote on is the amendment described above to add eight million shares to the number of shares authorized for issuance under the 2013 Plan.

Recent Amendments to the Plan. The Compensation Committee regularly reviews the terms of the Plan and periodically considers amendments to reflect best practices or changes in Company practices. In January 2016, the Compensation Committee recommended, and the board of directors approved, the following three amendments to the 2013 Plan that did not require shareholder approval:

- a limit on the Compensation Committee's discretion with respect to vesting conditions by requiring that all awards have a minimum vesting period of at least one year;

- a prohibition on the cash buyout of underwater stock options unless approved by shareholders; and

- clawback provisions consistent with the Company's annual incentive plan that provide the Compensation Committee and the board of directors the ability to recover awards (or the value thereof) from any 2013 Plan participant that vested based upon materially inaccurate financial statement or other performance metrics.

Administration. The selection of participants in the 2013 Plan, the level of participation of each participant and the terms and conditions of all awards are determined by the Compensation Committee. It is intended that each member of the Compensation Committee will be an "independent director" for purposes of the Company's Corporate Governance Guidelines, the Compensation Committee Charter and NASDAQ listing requirements; a "non-employee Director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended; and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code (the "Code"). Currently, the Compensation Committee is comprised of six members, each of whom meets these independence criteria. The Compensation Committee has the discretionary authority to interpret the 2013 Plan, to prescribe, amend and rescind rules and regulations relating to the 2013 Plan, and to make all other determinations necessary or advisable for the administration of the 2013 Plan. The Committee may delegate authority to administer the 2013 Plan as it deems appropriate, subject to the express limitations set forth in the 2013 Plan.

Eligibility and Participation. All of the Company's employees and non-employee directors are eligible to participate in the 2013 Plan. As of the date of this proxy statement, all non-employee directors and all employees (approximately 4,491) are eligible to participate in the 2013 Plan. From time to time, the Compensation Committee will determine who will receive awards, the number of shares subject to such awards and all other award terms. In addition, the Compensation Committee may grant awards to consultants engaged to provide bona fide consultant or advisory services other than as an employee or director.

Limits on Awards. Each share of Company common stock subject to a stock option or stock appreciation award reduces the number of shares available for issuance under the 2013 Plan by one share, and each share subject to any other award reduces the number of shares available for issuance by two shares. A maximum of 400,000 shares may be granted under the 2013 Plan to an individual pursuant to stock options and stock appreciation rights awarded during any one-year period. For any other award, a maximum of 200,000 shares may be granted under the 2013 Plan to an individual during any one-year period. No more than four million shares may be granted pursuant to incentive stock options under the 2013 Plan.

Common Stock Issued. Shares delivered under the 2013 Plan will be authorized but unissued shares of Umpqua common stock or shares repurchased in the open market or otherwise. To the extent that any award payable in shares granted under the 2013 Plan is forfeited, cancelled, returned to the Company for failure to satisfy vesting requirements or upon the occurrence of other forfeiture events, or otherwise terminates without payment being made in shares, the shares will be available for new awards under the 2013 Plan, and will return at the same ratio as the ratio at which they were granted. Shares issued under awards and used to satisfy tax withholding obligations or the exercise price of stock options do not return to the 2013 Plan. Any awards settled in cash will not be counted against the maximum share reserve under the 2013 Plan.

Types of Awards. The Company’s current equity compensation awards to employees are generally comprised of restricted stock awards or restricted stock units, including awards with performance based vesting conditions. The 2013 Plan makes available a variety of other equity awards, such as stock options and stock appreciation rights to provide a competitive array of alternatives. The types of awards that may be issued are described in more detail below.

- Stock Options. Stock options may be either non-qualified stock options or incentive stock options qualifying under Section 422 of the Code. The price of any stock option granted may not be less than the fair market value of Umpqua common stock on the date the stock option is granted. The option price is payable in cash, shares of Umpqua common stock, through a broker-assisted cashless exercise or as otherwise permitted by the Compensation Committee. Fair market value is defined as the value of a share of Umpqua’s common stock determined by the NASDAQ closing price as of the grant date or, in the absence of an established trading market by the Compensation Committee in good faith. The Compensation Committee determines the terms of each stock option grant at the time of the grant. The exercise term is up to ten years. The Compensation Committee specifies at the time each stock option is granted the time or times at which, and in what proportions, a stock option becomes vested and exercisable. Vesting may be based on the continued service of the participant for specified time periods or on the attainment of specified business or stock price performance goals established by the Compensation Committee or both. The Compensation Committee may accelerate the vesting of stock options at any time and, may provide for accelerated vesting in the award agreement. In general, except for termination for cause as described in the 2013 Plan, a stock option expires on the earlier of the scheduled expiration date and 12 months after termination of service, if service ceases due to disability or if the participant died while employed by the Company or any of its affiliates, or three months after termination of service, if service ceases under any other circumstances.

- Stock Appreciation Rights. A stock appreciation right (“SAR”) entitles the participant, upon settlement, to receive a payment based on the excess of the fair market value of a share of Umpqua common stock on the date of settlement over the base price of the SAR, multiplied by the applicable number of shares of Umpqua common stock. SARs may be granted on a stand-alone basis or in tandem with a related stock option. The base price may not be less than the fair market value of a share of Umpqua common stock on the date of grant. The Compensation Committee will determine the vesting requirements and the payment and other terms of a SAR. Vesting may be based on the continued service of the participant for specified time periods or on the attainment of specified business performance goals established by the Compensation Committee or both. The Compensation Committee may accelerate the vesting of SARs at any time. Generally, any SAR, if granted, would terminate after the ten-year period from the date of the grant. SARs may be payable in cash or in shares of Umpqua common stock or in a combination of both as determined by the Committee.

- Restricted Stock. A restricted stock award represents shares of Umpqua common stock that are issued subject to restrictions on transfer and vesting requirements as determined by the Compensation Committee. Vesting requirements may be based on the continued service of the participant for specified time periods or on the attainment of specified business performance goals established by the Compensation Committee or both. The Compensation Committee may accelerate the vesting of restricted stock awards at any time and, may provide for accelerated vesting in the award agreement. Subject to the transfer restrictions and vesting requirements of the award, the participant will have the same rights as one of Umpqua’s shareholders, including all voting and dividend rights, during the restriction period, unless the Compensation Committee determines otherwise at the time of the grant.

- Restricted Stock Units. An award of restricted stock units provides the participant the right to receive a share of Umpqua common stock for each unit. Restricted stock units may be subject to such vesting requirements as the Compensation Committee determines are appropriate. Vesting requirements may be based on the continued service of the participant for a specified time period or on the attainment of specified business performance goals established by the Compensation Committee or both. The Compensation Committee may accelerate the vesting of restricted stock unit awards at any time and, may provide for accelerated vesting in the award agreement. No shares of Umpqua common stock are issued at the time a Restricted Stock Unit is granted, and the Company is not required to set aside a fund for the payment of any such award. A Participant has no voting rights with respect to the shares represented by Restricted Stock Units granted under the 2013 Plan. At the discretion of the Compensation Committee, each Restricted Stock Unit (representing one share of Umpqua common stock) may be credited with cash and stock dividends paid by the Company in respect of one share of Common Stock.

- Performance Share Awards and Performance Compensation Awards. These awards are similar to restricted stock or restricted stock units, but are subject to one of the performance-based vesting criteria described below and are designed to comply with the requirements for “qualified performance-based compensation” under Section 162(m) of the Code. Vesting requirements are based on specified business performance goals established by the Compensation Committee pursuant to the terms of the 2013 Plan. The Compensation Committee may accelerate the vesting of performance share awards at any time and, may provide for accelerated vesting in the award agreement. The terms of the award must state, in terms of an objective formula or standard, the method of computing the amount of compensation payable under the award, and preclude discretion to increase the amount of compensation payable under the terms of the award (but give the Compensation Committee negative discretion to decrease the amount of compensation payable).

For awards that are intended to constitute “qualified performance-based compensation” under Section 162(m) of the Code, the criteria that the Compensation Committee may select for purposes of establishing performance goals for a performance period based on the attainment of specific levels of performance of the Company (or an affiliate, division, business unit or operational unit of the Company) are:

- net earnings or net income (before or after taxes);
- basic or diluted earnings per share (before or after taxes);
- net operating earnings;
- return on assets, average assets, equity or average equity;
- share price (including, but not limited to, growth measures and total shareholder return);
- efficiency ratio;
- regulatory capital ratios;
- Capital Adequacy, Management, Earnings, Liquidity and Sensitivity to Market Risk (“CAMELS”) or other regulatory ratings;
- completion of acquisitions, dispositions or business expansion;
- credit quality, non-performing asset or non-performing loan levels or ratios or loan delinquency levels;

- provision for loan losses or net charge-offs;
- deposits;
- market share;
- loans;
- net interest margin;
- interest income;
- non-interest income;
- interest expense; or
- non-interest expense.

Any one or more of the performance criteria may be used on an absolute or relative basis to measure the performance of the Company or an affiliate as a whole or any division, business unit or operational unit of the Company or an affiliate, or as compared to the performance of a group of comparable companies, or published or special index that the Compensation Committee, in its sole discretion, deems appropriate. The Compensation Committee may select the share price performance criterion described above as compared to various stock market indices. To the extent required under Section 162(m) of the Code, the Compensation Committee must, within the first 90 days of a performance period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the performance criteria it selects. A performance goal may be expressed in percentage growth, absolute growth, cumulative growth, performance in relation to an index, performance in relation to a designated group of peers, a designated absolute amount or per share of Umpqua common stock outstanding.

The Compensation Committee anticipates that, in the near term, it will continue to use operating earnings per share as the financial performance goal for annual incentive plans and use the following as the primary performance goals over three year periods for performance-based equity grants:

- total shareholder return compared to an index or peer group and
- return on average tangible common equity compared to a peer group.

The Compensation Committee is authorized, but only to the extent the exercise of such authority would not cause the award to fail to qualify as “performance-based compensation” under Section 162(m) of the Code, to adjust or modify the calculation of a performance goal to prevent the dilution or enlargement of the rights of participants based on the following events:

- discontinued operations;
- litigation or claim judgments or settlements;
- the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results;
- expenses related mergers or acquisitions;
- extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 (or any successor or pronouncement thereto) or in management’s discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year;
- acquisitions or divestitures; or
- any other specific unusual or nonrecurring events, or objectively determinable category thereof.

Effect of Change in Control. Awards under the 2013 Plan are generally subject to special provisions upon the occurrence of a “change in control” (as defined in the 2013 Plan) transaction with respect to the Company. Under the 2013 Plan, in the event of a change in control, all stock options and SARs shall either be (i) assumed or an equivalent option or right shall be substituted by such successor corporation or other entity or a parent or subsidiary of such successor entity, or (ii) terminated in exchange for a payment of cash, securities or other property equal to the fair market value of the portion of the option that is vested and exercisable immediately prior to consummation of the change in control over the exercise price thereof. Unless otherwise provided in an award agreement or employment agreement, if any outstanding option or SAR is to be terminated (in whole or in part), the vesting and exercisability of each such option or SAR shall become vested and exercisable in full prior to the consummation of the change in control at such time and on such conditions as the Compensation Committee shall determine. Except as set forth in an award agreement or employment agreement, vesting of an award does not automatically accelerate in the event of a change in control. In addition, in the event of a change in control, the Compensation Committee may in its discretion and upon at least 10 days’ advance notice to the affected persons, cancel any outstanding awards and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such awards based upon the price per share of common stock received or to be received by other shareholders of the Company in the event. Since 2015, we have included double trigger vesting provisions in restricted stock awards and performance shares awards to senior officers, requiring both a change in control and subsequent termination of employment (either by the successor without cause or by the employee for good reason within one year of the change in control) to accelerate vesting.

Adjustments for Corporate Changes. In the event of stock splits, stock dividends, recapitalizations, reclassifications, mergers, spin-offs or other changes affecting the Company or shares of Umpqua common stock, equitable adjustments shall be made to the number of shares of Umpqua common stock available for grant, as well as to other maximum limitations under the 2013 Plan, and the number and kind of shares of Umpqua common stock or other rights and prices under outstanding awards and other terms of outstanding awards affected by such events.

Forfeiture and Clawback. The Compensation Committee may specify in an award agreement that the participant’s rights, payments and benefits under an award are subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain events, in addition to applicable vesting conditions. Such events may include breach of non-competition, non-solicitation, confidentiality, or other restrictive covenants applicable to the participant, a termination for cause, or other conduct by the participant that is detrimental to the business or reputation of the Company or its affiliates. Any award that is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement, or any clawback policy adopted by the Company. The Compensation Committee and the board of directors also have the ability to recover awards (or the value thereof) from any 2013 Plan participant if vesting was based upon materially inaccurate financial statement or other performance metrics.

Limited Transferability. All awards granted under the 2013 Plan are non-transferable except as provided in an award agreement. Stock options are transferable upon death, either by the participant’s will or the laws of descent and distribution or through a beneficiary designation, or in the case of nonqualified options, during the participant’s lifetime to immediate family members of the participant or other permitted transferees as may be approved by the Compensation Committee.

Withholding of Taxes. The Company may withhold amounts from participants to satisfy withholding tax requirements. Except as otherwise provided by the Compensation Committee, participants may have shares withheld from awards to satisfy the minimum tax withholding requirements.

U.S. Tax Treatment of Awards. The following discussion is based on federal tax laws and regulations in effect that are subject to change, and is not a complete description of all federal income tax aspects of the 2013 Plan.

Incentive Stock Options. An incentive stock option results in no taxable income to the optionee or deduction to the Company at the time it is granted or exercised. However, the excess of the fair market value of the shares acquired over the option price is an item of adjustment in computing the alternative minimum taxable income of the optionee. If the optionee holds the stock received as a result of an exercise of an incentive stock option for at least two years from the date of the grant and one year from the date of exercise, then the gain realized on disposition of the stock is treated as a long-term capital gain. If the shares are disposed of during this period (i.e., a "disqualifying disposition"), then the optionee will include in income, as compensation for the year of the disposition, an amount equal to the excess, if any, of the fair market value of the shares upon exercise of the option over the option price (or, if less, the excess of the amount realized upon disposition over the option price). The excess, if any, of the sale price over the fair market value on the date of exercise will be a short-term capital gain. In such case, the Company will be entitled to a deduction, in the year of such a disposition, for the amount includible in the optionee's income as compensation. The optionee's basis in the shares acquired upon exercise of an incentive stock option is equal to the option price paid, plus any amount includible in his or her income as a result of a disqualifying disposition.

Non-Qualified Stock Options. A non-qualified stock option results in no taxable income to the optionee or deduction to the Company at the time it is granted. An optionee exercising such an option will, at that time, realize taxable compensation in an amount equal to the difference between the option price and the then market value of the shares. A deduction for federal income tax purposes will be allowable to the Company in the year of exercise in an amount equal to the taxable compensation recognized by the optionee. The optionee's basis in such shares is equal to the sum of the option price plus the amount includible in his or her income as compensation upon exercise. Any gain (or loss) upon subsequent disposition of the shares will be a long-term or short-term gain (or loss), depending upon the holding period of the shares. If a non-qualified option is exercised by tendering previously owned shares of the Company's common stock in payment of the option price, then, instead of the treatment described above, the following generally will apply: a number of new shares equal to the number of previously owned shares tendered will be considered to have been received in a tax-free exchange, and the optionee's basis and holding period for such number of new shares will be equal to the basis and holding period of the previously owned shares exchanged. The optionee will have compensation income equal to the fair market value on the date of exercise of the number of new shares received in excess of such number of exchanged shares; the optionee's basis in such excess shares will be equal to the amount of such compensation income; and the holding period in such excess shares will begin on the date of exercise.

Stock Appreciation Rights. Generally, the recipient of a stand-alone SAR will not recognize taxable income at the time the stand-alone SAR is granted. If an employee receives the appreciation inherent in the SARs in cash, the cash will be taxed as ordinary income to the employee at the time it is received. If an employee receives the appreciation inherent in the SARs in stock, the spread between the then current fair market value of the stock and the base price will be taxed as ordinary income to the employee at the time the stock is received. In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of SARs. However, upon the settlement of an SAR, the Company will be entitled to a deduction equal to the amount of ordinary income the recipient is required to recognize as a result of the settlement.

- Restricted Stock. A participant who has been granted a restricted stock award will not realize taxable income at the time of grant, provided that the stock subject to the award is subject to restrictions that constitute a “substantial risk of forfeiture” for federal income tax purposes. Upon the vesting of shares subject to an award, the holder will realize ordinary income in an amount equal to the then fair market value of the Umpqua common stock and the Company will be entitled to a corresponding deduction for tax purposes. Gains or losses realized by the participant upon disposition of such shares will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of delivery or vesting. Dividends paid to the holder during the restriction period, if so provided, will also be compensation income to the participant and the Company will be entitled to a corresponding deduction for tax purposes. A participant who makes an election under Section 83(b) of the Code will include the full fair market value of the restricted stock award in taxable income in the year of grant at the grant date fair market value.

- Restricted Stock Units. A participant who has been granted a restricted stock unit will not realize taxable income at the time of grant, but will recognize taxable income once the restricted stock unit is settled in shares of Umpqua common stock, typically when the restricted stock unit vests upon satisfaction of the vesting conditions. At the time that the restricted stock unit is settled for shares of Umpqua common stock, the recipient will recognize ordinary income in an amount equal to the then fair market value of the Umpqua common stock received and the Company will be entitled to a corresponding deduction for tax purposes. Gains or losses realized by a participant upon disposition of Umpqua common stock received in settlement of a restricted stock unit will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the Umpqua common stock at the time received.

- Section 162(m). Compensation of persons who are “covered employees” of the Company is subject to the tax deduction limits of Section 162(m) of the Code. Awards that qualify as “performance-based compensation” are exempt from Section 162(m), thus allowing the Company the full federal tax deduction otherwise permitted for such compensation. While the 2013 Plan enables the Compensation Committee to grant awards that will be exempt from the deduction limits of Section 162(m) of the Code, the Company may elect to provide non-deductible compensation to its executive officers under the 2013 Plan, and due to the complexity of Section 162(m) of the Code and the regulations promulgated thereunder, it is possible that compensation intended to qualify as “performance-based compensation” will not so qualify.

- Section 409A. Acceleration of income, additional taxes, and interest apply to nonqualified deferred compensation that is not compliant with Section 409A of the Code. To be compliant with Section 409A of the Code, rules with respect to the timing of elections to defer compensation, distribution events and funding must be satisfied. The terms of the 2013 Plan are intended to provide that awards under it will not be subject to adverse tax consequences applicable to deferred compensation under Section 409A, but due to the complexity of Section 409A of the Code and the regulations promulgated thereunder, it is possible that compensation will not comply with the terms of Section 409A of the Code.

TAX MATTERS. The preceding discussion is based on federal tax laws and regulations presently in effect, which are subject to change, and the discussion does not purport to be a complete description of the federal income tax aspects of the 2013 Plan. A participant may also be subject to state and local taxes in connection with the grant of awards under the 2013 Plan.

Amendment and Termination. The board of directors may amend the 2013 Plan. However, subject to the exceptions described below, no amendment is effective unless approved by shareholders to the extent shareholder approval is necessary to satisfy any applicable laws or such amendment would:

- increase the number of shares of common stock issuable pursuant to the 2013 Plan;
- expand the group of persons eligible to receive awards;
- authorize the amendment of any stock option to reduce its exercise price;
- permit the cancellation and replacement of any stock option with the grant of an award having a lesser per share exercise price; or
- permit the cash buyout of an underwater stock option.

Exceptions to the shareholder approval requirements include amendments related to:

- equitable adjustments upon changes in Umpqua common stock (for example, stock splits); and
- amendments to provide participants with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to incentive stock options or to the nonqualified deferred compensation provisions of Section 409A of the Code or to bring the 2013 Plan or awards granted under it into compliance therewith.

Rights under any award granted before amendment of the 2013 Plan are not impaired unless the participant consents in writing.

Duration. The 2013 Plan became effective as of December 14, 2012, subject to shareholder approval, which we received on April 16, 2013, and terminates automatically on April 15, 2023. No award may be granted pursuant to the 2013 Plan after such date, but awards granted prior to termination may extend beyond that date. The board of directors may suspend or terminate the 2013 Plan at any earlier date, and no awards may be granted while the 2013 Plan is suspended. Unless the Company submits the performance award provisions of the 2013 Plan (and related defined terms) to shareholders at the 2018 annual meeting (or any earlier meeting designated by the board of directors), in accordance with the requirements of Section 162(m) of the Code, and receives shareholder approval, then no further performance compensation awards will be made to specified employees under Section 10 of the 2013 Plan after the 2018 annual meeting, but the 2013 Plan may continue in effect for awards to participants that are tax deductible regardless of whether Section 162(m) shareholder approval requirements are met.

Vote Required for Approval of the 2013 Plan

The affirmative vote of the holders of a majority of shares represented in person or by proxy and entitled to vote on this item will be required for approval of the 2013 Plan. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote. Broker non-votes will not be considered entitled to vote on this item and therefore will not be counted in determining the number of shares necessary for approval.

Board Recommendation

The board of directors unanimously recommends a vote “FOR” the proposed amendment to the Company’s 2013 Incentive Plan.

Equity Compensation Plan Information

The following table sets forth information about equity compensation plans that provide for the award of securities or the grant of options to purchase securities to employees and directors of Umpqua and its subsidiaries and predecessors by merger that were in effect at December 31, 2015.

(shares in thousands)

	Equity Compensation Plan Information		
	(A)	(B)	(C)
Plan category	Number of securities to be issued upon exercise of outstanding options warrants and rights	Weighted average exercise price of outstanding options, warrants and rights (3)	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (A)
Equity compensation plans approved by security holders			
2013 Stock Incentive Plan (1)	—	—	923
2003 Stock Incentive Plan	449	15.90	—
Other (2)	325	17.39	—
Total	774	16.52	923
Equity compensation plans not approved by security holders	—	—	—
Total	774	16.52	923

(1) At the annual meeting on April 16, 2013, shareholders approved the 2013 Plan, which, among other things, authorizes the issuance of equity awards to directors and employees and reserves 4.0 million shares of the Company's common stock for issuance under the plan (up to 2.0 million shares for "fill value awards"). With the adoption of the 2013 Plan, no additional awards have been or will be issued from the 2003 Stock Incentive Plan or the 2007 Long Term Incentive Plan. Under the terms of the 2013 Plan, options and awards generally vest ratably over a period of three to five years, the exercise price of each option equals the market price of the Company's common stock on the date of the grant, and the maximum term is ten years. The 2013 Plan weights "full value awards" (restricted stock and performance share awards) as two shares issued from the total authorized under the 2013 Plan; we have issued only full value awards under the 2013 Plan. For purposes of column (C) above, the total number of shares available for future issuance under the 2013 Plan for full value awards was 462,000 at December 31, 2015. At December 31, 2015, 1.3 million shares issued under the 2013 Plan as restricted stock and performance share awards were outstanding, but remained subject to forfeiture in the event time or performance based conditions are not met.

(2) Includes other Umpqua stock plans and stock plans assumed through previous mergers.

(3) Weighted average exercise price is based solely on securities with an exercise price.

There were 51,693 and 161,568 shares tendered in connection with option exercises during the years ended December 31, 2015 and 2014, respectively. Restricted shares cancelled to pay withholding taxes totaled 135,474 and 107,131 shares during the years ended December 31, 2015 and 2014, respectively. There were 86,048 restricted stock units cancelled to pay withholding taxes in 2015 and 129,766 in 2014. For additional information please see Part II, Item 5 of the Company's Form 10-K.

ITEM 3. RATIFICATION (NON-BINDING) OF REGISTERED PUBLIC ACCOUNTING FIRM APPOINTMENT

The Audit and Compliance Committee has selected the independent registered public accounting firm of Moss Adams, the Company's independent auditors for the year ended December 31, 2015, to act in such capacity for the fiscal year ending December 31, 2016, and recommends that shareholders vote in favor of ratification of such appointment. There are no affiliations between the Company and Moss Adams, its partners, associates or employees, other than those which pertain to the engagement of Moss Adams in the previous year as independent auditors for the Company and for certain permitted consulting services. Moss Adams has served as the Company's independent auditor since 2005.

Shareholder approval of the selection of Moss Adams as our independent auditors is not required by law, by our bylaws or otherwise. The Sarbanes-Oxley Act of 2002 requires the Audit and Compliance Committee to be directly responsible for the appointment and compensation of the independent auditors and for oversight of the audit work. 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, but is not bound by the shareholder vote.

Even if Moss Adams's 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 he or she desires 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 the Company's independent registered public accounting firm.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Moss Adams LLP has audited our consolidated financial statements and internal controls over financial reporting as of and for the years ended December 31, 2005 through 2015.

Independent Auditors' Fees

The following table shows the fees incurred for professional services provided by Moss Adams for 2015 and 2014:

($ in thousands)	2015	2014
Audit Fees (a)	$1,285	$1,745
Audit-Related Fees (b)	$55	$30
All Other Fees (c)	$20	$20
Tax Fees	—	—
Total Fees	$1,360	$1,795

(a) "Audit Fees" include:

- The integrated audit of the Company's annual consolidated financial statements and internal controls over financial reporting as of and for the years-ended December 31, 2015 and 2014, including compliance with the FDIC Improvement Act and Loss Share Agreements.
- Reviews of the Company's quarterly consolidated financial statements for the periods ended March 31, June 30, and September 30, 2015 and 2014.
- HUD and GNMA Audits for December 31, 2015 and 2014.
- Consents for Registration Statements (Forms S-3, S-4 and S-8) (2014).
- Letters for Underwriters (2014).

(b) “Audit-Related Fees” represent billings for services provided during the 12 months ended December 31, 2015 and 2014, and includes:

- Audit of the Umpqua Bank 401(k) and Profit Sharing Plan for the plan year ended December 31, 2013, audited during 2014, and the plan year ended December 31, 2014, audited during 2015.
- Review of responses to SEC Comment Letters (2015).
- Audit of the annual financial statements of Umpqua Investments, Inc., a wholly owned subsidiary of the Company, as of and for the years ended December 31, 2015 and 2014.
- Audit of the annual financial statements of INTERVEST-Mortgage Investment Company, a wholly owned subsidiary of Umpqua Bank, as of and for the years ended December 31, 2015 and 2014.

(c) “All Other Fees” represent all other billings for the 12 months ended December 31, 2015 and 2014, and includes:

- Consulting report related to MERS QC compliance for 2015 and 2014.

	2015		2014	
Ratio of All Other Fees to Total Fees	1.47	%	1.11	%

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

Pre-Approval Policy

The services performed by Moss Adams for the 2015 audit engagement were pre-approved by the Audit and Compliance Committee at its February 20, 2015, and March 17, 2015 meetings, in accordance with the Committee’s pre-approval policy and procedures. This policy describes the permitted audit, audit-related, tax, and other services (collectively, the “Permitted Services”) that the independent auditor may perform. The policy requires that a description of the services expected to be performed by the independent auditor in each of the Disclosure Categories be pre-approved annually by the Committee.

Services provided by the independent auditor during the following year that are included in the Permitted Services list were pre-approved following the policies and procedures of the Audit and Compliance Committee.

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

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

The policy contains a de minimis provision to provide retroactive approval for permissible non-audit services if:

(i) The service is not an audit, review or other attest service; and

(ii) The aggregate amount of all such services provided under this provision does not exceed $5,000 per project if approved by the Principal Financial Officer or Principal Accounting Officer or $50,000 per project if approved by the Chair of the Audit and Compliance Committee.

Audit and Compliance Committee Report

The Audit and Compliance Committee of the board of directors oversees the accounting, financial reporting and regulatory compliance processes of the Company, the audits of the Company's financial statements, the qualifications of the public accounting firm engaged as the Company's independent auditor and the performance of the Company's internal and independent auditors. The Committee's function is more fully described in its board approved charter, available on our website: www.umpquaholdingscorp.com. The Committee reviews that charter on an annual basis. The board annually reviews the NASDAQ listing standards' definition of "independence" for audit committee members and applicable SEC rules related to audit committee member independence and has determined that each member of the Audit and Compliance Committee meets those standards.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements. Management must adopt accounting and financial reporting principles, internal controls and procedures that are designed to ensure compliance with accounting standards, applicable laws and regulations. The Audit and Compliance Committee met with management regularly during the year to consider the adequacy of the Company's internal controls and the objectivity of its financial reporting. The Committee discussed these matters with the Company's independent auditors and with appropriate Company financial personnel and internal auditors. The Committee also discussed with the Company's senior management and independent auditors the process used for certifications by the Company's Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer, which are required for certain of the Company's filings with the SEC.

The Audit and Compliance Committee is responsible for hiring and overseeing the performance of the Company's independent registered public accounting firm. The Company's independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, and expressing an opinion on the effectiveness of the Company's internal control over financial reporting. The Audit and Compliance Committee engaged Moss Adams as the Company's independent registered public accounting firm to perform the audit of the Company's financial statements for the period ending December 31, 2015. Moss Adams has been engaged in this capacity since August 2005, based on the Committee's review of Moss Adams's performance and independence from management. In accordance with NASDAQ Rule 5605, Moss Adams is registered as a public accounting firm with the Public Company Accounting Oversight Board ("PCAOB").

The Audit and Compliance Committee reviewed and discussed the audited financial statements for the fiscal year ending December 31, 2015, with management. The Committee also met separately with both management and Moss Adams to discuss and review those financial statements and reports prior to issuance. Management has represented, and Moss Adams has confirmed to the Committee, that the financial statements were prepared in accordance with generally accepted accounting principles.

The Audit and Compliance Committee received from and discussed with Moss Adams the matters required to be discussed by Auditing Standard No. 16 (Communications with Audit Committees), as amended and as adopted by the PCAOB in Rule 3200T. The Committee has received the written disclosure and the letter from Moss Adams required by applicable requirements of the PCAOB regarding independence and has discussed with Moss Adams the auditor's independence.

Based upon the review and discussions referred to above, the Audit and Compliance Committee recommended to the board of directors that the Company’s audited financial statements be included in the Company’s annual report on Form 10-K for the fiscal year ended December 31, 2015.

Submitted by the Audit and Compliance Committee:
Bryan L. Timm (Chair)
Robert C. Donegan
Stephen M. Gambee
Maria M. Pope (Vice Chair)
John F. Schultz
Susan F. Stevens

ITEM 4. ADVISORY (NON-BINDING) RESOLUTION TO APPROVE EXECUTIVE COMPENSATION

The board and management are committed to excellence in governance and recognize the interest our shareholders have expressed in the Company's executive compensation program. As a part of that commitment, and in accordance with SEC rules, we ask our shareholders to approve an advisory resolution on the compensation of the named executive officers, as reported in this proxy statement. This proposal, commonly known as "say on pay," gives shareholders the opportunity to endorse or not endorse our fiscal year 2015 compensation program and policies for named executive officers. Our shareholders previously endorsed an annual say on pay vote, and our board determined to hold an annual vote until the next say on pay frequency vote.

This vote is not intended to address any specific item of compensation, but rather to address the compensation paid to our named executive officers as disclosed in this proxy statement, which we believe reflects our overall compensation policies and procedures relating to the named executive officers. While your vote is advisory and will not be binding on the board, we strive to align our governance policies and practices with the interests of our long term shareholders. As it did last year, the board will take into account the outcome of the say on pay vote when considering future compensation plans. Umpqua has several compensation governance programs in place, as described in this proxy, to align executive compensation with the long-term shareholder interests and to manage compensation risk, including:

- An independent Compensation Committee that engages its own independent advisors and consultants;
- Substantial stock ownership guidelines for directors and executives and a stock retention or "hold to retirement" policy for executives, and directors and executive officers are prohibited from engaging in hedging transactions with respect to Company securities;
- A majority of the aggregate compensation paid to our named executive officers in 2015 was at risk and subject to challenging performance criteria with annual incentive compensation payouts in respect of 2015 tied to Company operating earnings per share and satisfactory regulatory examination ratings and long-term, performance-based equity incentive grants tied to total shareholder return;
- At least 50% of equity grants to executives be "performance-based" (for the past six years, 100% of the grants to our CEO have been based on objective performance metrics);
- Equity incentive plan requires that all awards have a minimum vesting period of at least one year;
- Prohibition on re-pricing stock options and on replacing or buying out underwater stock options without shareholder approval;
- No income tax gross-ups (other than occasional gross-ups for executive relocation expenses), and a cutback for compensation that would be subject to a lost deduction under Section 280G of the Code;
- Compensation is structured in a manner intended to be tax deductible, whether under Section 162(m) of the Code or otherwise (although the Company reserves the right to pay compensation that is not deductible)
- A compensation recoupment or clawback policy; and
- Double-triggers with respect to change in control related payments under equity awards and employment agreements.

We are requesting your non-binding vote on the following resolution:
"RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers as described in the Proxy Statement for the 2016 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the SEC including the Compensation Discussion and Analysis, the 2015 Summary Compensation Table and the other related tables and narrative disclosure."
Board Recommendation
The board of directors unanimously recommends a vote "FOR" approval of the resolution approving compensation of named executive officers as described in the Compensation Discussion and Analysis, the compensation tables and other narrative disclosure in this proxy statement.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION
This proxy statement contains forward-looking statements about Umpqua that are intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. These statements may include statements regarding compensation practices, governance matters, 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 titled Risk Factors in Umpqua's 10-K and other filings with the SEC. Umpqua does not intend to update these forward-looking statements. You should consider any written or oral forward-looking statements in light of this explanation, and we caution you about relying on forward-looking statements.

INFORMATION ABOUT EXECUTIVE OFFICERS

The age (as of March 1, 2016), business experience, and position of our executive officers other than Raymond P. Davis, about whom information is provided above, are as follows:

Ronald L. Farnsworth, age 45, 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.

Neal T. McLaughlin, age 47, 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.

Gary F. Neal, age 61, serves as Executive Vice President/Enterprise Risk Management for Umpqua and Umpqua Bank, positions he has held since January 2015. Mr. Neal previously served as Umpqua's Chief Auditor for over twelve years. Prior to joining Umpqua, Mr. Neal served as a General Auditor for NextCard for four years. Prior to NextCard, Mr. Neal served as Regional General Auditor for Wells Fargo for five years.

Andrew H. Ognall, age 44, serves as Executive Vice President/General Counsel and corporate Secretary of Umpqua and Umpqua Bank, positions he has held since April 2014. Mr. Ognall was in private practice in Portland, Oregon, with law firms Lane Powell PC from January 2011 to April 2014 and Foster Pepper LLP / Roberts Kaplan LLP (1997-2010), focusing on mergers and acquisitions, securities and corporate finance, community banking, corporate governance, executive agreements and general business matters.

Cort L. O'Haver, age 53, has served as Commercial Bank President of Umpqua Bank since April 2014. He served as Senior Executive Vice President of Umpqua and Umpqua Bank from August 2013 to April 2014, and from March 2010 to August 2013 he served as Executive Vice President/Commercial Banking of Umpqua and Umpqua Bank. From October 2006 until he joined Umpqua, Mr. O'Haver was employed by Mechanics Bank as Executive Vice President and Director of Corporate Banking. Prior to that time, he was a Senior Vice President in charge of the Real Estate Lending Division at U.S. Bank, with responsibility for California, Oregon and Washington.

J. Gregory Seibly, age 52, serves as Consumer Bank President of Umpqua Bank, a position he has held since April 2014. Mr. Seibly previously served as a director and Chief Executive Officer of Sterling from November 2009 to April 2014, and as President of Sterling and as Chief Executive Officer of Sterling Bank from December 2009 to April 2014. Before joining Sterling, Mr. Seibly was the President of U.S. Bank—California. He has also held executive-level positions in commercial banking at Wells Fargo Bank and in healthcare finance at Bank of America.

David Shotwell, age 57, serves as Executive Vice President/Chief Lending Officer of Umpqua and Umpqua Bank, a position he has held since July 2015. Mr. Shotwell joined Umpqua Bank in 2004. Prior to that time, he worked for more than 20 years in the commercial banking and commercial real estate industry. He studied economics and finance at the University of Washington and is a graduate of executive programs at the University of California, Davis, and Pacific Coast Banking School.

SECURITY OWNERSHIP OF MANAGEMENT AND OTHERS

The following table sets forth the shares of common stock beneficially owned as of February 11, 2016, the record date, by each director and each named executive officer, the directors and executive officers as a group and those persons known to beneficially own more than 5% of Umpqua's common stock.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)		% of Class
*	Raymond P. Davis	771,834	(2, 3)	**
*	J. Gregory Seibly	377,046	(4)	**
*	Ronald L. Farnsworth	206,978	(2, 5)	**
*	Cort L. O'Haver	195,266		**
*	Stephen M. Gambee	75,822		**
*	Bryan L. Timm	63,072		**
*	Peggy Y. Fowler	60,216		**
*	Andrew H. Ognall	49,278		**
*	Luis F. Machuca	37,856		**
*	Robert C. Donegan	29,517	(6)	**
*	Ellen R. M. Boyer	26,009	(6)	**
*	Hilliard C. Terry III	25,787		**
*	Susan F. Stevens	21,086		**
*	James S. Greene	17,322		**
*	Maria M. Pope	17,080	(7)	**
*	John F. Schultz	2,185		**
*	Luanne Calvert	1,529		**
*	All directors and executive officers as a group (20 persons)	2,235,908	(8)	1.0 %
	Name and Address of Beneficial Owner			
*	BlackRock, Inc. 55 East 52nd St., New York, NY 10055	22,665,306	(9)	10.3%
*	The Vanguard Group 100 Vanguard Blvd., Malvern, PA 19355	15,212,919	(10)	6.9%
*	Capital World Investors 333 South Hope Street, Los Angeles, CA 90071	12,545,906	(11)	5.7%

* 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 deferred compensation plans, 401(k) plans, supplemental retirement plans, and IRAs.

(2) Includes shares held with or by his/her spouse.

(3) Includes 140,000 shares covered by options exercisable within 60 days.

(4) Includes 17,630 shares covered by options exercisable within 60 days and 39,228 shares covered by restricted stock units scheduled to vest within 60 days.

(5) Includes 8,000 shares covered by options exercisable within 60 days.

(6) Includes 4,699 shares covered by options exercisable within 60 days.

(7) Includes 3,252 shares covered by options exercisable within 60 days.

(8) Includes 225,287 shares covered by options exercisable within 60 days and 39,228 shares covered by restricted stock or performance shares awards scheduled to vest within 60 days.

(9) Information from Schedule 13G/A filed on January 8, 2016, for holdings as of December 31, 2015, which indicates such person has the sole voting power for 21,594,818 shares and sole dispositive power for 22,665,306

shares.

(10) Information from Schedule 13G/A filed February 11, 2016, for December 31, 2015, which indicates such person has the sole power to vote or direct to vote 279,454 shares, shared power to vote or direct to vote 8,600 shares, sole power to dispose of or to direct the disposition of 14,937,943 shares and shared power to dispose or to direct the disposition of 274,976 shares.

(11) Information from Schedule 13G filed February 12, 2016, for holdings as of December 31, 2015.

CORPORATE GOVERNANCE OVERVIEW

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

Statement of Governance Principles and Charters

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

Employee Code of Conduct/Code of Ethics for Financial Officers

The Company has adopted a code of conduct, referred to as the Business Ethics and Conflict of Interest Code. We require all employees to adhere to this ethics code in addressing legal and ethical issues that they encounter in the course of doing their work. This ethics 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 new employees are required to review and understand this ethics code, and certify so. In addition, each year all other employees are reminded of, and asked to affirmatively acknowledge, their obligation to follow this ethics 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.

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 a violation of law or a violation of our Business Ethics and Conflict of Interest Code. The Chair of our Audit and Compliance Committee provides periodic updates and an annual report to the committee on the complaints received via the hotline.

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Our regulatory 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, Inc. and reports to the Audit and Compliance Committee at each regular meeting.
- All of our associates complete annual required training on ethics and the regulations that apply to their jobs.
- Our Bank Secrecy Act Officer oversees our compliance with anti-money laundering and anti-terrorist financing regulations.

Director Criteria and Nomination Procedures

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

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

Shareholder Recommendations

A shareholder may recommend a candidate for nomination to the board and that recommendation will be reviewed and evaluated by the Governance Committee of our board. The 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, Andrew H. Ognall, One SW Columbia Street, Suite 1200, Portland, OR 97258. Shareholders may nominate board candidates only by following the procedures set forth in our bylaws.

In 2015, we did not receive any recommendations of potential nominees, or any nominations of board candidates in accordance with the procedures in our bylaws.

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 2015 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.

Director Attendance at Annual Meetings

The Company conducts the annual meeting in Portland, Oregon on the day before, or day of, a regular meeting of the board. The board expects all nominated directors to attend the annual meeting. All of the directors nominated for election at the 2016 annual meeting attended the 2015 annual meeting, except the two directors who joined the board after the 2015 annual meeting and former director Edwards.

Communicating with Directors

Comments and questions may be directed to our board by submitting them in writing to the Company’s corporate Secretary, Andrew H. Ognall, One SW Columbia Street, Suite 1200, Portland, OR 97258. 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 2015.

- Shareholders may also request information or submit questions and comments via our website at www.umpquaholdingscorp.com.
- Governance documents, including our Statement of Governance Principles and Committee Charters are also available to shareholders on our website.
- In addition, shareholders may request email notification of corporate events, the Company’s SEC filings and press releases.

Annual Board Evaluations

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

Second, each board member fills out a confidential evaluation of his or her own performance, which is delivered to the board Chair. The board Chair then solicits input from the Governance Committee (which is comprised of the committee Chairs) with respect to the board member’s performance and reviews that information with the board member. The Governance Committee considers this information when recommending a slate of candidates to be nominated by the full board and in making committee membership decisions.

Succession Planning

Succession planning for the CEO and other named executive officer positions is one of the board’s most important duties. Each year, the CEO presents his succession plan to the full board. This plan describes the process by which the executive management of the Company will continue if and when the current CEO is unwilling or unable to serve; the process for selecting the CEO’s successor, if necessary; and the process for selecting and naming a successor during the period leading up to the announcement of the CEO’s retirement. At least annually, the CEO reviews with the Governance Committee 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. In 2015, as part of the board’s succession planning activities, the board and CEO Davis worked with a group of Company executives on leadership development.

Meetings and Committees of the Board of Directors
The board of directors met six times during 2015, including a three-day strategic planning retreat. At the retreat, the board and executive management focused on how to best sustain and enhance shareholder value, the Company's growth strategy and financial performance while maintaining Umpqua's unique culture and commitment to community banking. At the 2015 retreat, much of the discussion centered on the completion of the integration of Sterling and Umpqua, new business opportunities and plans for growth. All board committees have regularly scheduled meetings and meet at least quarterly. Board committee Chairs call for additional regular and special meetings of their committees, as they deem appropriate. In 2015, each director attended at least 75% of the meetings of the board and the committees on which the director served. In addition, CEO Davis invites directors to participate in regular conference calls to provide updates and answer questions.

The board and each of our board committees regularly meet in executive session in which only independent directors are present. Our CEO, who sits on the board and on three board committees, attends some executive sessions in which only he and independent directors are present.

As of December 31, 2015, the board of directors had six active board committees: Audit and Compliance Committee, Compensation Committee, Executive Committee, Enterprise Risk and Credit Committee, Finance and Capital Committee, and Governance Committee.

Peggy Fowler serves as Chair of the boards of Umpqua and Umpqua Bank, positions she has held since April 2012. Our governance policy currently provides that the board Chair will be someone who is not a current employee of the Company or any of its subsidiaries. We have maintained that separation of function because it promotes a degree of board independence and has worked well for us over a long period.

The table below shows membership of each board committee as of December 31, 2015:

	Audit and Compliance	Finance and Capital	Compensation	Enterprise Risk and Credit	Executive	Governance
Ellen Boyer		V		•		
Luanne Calvert		•	•			
Ray Davis		•		•	•	
Robert Donegan	•		•			
Peggy Fowler					C	C
Stephen Gambee	•			C	•	•
Jim Greene		•	V			
Luis Machuca		•	C		•	•
Maria Pope	V		•			
John Schultz	•			•		
Susan Stevens	•			V		
Hilliard Terry		C		•	•	•
Bryan Timm	C		•		V	V

C – Chair
V - Vice Chair
• - Member

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. Each member of the Committee is independent, as independence is defined under NASDAQ Rule 5605(a)(2).

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

The board of directors believes that each of the current members of the Audit and Compliance Committee has education or employment experience that provides them with appropriate financial sophistication to serve on the Committee. In 2015, the Audit and Compliance Committee met 13 times, including meetings to review and approve for issuance or filing the Company's earnings releases and periodic reports filed with the SEC.

Finance and Capital Committee
In 2015, the Finance and Capital Committee reviewed and oversaw our budgeting process, including the annual operating and capital expenditure budgets. The Committee also oversaw capital planning and stress-testing, dividend planning and our stock repurchase program, our trust division, insurance and investments, and all aspects of financial risk management and financial performance. In 2015, the Committee met six times.

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

Executive Committee
The Executive Committee may, subject to limitations in our Bylaws and under Oregon law, exercise all authority of the full board when the full board is not in session. The 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. The Committee is comprised of the Chair of the board, the Chair of each board committee and Umpqua's CEO. The Committee meets at least quarterly. In 2015, the Executive Committee met four times.
Enterprise Risk and Credit Committee
In 2015, the Enterprise Risk and Credit Committee reviewed and approved certain loans, reviewed and approved charge-offs to the loan loss reserve, set loan, investment and liquidity policies and monitored compliance with those policies and oversaw Umpqua's loan and investment portfolios. The Committee also oversees the Company's enterprise risk management program. The Committee met five times in 2015. In addition to these full meetings, the Committee from time to time reviews and approves extensions of credit to large relationships and it usually meets by telephone conference to discuss those matters.

Governance Committee
The Governance Committee proposes nominees for appointment or election to the board of directors and conducts searches to fill the positions of President and CEO. The Committee also oversees the Company's corporate governance processes and board structure. The Committee is comprised of the independent Chair of the board and the Chair of each board committee. All of the directors serving on the Committee are independent, as defined in the NASDAQ listing standards. The Governance Committee meets at least quarterly and in 2015 the Committee met five times.

The Board's Role in Enterprise Risk Oversight
The Company's EVP/Enterprise Risk Management provides a quarterly comprehensive risk report to the members of the Enterprise Risk and Credit Committee, including risks related to capital, liquidity, credit, financial reporting, information security and technology, regulatory compliance, business continuity and disaster recovery, reputation, fraud, interest rate environment, culture and merger integration. While the Enterprise Risk and Credit Committee has primary responsibility for overseeing risk management, our other board committees and the entire board of directors are actively involved in overseeing risk management for the Company. Additionally, at least four times per year, the full board receives a report from the EVP/Enterprise Risk Management covering the most significant risks the Company is facing.

The board also engages in regular discussions with the Chief Auditor, CEO, CFO, Chief Credit Officer, Chief Information Officer, General Counsel, Chief Compliance Officer, BSA 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 example the Compensation Committee considers risks that may result from changes in compensation programs and related regulations, and the Finance and Capital Committee focuses on risk related to capital, among others. The Chief Auditor reports directly to the Audit and Compliance Committee and indirectly reports to the CEO for administrative purposes.

Corporate Responsibility

Umpqua's commitment to corporate responsibility is a central part of our operating philosophy and our culture. We believe we have an obligation to support the communities we serve by balancing the needs of our shareholders, associates, customers and communities – and this informs all aspects of our Company. These values are demonstrated daily at all levels in our business practices as well as through active community outreach and engagement. Community initiatives include associate engagement, meaningful philanthropy, access to leadership, customer-centered marketing and sustainable business practices.

Associate engagement

- Umpqua Bank's Connect Volunteer Network™ has become one of the nation's leading volunteer programs, providing associates with paid time-off each year to serve at youth-focused organizations, schools and community development programs. In 2015, 2,838 Umpqua Bank associates volunteered more than 52,121 hours to 2,168 nonprofit organizations and schools across the Company's five-state footprint.

Meaningful philanthropy

- Our decision process for charitable giving is driven by our associates to ensure community need is assessed locally and met with the most appropriate solutions. We invest in the areas of youth development and education, community development and the arts.
- Umpqua Bank Charitable Foundation, initially formed in April 2014, made 253 grants, totaling $1.46 million to organizations in our footprint. Company-wide charitable giving totaled $3.5 million.
- New 2015 associate matching gift program contributed $527,000.

Access

- Company leaders are accessible to all associates, customers and the public. CEO visits and town halls are held every year in many of our markets. Employee intranet and other forums create opportunities for additional dialogue with Company leaders.

Sustainable business practices

- We have made sustainability a focus of our daily operations. Our Umpqua sustainability team educates our associates and comes up with ideas that affect the entire Company. We know sustainability is a constant work in progress and we are proud to be on that journey. Examples include campaigns to reduce paper consumption, revamped fleet vehicle standards, facilities design initiatives, associate mass transit benefits, and targeted lending programs.

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, 2015, and (ii) their written representations (if applicable) that no Form 5 is required, we believe that all reporting persons made all Section 16 filings required under the Securities Exchange Act of 1934 with respect to the 2015 fiscal year on a timely basis.

SHAREHOLDER PROPOSALS FOR THE 2017 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 2017 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 7, 2016. Shareholder proposals to be presented at the 2017 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 7, 2016, in accordance with the Company's bylaws. A copy of our bylaws may be obtained from the corporate Secretary.

RELATED PARTY TRANSACTIONS

Transactions with Related Persons/Approval Process

We have a formal process with respect to the review and approval of loans extended by Umpqua Bank to related persons, as described below. In accordance with our written procedures for the review of transactions with related persons and NASDAQ Rule 5605, all other transactions with related persons must be approved by disinterested members of the board's Audit and Compliance Committee after a review of (i) the related person's relationship to the Company; (ii) the proposed aggregate value of such transaction; (iii) the approximate dollar value of the transaction to the related person; (iv) the benefits to the Company of the proposed transaction and the availability and price of comparable products or services; (v) an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally; and (vi) management's recommendation.

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 $500,000 and report those loans to the Enterprise Risk and Credit Committee. All Regulation O credits must be made on non-preferential terms, and all Regulation O credits with a total credit exposure in excess of $500,000 must be approved by the Committee, with the number of affirmative votes representing at least a majority of the board of directors. The bank also requires Regulation O applicants to submit a detailed financial statement at the time of application. Regulation O limits loans to an executive officer, including all loans personally guaranteed by the officer, to $100,000, unless the loan is (a) made to finance the purchase, construction, or improvement of the officer's primary or secondary residence and is secured by a first lien on such residence, (b) made to finance the education of the officer's children, or (c) fully secured by a deposit account, U.S. Treasury bonds, or certain U.S. government guarantees. All of our named executive officers are designated as executive officers of Umpqua Bank under Regulation O. In no case may the total loans to any designated executive officer exceed 5% of the bank's capital absent the approval of a majority of the Company's disinterested directors. Each extension of credit to a designated executive officer must contain a written demand clause stating that the extension of credit will, at the option of the bank, become due and payable at any time the officer is indebted to any other bank or banks in an aggregate amount greater than the amount specified for a category of credit in paragraph 215.5(c) of Regulation O.

As of December 31, 2015, the sum of committed but undisbursed funds plus the outstanding balances of all loans to Regulation O executive officers, directors, principal shareholders and their businesses was $26,111,333, which represented approximately 0.7% of our consolidated shareholders' equity and 1.0% of our risk-based capital at that date. All such loans are currently in good standing and are being paid in accordance with their terms.

DIRECTOR COMPENSATION

The Compensation Committee annually reviews its director compensation policy and in January 2015, 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.
  - Ensure the preservation and creation of value for our shareholders.
  - Align the interests of our directors, executives, and employees.
  - Conform to the highest levels of fairness, ethics, transparency, regulatory compliance and sound governance practice.
- Director Compensation – On a regular basis, at least every three years, 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 review and 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 retainer compensation in cash.

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.

At meetings of the Compensation Committee in September, November and December 2014, the Committee reviewed director compensation for 2015, engaging Towers Watson to provide advice and peer data, using the same peer group as discussed below for executive compensation analysis. Beginning April 2013, as part of annual director compensation, the Company issued restricted stock awards ("Director RSAs") that cliff-vest on the day before the next annual meeting of shareholders provided that the director is still serving on the board.

The Committee recommended the following Director Compensation Plan, which was approved by the Board of Directors in January 2015 and approved again in January 2016 with no changes for 2016:

Schedule of Directors' Fees

Total Compensation		
Position	Total Retainer Payments (1)	Director RSAs
Board Chair	$125,000	$40,000
Audit and Compliance Chair	$85,000	$40,000
Other Committee Chairs	$80,000	$40,000
Participating Director	$70,000	$40,000

(1) Each director serves on the board of Umpqua Holdings Corporation and Umpqua Bank but receives only one quarterly retainer. Each director can make an annual election to have up to 30% of his or her retainer compensation paid in cash.

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 paid 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 that is deferred under the plan in shares of its common stock, and prior to payment, the shares are held by a trustee but remain subject to the claims of general creditors of the Company. The dividends paid on those shares are credited to the director's account, but no interest or other compensation or earnings are paid by the Company with respect to the deferred account.

Director Compensation

The following table summarizes the compensation paid by the Company to non-employee directors for the year ending December 31, 2015. Although each director ultimately received 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. The table also reflects the Director RSAs awarded to each director who was serving on the board in April 2015.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	All Other Compensation	Total ($)
(a) (1)	(b) (2)	(c)(3)	(g)	(h)
Ellen Boyer	$21,000	$89,025	-	$110,025
Luanne Calvert	$5,250	$12,251	-	$17,501
Robert Donegan	-	$110,045	-	$110,045
Webb Edwards (4)	-	$35,019	-	$35,019
Peggy Fowler	$37,500	$127,542	-	$165,042
Stephen Gambee	-	$120,046	-	$120,046
James Greene	-	$110,045	-	$110,045
Luis Machuca	-	$120,046	-	$120,046
Maria Pope (4)	-	$110,045	-	$110,045
John Schultz (4)	-	$17,517	-	$17,517
Susan Stevens	-	$110,045	-	$110,045
Hilliard Terry III	$24,000	$96,037	-	$120,037
Bryan Timm	-	$125,021	-	$125,021

(1) Director Davis is omitted from this table because as a named executive officer he receives no separate compensation for service as a director, and his compensation is fully reflected in the Summary Compensation Table.

(2) Directors Boyer, Calvert, Fowler and Terry elected to receive 30% of their retainer compensation in cash.

(3) Amounts in column (c) are the value of (i) quarterly retainer compensation paid in February, May, August and November by issuing stock grants under the 2013 Plan and the value of such awards is based on the closing price of Umpqua's common stock on the date of issuance, and (ii) a restricted stock grant issued under the 2013 Plan that vests on the day before the 2016 annual meeting of shareholders if the director is then serving on the board, subject to prorated vesting in the event of death, change in control or resignation in connection with an acquisition, based on the closing price of Umpqua's common stock ($17.67) on the grant date (April 14, 2015). For Mr. Edwards, the amount reflects retainer payments earned for service from January 1, 2015 through April 16, 2015.

(4) Directors Calvert and Schultz joined the board effective September 25, 2015. Director Edwards resigned from the board effective on April 16, 2015.

Expenses incurred by directors in connection with attending meetings and our annual multi-day strategic planning session, such as travel costs and meals, are reimbursed by the Company. However, we consider such expenses to be integrally and directly related to the performance of the directors' duties, and accordingly such expenses are not considered to be personal benefits or perquisites and are not separately disclosed.

In addition, we invite the spouses of our directors and executive officers to attend our annual multi-day strategic planning session. We believe this event provides a valuable opportunity for our directors to strengthen relationships with senior executives, enhance leadership development and advance our business objectives. We believe the participation of spouses in the meals and social functions at the planning session contributes to the process. The Company reimburses spouses' travel expenses, and pays for meals and activities that may be considered to provide a personal benefit in connection with this event. In 2015, the total amount of reimbursed spouse travel and other expenses paid for spouses did not exceed $20,000—individual amounts are not separately disclosed.

COMPENSATION DISCUSSION AND ANALYSIS ("CD&A")

Introduction

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

- Create a unique and memorable banking environment in which our customers perceive the Company as an indispensable partner in achieving their financial goals;
- Enable our shareholders to achieve the exceptional rewards of ownership;
- Provide opportunities for our people to achieve unparalleled personal and professional success; and
- Assure that our communities benefit from our involvement and investment in their future.

You should read this section of the proxy statement in conjunction with the advisory vote that we are conducting on the compensation of our named executive officers (see Item 4 - Advisory (Non-Binding) Resolution to Approve Executive Compensation). This CD&A contains information that is important to your voting decision.

Our CD&A is organized into four sections:
Section 1- Executive Summary
Section 2- Performance and Pay
Section 3- Compensation Process and Decisions for 2015
Section 4- Other Compensation Information

Section 1 – Executive Summary

Creating the West Coast's Largest Community Bank

In April 2014 we completed a significant merger with Sterling Financial Corporation. We believe the Sterling merger was a strategic opportunity to enhance shareholder value through a transformative business combination. The merger offered the ability to create something unique in the financial services industry, an organization that offers the products and expertise of a large bank, but delivers them with the personal service and commitment of a community bank. In 2015, we focused on completing the integration of Sterling Financial Corporation, and further leveraging the financial benefits of the merger, as well as growing the combined bank. We also launched a new venture with the goal of developing new bank platforms that we believe could have a significant impact on the experience and economics of banking.

Our decisions for 2015 compensation reflect:

- achieving strategic and financial benefits from the Sterling merger
- the competitive landscape for, and increased regulatory burdens on, a bank with $23 billion in assets
- significant loan and deposit growth
- our 2014 and 2015 financial results

The benefits of the acquisition realized in 2015 included:

- financially compelling:
  - operating earnings per share accretion exceeded target of 12% accretion
  - achieved $82 million, or 95%, of $87 million (annualized) cost synergy target in December 2015
  - improved key profitability metrics
- strategically attractive:
  - achieved 10% loan and lease growth in 2015
  - continued expansion in attractive growth markets in Washington, Oregon, and Northern and Southern California
  - achieved 5% deposit growth

Other key accomplishments for 2015 included:

- formed a new subsidiary, Pivotus Ventures, Inc., focused on disrupting and advancing bank innovation by using small cross-functional teams with a startup dynamic to validate, develop, and test new digital bank platforms that could have a significant impact on the experience and economics of banking

Compensation Program Highlights

Our say on pay resolution at last year's annual meeting received a favorable vote from more than 80% of the shares voted, down from 97% in 2013. Our Compensation Committee reviewed the results and noted the effect of one-time, merger-related compensation to certain named executive officers who joined from Sterling as well merger-related equity grants to all named executives officers, which were one-time grants intended to reflect the increased size of the bank and responsibilities of the executives, serve as a retention device during the disruptive integration period and provide an incentive to achieve merger accretion targets. Our 2015 compensation program retained the core governance components and compensation practices from 2014 that are described in the table below, but we did not provide one-time or merger-related compensation items.

Corporate governance aspects of compensation:	• Compensation Committee comprised of independent directors that reviews and approves executive compensation • Annual review of company-wide benefit and incentive plans, including risk assessment of incentives, by the Compensation Committee • Compensation Committee engages its own advisors and consultants • Commenced a governance and compensation focused shareholder outreach program • reached out to each of our 30 largest shareholders to discuss corporate governance and executive compensation topics • received requests for meetings and held discussions with eight of the shareholders, representing over 20% of common stock outstanding
Annual cash incentive awards:	• Meaningful 2015 operating earnings per share targets for annual incentives including a "circuit breaker" with no annual incentive paid if operating earnings per share ("OEPS") fell below $1.00 • Clawbacks in all annual cash incentive plans
Long-term equity-based compensation:	• A requirement that at least 50% of equity awards to executives, and 100% of CEO awards, be based on performance metrics • Responsible use of equity in 2015 with equity awards of 639,461 shares representing less than 0.4% dilution, and repurchase of 571,000 shares under our repurchase plan • Awards to executive officers include double-triggers for acceleration of vesting in connection with a change-in-control • Dividends on unvested restricted stock and performance share awards to executive officers are paid only upon vesting • Performance-based vesting awards measured by total shareholder return and include a "circuit breaker" • All equity awards are subject to clawback provisions • Executive officers are subject to a hold-to-retirement policy for equity-based compensation—75% of net equity awards must be retained by the executive officer until retirement or separation • Plan prohibition on re-pricing stock options and on replacing or cashing out underwater stock options without shareholder approval

	• Stock ownership policy that requires minimum ownership as a multiple of annual base salary (4.0x for CEO, 2.0x for Presidents and 1.5x for other executive officers)
Other sound compensation and governance features:	• No hedging or pledging of Company stock • Employment agreements with double trigger change-in-control benefits • No guaranteed bonuses, except select individuals in connection with initial employment • No income tax gross-ups except for occasional executive relocation expenses • Company policy continues to prohibit purely personal use of the Company's leased aircraft • Avoid incentive plans that promote excessive risk-taking

Financial Highlights

In 2015, the Company accomplished the following:

- Full year 2015 operating earnings of $1.15 per diluted share, a 6.5% increase over 2014;
- Total assets were $23.4 billion as of December 31, 2015, compared to $22.6 billion at December 31, 2014;
- Deposits increased to $17.7 billion at December 31, 2015, from $16.9 billion at December 31, 2014;
- Gross loans and leases grew to $16.8 billion at December 31, 2015, from $15.3 billion at December 31, 2014;
- Return on average assets (operating earnings basis) for 2015 improved to 1.11% from 1.06% in the prior year;
- Return on average tangible common equity (operating earnings basis) for 2015 improved to 12.79% from 12.62% in the prior year;
- Continued strong credit quality including a reduction in net charge-offs to average loans and leases from 0.15% in 2014 to 0.14% in 2015;
- Non-performing assets declined from 0.43% of total assets in 2014 to 0.29% of total assets in 2015;
- Net interest margin of 4.44% for 2015, which represents a decrease of 29 basis points compared to 2014 during a prolonged low interest rate environment and as a result of lower level of accretion of the credit discount recorded on loans acquired from Sterling;
- Total risk-based capital of 14.34% and a Tier 1 common risk weighted ratio of 11.35% as of December 31, 2015;
- Declared dividends of $0.62 per share in 2015, compared to $0.60 per share in 2014, and repurchased 571,000 shares;
- Dividend yield of 3.9% for the year ended December 31, 2015; and
- Grew tangible book value by 4% in 2015.

Other 2015 Umpqua Bank Highlights

- Strategic Expansion:

Continued to grow Financial Pacific Leasing, Inc. ("FinPac"), a leader in the leasing of essential commercial equipment to small businesses throughout the United States, which we acquired in July 2013.

- Community Impact:

During 2015, 2,838 Umpqua Bank associates volunteered more than 52,121 hours to more than 2,168 nonprofit organizations through Umpqua Bank's Connect Volunteer Network, a program that offers bank associates up to 40 hours of paid time off each calendar year to perform volunteer work.

Recognized as a leading corporate donor by the Portland Business Journal, Puget Sound Business Journal and Sacramento Business Journal.

Umpqua Bank Charitable Foundation made 253 grants, totaling $1.46 million to organizations in our footprint.

- Industry Recognition:

Ranked as the best Oregon-based bank and 18th best bank overall on Forbes magazine's ranking of "America's Best and Worst Banks" published in 2016.

Named most admired financial services company in Oregon by the Portland Business Journal for the eleventh consecutive year.

Recognized as one of the leading companies to work for by The Oregonian, Oregon Business Magazine, Puget Sound Business Journal and Sacramento Business Journal.

J.D. Power ranked the company highest in customer satisfaction for the Northwest region in its 2015 and 2014 Retail Banking Satisfaction Studies.

Summary of Compensation Decisions

The components of compensation and our compensation philosophy did not materially change over the past three years; we remain focused on meaningful performance-based compensation and competitive base salaries, with 100% of our CEO's long-term and short-term (annual) incentives based on performance. Key decisions for 2015 compensation included:

- Base salaries, which were adjusted in April 2014 to reflect the increased executive responsibilities and size of the institution as a result of the Sterling merger, either remained flat or increased slightly in 2015:

Base salaries for Messrs. Davis, O'Haver and Seibly did not increase from April 2014 levels

Mr. Farnsworth's salary increased 3.7% from April 2014 level after reviewing performance and the annual compensation analysis provided by Towers Watson

- The Company achieved operating earnings per share of $1.15 and met or exceeded the regulatory component of the 2015 annual incentive plans, which resulted in a 75% payout in the OEPS category and 100% payout in the regulatory category

Overall, the annual incentive plan payouts to named executive officers ranged from 70.6% of target to 90.3% of target

- A majority of the equity awards we issued to executive officers in 2015 include vesting conditions based on our total shareholder return relative to peers:
  - Awards to Mr. Davis were 100% performance-based
  - Awards to Messrs. O'Haver, Seibly and Farnsworth were 70% performance based
  - Awards to Mr. Ognall were 60% performance based

Section 2 – Performance and Pay

We have always maintained a strong pay for performance philosophy that links executive compensation to achieving the operating and financial goals set by the board. In order to promote the development of our business on a range of measures, our annual incentive plan goals differ from our long-term incentive goals. Our annual incentive plans are based primarily upon OEPS targets and our long term performance-based equity grants to executives are generally tied to relative total shareholder return ("TSR"). Operating earnings per share accretion means the amount by which the Company's operating earnings per share for the year ending December 31, 2015 exceeds the Company's estimate of operating earnings per share calculated in a manner to exclude the earnings impact of the business operations associated with Sterling for the year ending December 31, 2015, expressed as a percentage. Our OEPS targets are set by the Compensation Committee, and three of the six members also served on the board's Finance and Capital Committee, which reviews and recommends the Company's budget. Our executives play a major role in achieving OEPS performance against those targets, but they have less direct influence over our stock price. We believe that increasing OEPS and deploying excess capital will, over time, result in an increase in the Company's stock price.

The majority of our equity incentive grants to executives are tied to the Company's TSR compared to the KBW Regional Bank Index (the "KRX"), an index of regional bank stocks compiled by Keefe, Bruyette and Woods, Inc., an investment bank focused on the financial services sector ("KBW"). The index is comprised of 50 regional bank / bank holding company stocks, including Umpqua and 16 of the 22 institutions included in the peer group utilized by our Compensation Committee, ranging in size from $3.7 to $44.7 billion in assets as of December 31, 2015. In this way, the equity component of executive compensation is directly linked to the returns realized by our shareholders, ensuring that our awards are not advantaged or penalized by general market conditions. The following table includes the vesting level of awards granted in 2011 (vested in 2014), 2012 (vested in 2015) and 2013 (vested in 2016) with TSR performance vesting conditions:

• 2011 stock option awards	90.9%
• 2012 restricted stock awards	100%
• 2013 restricted stock awards	88.4%

In 2015, 100% of the equity grants to our CEO and 100% of his annual incentive plan were performance-based.

The following chart illustrates the connection between our CEO’s Realized Compensation, Realizable Compensation, and the Actual Value (defined below) of his compensation (not including the Change in Pension Value) for the years 2011 through 2015 and Umpqua’s TSR over the period from December 31, 2010 through December 31, 2015. The compensation values shown below do not necessarily correspond to, and are not a substitute for, the values disclosed in the Summary Compensation Table and supplemental tables.

Realized Compensation includes salary, bonus, non-equity incentive compensation, and “all other compensation”, as reported in the Summary Compensation table. It also includes the value of options and awards recognized as disclosed in the Option Exercises and Stock Vested table. The Company believes Realized Compensation better measures compensation for the current annual period as compared to the Summary Compensation table which includes the accounting value of awards and options issued in the period, but which may or may not be realized in the future.

Realizable Compensation includes Realized Compensation and the unrealized value of outstanding in-the-money options and unvested stock awards held as of the measurement date based on the closing price of the Company stock at year-end. As the unrealized value may or may not be realized in the future, and may be realized in various future annual periods, the Company believes Value of Compensation is a better measure of compensation for an annual period.

Value of Compensation includes Realized Compensation and the change in the unrealized value of outstanding in-the-money options and stock awards used in the Realizable Compensation value during the year. The Company believes Value of Compensation provides the economic value of compensation to the executive for each period.

In the chart above, we exclude the amount of the Change in Pension Value included in the Summary Compensation Table because it represents the GAAP accrual for the CEO’s Supplemental Executive Retirement Plan (“SERP”) account, which was first established by contract entered into in 2003 with no accrual in 2015. The Committee considers the SERP benefit when reviewing the CEO’s overall compensation package and whether to exercise negative discretion.

For 2015, the Company achieved the following results, compared with prior periods:

Financial Metric	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11
Operating earnings per diluted share	$1.15	$1.08	$0.94	$0.93	$0.66
Non-performing assets to total assets ratio	0.29%	0.43%	0.51%	0.83%	1.25%
Gross loans and leases at FYE (000's)	$16,847,360	$15,327,732	$7,728,166	$7,176,433	$6,524,869
Deposits at FYE (000's)	$17,707,189	$16,892,099	$9,117,660	$9,379,690	$9,236,690
Dividends declared per share	$0.62	$0.60	$0.60	$0.34	$0.24
Total risk based capital ratio	14.34%	15.2%	14.7%	16.5%	17.2%
Available liquidity to total assets ratio	32%	34%	35%	37%	41%

The Company's focus has been on growth and positioning for the long term. The following graph shows Umpqua's total shareholder return compared with the KRX total return index over the past five years.

Section 3 – Compensation Process and Decisions for 2015

Roles and Responsibilities of the Compensation Committee

The Compensation Committee carries out the board's overall responsibilities with respect to executive compensation, director compensation and review of the CEO's performance with respect to his long-term and annual incentive plans. The board, as a whole, reviews the CEO's performance with respect to the Company's financial performance and strategic plan. The CEO is not present during discussions regarding his compensation. The Committee also oversees administration of the Company's employee benefit plans, including the Umpqua Bank 401(k) and Profit Sharing Plan, the Supplemental Retirement Plan and the Deferred Compensation Plan. All Committee members are required to meet the NASDAQ and SEC independence and experience requirements. The Committee must meet at least quarterly. In 2015, the Committee met seven times.

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

Identification of Named Executive Officers

For 2015, our “named executive officers,” as defined in Item 402 of Regulation S-K, were:

Name	Title	Designation
Raymond P. Davis	President and Chief Executive Officer	Principal Executive Officer
Cort L. O’Haver	President Commercial Banking	
J. Gregory Seibly	President Consumer Banking	
Ronald L. Farnsworth	Executive Vice President/Chief Financial Officer	Principal Financial Officer
Andrew H. Ognall	Executive Vice President/General Counsel	

Role of the Chief Executive Officer

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

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

Role of the Compensation Consultant/Evaluation of Independence

With respect to making compensation decisions, the Compensation Committee reviews information provided by recognized compensation consultants including survey or “benchmarking” data, peer group recommendations and plan design suggestions. The Committee uses this information to understand prevailing market practices and aggregate, as well as component, compensation packages provided by financial services companies who are similar to Umpqua in size and scope. The Committee also considers Company performance, individual performance and internal pay equity when making compensation decisions.

As noted below, the Compensation Committee engaged Towers Watson, an independent consulting firm, to review and provide recommendations about components of our executive compensation program. The Committee received a letter from Towers Watson assessing that firm’s independence and the Committee made its own assessment of the independence of Towers Watson pursuant to SEC rules and concluded that no conflict of interest exists that would prevent Towers Watson from independently advising the Committee.

Executive Compensation Philosophy

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

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

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

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

Components of Compensation

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

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

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

Executive Benefits – We offer benefit programs, such as health insurance, 401(k) plan, vacation, and life insurance, similar to the programs that are offered to our employees.

Plan Design and Objectives

The following table shows the characteristics of each type of compensation that we paid in 2015:

Compensation Element	Fixed or At Risk	Annual or Long Term	Cash or Equity	Primary Purpose
Base Salary	Fixed	Annual	Cash	Provide fixed cash compensation based on experience, skills, responsibilities and competitive pay levels
Annual Incentive / Performance Compensation Award	At Risk	Annual	Cash	Encourages Executive To Maximize operating earnings per share and achieve satisfactory regulatory examination ratings
Restricted Stock Award	At Risk	Long Term	Equity	Continue to work for the Company (time-vested)
Performance Share Award	At Risk	Long Term	Equity	Generate a total shareholder return that exceeds a regional bank stock index (performance-vested)

The following table shows the ratio that each type of compensation bears to total compensation earned by the named executive officers in 2015. Cash compensation consists of base salary and earned annual incentives; equity compensation consists of the value of RSA, RSU and option awards, as calculated in the Summary Compensation Table.

Executive Officer	% of Total Compensation That Is		% of Total Compensation Paid in:	
	Fixed	At Risk	Cash (1)	Equity
Ray Davis (2)	30%	70%	54%	46%
Cort O'Haver	38%	62%	64%	36%
Greg Seibly	39%	61%	64%	36%
Ron Farnsworth	36%	64%	62%	38%
Andrew Ognall	39%	61%	61%	39%

(1) Includes "all other compensation" from the Summary Compensation Table.
(2) Excludes the change in pension value of the Davis SERP, which was implemented in 2003.

Base Salary

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

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

Individual and Company Performance

A significant component of compensation is related to performance. We believe that an executive's compensation should be tied to how well the individual executive, the executive's team and the Company perform against both financial and non-financial goals and objectives. The board annually establishes the financial goals for the incentive compensation program. Non-financial goals include satisfactory performance on all internal and external regulatory exams and audits (for all executives) and achievement of the business unit financial goals developed through the budgeting process (for each individual named executive officer except the CEO).

Short-Term and Long-Term Incentives

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

Annual Incentives

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

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

- Earnings per share ("EPS") is the single most important indicator of profitability, which measures earnings allocable to each outstanding share of common stock;
- EPS aligns the interest of the executive officer with retail and institutional shareholders; and
- OEPS attempts to "normalize" earnings by eliminating certain income and expense items as described below.

We use and publicly report OEPS as a non-GAAP financial measure because it is useful in understanding Umpqua's financial performance. When calculating OEPS, we exclude the following income and expense items due to their one-time nature or relationship to market externalities:

- Gains or losses on our junior subordinated debentures carried at fair value resulting from changes in interest rates and the estimated market credit risk adjusted spread that do not directly correlate with the Company's operating performance;
- Expenses that are related to the completion and integration of mergers and acquisitions;

Historically, when relevant, we have also excluded:

- Goodwill impairment losses that have no direct effect on the Company's or the Bank's cash balances, liquidity, or regulatory capital ratios; and
- One-time bargain purchase gains on certain FDIC-assisted acquisitions that are not reflective of Umpqua's on-going earnings power.

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

The board believes that regulatory compliance is critical to the success of the Company and, accordingly, allocates 20% of the CEO's (and 15-20% of the other executive officer's) target annual incentive to maintaining satisfactory or better regulatory compliance, which is an objective standard. However, pursuant to 12 CFR § 350.9, we are prohibited from disclosing all or any portion of an examination report and from making any representations about such a report, so we do not disclose our regulatory targets or our performance against those targets.

At the beginning of each year, we adopt an annual incentive plan that provides for cash incentive compensation to be awarded to our CEO and our other named executive officers upon achievement of the Company's operating earnings and regulatory goals set by the board for our CEO and other named executive officers, and the individual budgeted business unit profitability and/or expense control objectives established for the other named executive officers.

Each executive is assigned a target incentive, which is a percentage of base salary. The overall target incentive is set annually by the Compensation Committee based on market comparables for similar positions, total compensation and internal groupings of executives. The Committee also assigns a maximum incentive above the target incentive. Achievement of the target incentive is based on the success of the Company and the individual executive in certain performance areas, as more particularly discussed in the section titled 2015 Executive Compensation Decisions.

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

The annual incentive plans of all named executive officers require the executive to repay to the Company any incentives awarded based on earnings per share for a particular period if it is later determined that the earnings per share were materially inaccurate. This plan provision, often called a "clawback," was first implemented in 2007 and has never been triggered. Since 2009, "clawback" provisions have been incorporated in the annual incentive compensation plans of all Company managers.

Long-Term Incentive Compensation

Under the 2013 Plan, the Company may award the following forms of long-term incentives to executives: stock options, stock appreciation rights ("SARs"), restricted share awards ("RSAs"), restricted stock units ("RSUs"), performance share awards, and performance compensation awards. In 2011, the Compensation Committee determined that the primary goal for all performance-based equity grants should be total shareholder return compared to the KRX total return index. The Committee also decided that annual incentive plans should focus on operating earnings per share and long-term equity incentives should be focused on total shareholder return. In 2012, the Committee determined that, as a retention device that is not tied to our performance-based conditions that are outside of the direct control of the officer, executive officers other than the CEO should receive 40% of their equity grants as time vested RSAs and 60% as performance-based RSAs. In 2015, the Committee increased the percentage of performance-based RSAs for the two Presidents and the Chief Financial Officer to 70% of their equity grants. The Committee also determined that, based on market information and advice from its compensation consultant, the equity grants to the CEO should be approximately equal to $1.5 million, which totaled 100,000 shares for 2015. 100% of the equity grants made in 2015 to the CEO were performance-based.

Performance Share and Restricted Share Awards. Performance share awards and RSAs are awarded subject to vesting requirements and, in some cases, subject to the Company achieving predetermined financial goals. Time-vested RSAs serve to help retain key executive talent, as well as attract and retain non-executive employees who make a significant contribution to the Company. Performance share awards provide an incentive to increase the Company's stock price and return capital to shareholders. In January 2015, we issued RSAs under the 2013 Plan to executive officers.
The 2015 performance-based RSAs to executive officers were subject to the following vesting condition based on the Company's TSR compared to the KRX total return (KRXTR) index over three years:

Umpqua's 3-Year TSR Performance Compared to the KRXTR	Vesting Percentage	
Lower than 60%	0	%
60%	25	%
between 60% and 100%	**	
100% (Umpqua's TSR Performance equals or exceeds the KRXTR Performance)	100	%
Above 100%	***	

** When TSR Performance is between 60% and 100%, the results are interpolated on a straight-line basis to determine the applicable vesting percentage. For example, 80% TSR Performance represents the midpoint of TSR Performance and would result in the midpoint of the Vesting Percentage, or 62.5%.
*** When TSR Performance is between 100% and 125%, the applicable Vesting Percentage shall be equal to the TSR Performance. If TSR Performance exceeds 125%, the Vesting Percentage is 125%. In no event do the total vested shares exceed 125% of the target award.

Our multi-year vesting schedules are designed to motivate executive officers and more closely align the interests of our executive officers and our shareholders.

The mix of equity awards made in 2015 is shown in the following table:

Name	Time Vested RSAs		Performance Vested RSAs	
Davis	0	%	100	%
O'Haver	30	%	70	%
Seibly	30	%	70	%
Farnsworth	30	%	70	%
Ognall	40	%	60	%

Other Annual Compensation - Benefits and Perquisites

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

Benefit Plan	Named Executive Officers	Certain Managers	Full Time Employees
401(k) Plan	•	•	•
Group Medical/Dental/Vision	•	•	•
Group Life and Disability	•	•	•
Annual Manager Incentive Plan	•	•	
Severance	•	•	•
Change in Control	•	•	
Supplemental Retirement	•	•	
Supplemental Executive Retirement (1)	•		
Deferred Compensation Plan (2)	•	•	

(1) Mr. Davis is the only employee with a Supplemental Executive Retirement Plan, which was implemented in 2003.
(2) In connection with the acquisition of other financial institutions, the Company has assumed deferred compensation plans that benefit other past and present employees. In 2008, the Company adopted a non-qualified deferred compensation plan that allows eligible officers to make payroll deferrals to a deferred compensation account and to elect a deferred distribution date.

The Company provides modest perquisites to the named executive officers. The perquisites we offer are common in the financial services industry and help the Company attract and retain superior employees for key positions. Some perquisites are intended to serve an Umpqua business purpose, but it is understood that some may be used for personal reasons as well. Our payment of perquisites is disclosed in the Summary Compensation Table and they are itemized in the related supplemental table.

Umpqua has adopted a policy that governs use of the aircraft leased by the Company. That policy generally provides that the CEO or CFO must approve any use of this aircraft and it prohibits any purely personal use, regardless of whether the officer reimburses the Company for that use. If the officer is accompanied on a business trip by a spouse or other guest, the officer must reimburse the Company for the spouse or guest’s use of the aircraft in accordance with the Standard Industry Fare Level formula. If the officer’s spouse accompanies the officer on the aircraft for the purpose of participating in business functions, that use is not deemed to be personal use.

Stock Ownership and Retention Policies
We believe that key executives should have a significant stake in the performance of the Company’s stock, to align their decisions with creating shareholder value and to minimize negative market perceptions caused by excessive insider sales of Company shares. Our Statement of Governance Principles (posted on our website) requires directors and executive officers to accumulate a meaningful position in Company shares. Our stock ownership requirement for outside directors and executive officers is tied to a multiple of base salary for the executive officers and a multiple of director compensation for directors, as noted below:

Position	Minimum Ownership (multiple of annual base salary)
CEO	4.0
President	2.0
Other EVPs	1.5

Directors	Minimum Ownership (multiple of annual director compensation)
Outside Director	4.0

Under this policy, share ownership is determined from the totals on Table 1 of SEC Form 4, which includes unvested RSAs and shares in which beneficial ownership is disclaimed, but excludes outstanding stock options and RSUs. Compliance with share ownership guidelines is reviewed annually by the Governance Committee. This minimum ownership must be achieved within five years after the officer or director takes office. As of December 31, 2015, all directors and executive officers satisfied these requirements or had not yet served for five years.

In addition, named executive officers must retain a substantial portion of the equity awards granted by the Company. A named executive officer must retain 75% of the following awards until the officer retires:

- Gains from option exercises (shares remaining after payment of the exercise price and taxes);
- Vested RSAs (net of tax withholdings); and
- Shares issued in payment of RSUs (net of tax withholdings).

Exceptions to this holding requirement may be granted only by the Compensation Committee based upon bona fide personal financial need or family hardship, including divorce or death of a spouse.

Directors and executive officers may sell no more than 15,000 shares per calendar year, unless he or she obtains authorization in a hardship situation from the Compensation Committee. In addition to this cap, a director or officer may sell shares to cover the exercise price and estimated taxes associated with an option exercise or RSA vesting. Our policy also prohibits directors and executives from engaging in transactions in which they may profit from short term speculative swings in the market value of Umpqua stock. These prohibited transactions include “short sales” (selling borrowed securities which the seller hopes can be purchased at a lower price in the future); “short sales against the box” (selling owned, but not delivered securities); “put” and “call” options (publicly available rights to sell or buy Umpqua shares at a specific price within a specified period of time); and derivative transactions, such as non-recourse loans secured by Company stock.

In 2015, the named executive officers, as a group, acquired 129,038 shares of Company stock through vesting of restricted share or unit grants and sold or disposed of 47,335 shares to pay taxes in connection with vesting. The group, as a whole, also exercised 5,000 stock options as a “net” exercise, surrendering 4,320 shares to cover the cost of the exercise price and the taxes in connection with the exercise.

Equity Compensation Plan Practices

In general, we issue long-term equity incentives to our named executive officers at the following times: (i) upon initial employment with the Company; (ii) in the first quarter of each year, in connection with establishing their long-term incentive compensation package for that year; and (iii) in connection with a significant advancement or promotion or a significant change in compensation arrangements.

We only issue stock options when the trading window is open for Section 16 reporters. This way, the stock price at the time of the grant can be reasonably expected to fairly represent the market's view of our results and prospects. We have never re-priced or back-dated options granted under any of Umpqua's equity compensation plans. See tables titled Grants of Plan-Based Awards and Outstanding Equity Awards at Fiscal Year-End.

As noted above, we have adopted stock ownership guidelines and a "hold to retirement" policy that severely restrict the ability of our named executive officers to turn equity grants into cash. However, these restrictions are not reflected in the FASB ASC 718 values attached to those grants.

Severance and Change in Control
The financial services industry is in a period of consolidation that we expect will continue for the foreseeable future. The occurrence or potential occurrence of a change in control transaction will create uncertainty regarding the continued employment of our executive officers. These transactions often result in significant organizational changes, particularly at the senior executive level. We believe that change in control benefits eliminate or at least reduce any reluctance of executive officers to actively pursue potential change in control transactions that may be in the best interest of shareholders. Accordingly, we provide such protection for all of our named executive officers under their respective employment agreements. For executives other than Mr. Davis, we have provided severance benefits of six or nine months base salary and change in control benefits 12 or 24 months base salary and 100% or 200% of prior year incentive. Our CEO recommends to the Compensation Committee the level of benefit to be provided to an executive, and the Committee considers that recommendation and makes a final decision. We consider these severance protections to be an important part of an executive's compensation and consistent with similar benefits offered by our competition.

All of our change in control provisions are "double trigger," such that the benefit is paid only if there is both a change in control transaction and a qualifying termination of employment. In order to encourage certain executive officers to remain employed following a change in control, if the executive continues to work for the acquiring company for more than 12 months after the change in control transaction, the executive receives a reduced retention benefit in lieu of a change in control benefit. As a condition to receiving these severance benefits, the executive must agree not to compete with the Company, or its successor, and not to solicit customers or employees for a certain period following separation. See table titled Potential Payments Upon Termination or Change in Control.

2015 Executive Compensation Decisions
2015 Base Salary and Annual Incentive Targets Named Executive Officers
In 2014, the Compensation Committee independently engaged Towers Watson to provide analysis of our peer group and recommend possible adjustments, and to provide an executive compensation analysis, including peer group comparisons, for our executive officers. Except for executive compensation program review, recommendations and peer data analysis services, neither Towers Watson nor any of its affiliates provided services to Umpqua or its affiliates during 2014 or 2015. In 2013, after the announcement of the Sterling merger, Towers Watson recommended and reviewed a peer group of 23 regional banks with assets between 0.5x and 2.0x Umpqua's projected post-merger assets of $22.0 billion. The median assets size bank in the new peer group was $22.0 billion and median market capitalization $3.2 billion, reflecting our projected size after the Sterling merger. Towers Watson also provided information about the peers' revenue, operating income, net income, earnings per share growth and one-year TSR. The Committee considered input from Towers Watson and from management in determining appropriate peers and came to its own conclusion as to the companies to be included. The Committee also noted the significant overlap with the peer group used by ISS. The peer group companies selected by the Committee were:

Company Name	Ticker	Company Name	Ticker
Associated Banc-Corp	ASBC	Hancock Holding Company	HBHC
BOK Financial Corporation	BOKF	Popular, Inc.	BPOP
City National Corporation	CYN	Prosperity Bancshares, Inc.	PRSP
Commerce Bancshares, Inc.	CBSH	Signature Bank	SBNY
Cullen/Frost Bankers, Inc.	CFR	Susquehanna Bancshares, Inc.	SUSQ
East West Bancorp, Inc.	EWBC	SVB Financial Group	SIVB
First Citizens BancShares, Inc.	FCNCA	Synovus Financial Corp.	SNV
First Horizon National Corporation	FHN	TCF Financial Corporation	TCB
First Niagara Financial Group, Inc.	FNFG	UMB Financial Corporation	UMBF
First Republic Bank	FRC	Valley National Bancorp	VLY
FirstMerit Corporation	FMER	Webster Financial Corporation	WBS
Fulton Financial Corporation	FULT		

In setting 2015 base salaries and incentive targets, the Compensation Committee and management referred to and considered the data and recommendations contained in an executive compensation analysis provided by Towers Watson using the above peer group. Management prepared a pro forma summary compensation table, which was used by the Committee as comparative tally sheets for review of named executive officer compensation.

In December 2014 and January 2015, Mr. Davis met with the Compensation Committee to review his recommendations for the other named executive officers, based on his evaluation of their performance and review of the Towers Watson compensation data. The Compensation Committee approved the following base salaries and incentive targets for the named executive officers in 2015.

	January 2015 Base Salary	% increase over salary at FYE 2014 salary		Target Incentive	% increase (decrease) over 2014		Target Incentive as a % of Base Salary		Target Cash Compensation (Base plus Incentive)
Davis	$950,000	0	%	$950,000	0	%	100.0	%	$1,900,000
O'Haver	$565,000	0	%	$480,250	0	%	85.0	%	$1,045,250
Seibly	$565,000	0	%	$480,250	0	%	85.0	%	$1,045,250
Farnsworth	$425,000	3.7	%	$340,000	18.5	%	80.0	%	$765,000
Ognall	$300,000	11.1	%	$180,000	11.1	%	60.0	%	$480,000

2015 Incentive Compensation Earned by the Named Executive Officers

The Compensation Committee considered a variety of possible performance areas and determined that the following performance categories would focus the named executive officers on objectives that would benefit the Company and its shareholders:

- corporate financial targets-measured by operating earnings per share-fully diluted;
- regulatory and compliance goals; and
- business unit budgeted profitability and/or expense goals (for all except Mr. Davis).

Beginning January 2012, the Compensation Committee removed all subjective elements to the annual incentive plans, to eliminate any perception that it was exercising or could exercise positive discretion with respect to any named executive officer’s annual incentive plan. Therefore, the subjective leadership goal was eliminated for CEO Davis and the subjective “personal” goals were eliminated for the other named executive officers, leaving only objectively measurable components for the annual incentive plans. However, the Compensation Committee retains the discretion to apply subjective determinations for purposes of reducing awards.

OEPS targets are set by the board based upon the Finance and Capital Committee's recommendation. In 2015, three of the six members of the Compensation Committee also served on the Finance and Capital Committee, so they understood the Company's budgeting process, and financial performance at the enterprise level and at the primary business unit level, and used this information when reviewing and approving incentive payouts to our named executive officers. The Company does not offer guidance on our OEPS, earnings per share or growth rate targets, and we regard these internal targets as confidential. However, we provide the Company-wide OEPS target on a retrospective basis. The OEPS target for 100% payout of the financial component is intended to be challenging but achievable, requiring year-over-year increases in value. The maximum percentage payout ranges for 2015 ranged from 0% to 150% of base salary.

Historically, our OEPS targets have not been easy to achieve. We failed to meet the minimum target in 2007, 2008 and 2009 and there was no payout of the financial component those years. In 2010, there was a 25% payout of the financial component. The following table compares actual results against target OEPS and shows the percentage payment of the corporate financial target incentive for the years 2011-2015:

Year	OEPS for 75-80% payout*	OEPS for 100% payout	Reported OEPS (fully diluted)	Percentage Payout of OEPS Component
2011	$0.60-$0.70	$0.71-$0.90	$0.66	80%
2012	$0.66-$0.76	$0.77-$0.86	$0.93	125%
2013	$0.85-$0.95	$0.96-$1.06	$0.94	80%
2014	$0.92-$1.019	$1.02-$1.119	$1.08	100%
2015	$1.10 - $1.199	$1.20 - $1.299	$1.15	75%

*75% for 2015

The achievement of compliance and regulatory goals, as measured by ratings achieved in regulatory examinations and internal audit and compliance reviews are objective standards, as are the budgeted income and expense goals for the business units that are within the jurisdiction of the other named executive officers. These objective standards are consistent with the 2013 Plan and comprise 100% of Mr. Davis's target incentive and 100% of the target incentive of the other named executive officers.

In January 2016, the Compensation Committee reviewed 2015 OEPS, regulatory and budget-to-actual results against the incentive plans for each of the named executive officers. The Committee determined that the Company's actual OEPS for 2015 met the target range for 75% payout of the financial component. The Committee also determined that the named executive officers earned a 100% payout of the regulatory/compliance component. In determining whether to exercise negative discretion with respect to any named executive officer, the Committee considered the Company's achievements for 2015, as outlined in the Executive Summary, above, and the progress made toward the strategic goals set by the board. The Committee found no reason to exercise negative discretion with regard to the CEO's incentive payout and set that payout at $760,000, which is 80% of his target incentive.

The Compensation Committee also reviewed the objective components of the annual incentives for the other named executive officers. In determining whether to exercise negative discretion with respect to any of those officers, CEO Davis presented his evaluation of the performance of each of the other named executive officers and recommended the 2015 annual cash incentives to be paid to each executive officer. The Committee places significant weight on Mr. Davis's incentive award recommendations, but the Committee independently reviewed and approved those recommendations. Achievement of performance targets in each of the other areas varied and incentive payouts for the other executive officers ranged from 70.6% to 90.3% of the targeted incentive.

The 2015 incentive compensation awarded to each named executive officer, itemized by category, is as follows:

Name	Financial Performance OEPS	%*	Regulatory	%*	Business Unit Financial**	%*	Total Paid	Target	Total as a % of Target	
Davis	$570,000	80	$190,000	20	N/A	0	$760,000	$950,000	80	%
O'Haver	$252,131	70	$63,033	15	$56,836	15	$372,000	$480,250	77.5	%
Seibly	$252,131	70	$50,850	15	$36,019	15	$339,000	$480,250	70.6	%
Farnsworth	$178,500	70	$43,350	15	$79,000	15	$300,850	$340,000	88.5	%
Ognall	$81,000	60	$34,000	20	$47,500	20	$162,500	$180,000	90.3	%

* This figure represents the percentage of the total target incentive that is allocated to each performance category shown in the column to the left.

** For all named executive officers except the CEO, this figure is their respective business unit profitability or expense control goal. Each business unit has budget goals for revenue and expenses that roll up into the Company's consolidated budget and each business unit's performance is measured against those budget goals.

2015 Long Term Incentive Compensation

In January 2015, the Compensation Committee approved an award of 100,000 performance-based RSAs to Mr. Davis. The Committee determined that the aggregate equity awards to Mr. Davis should be valued at not less than his base salary and decided to provide for an award valued at approximately 150% of base salary based in part on the significant achievements in 2014. To provide a mix of performance awards for shareholder alignment and time vested awards for retention purposes, Messrs. O'Haver, Seibly and Farnsworth received awards in 2015 that were allocated 70% to performance-based vesting and 30% to time vesting, and Mr. Ognall received awards in 2015 allocated 60% to performance-based vesting and 40% to time vesting. These grants are described in the Grants of Plan-Based Awards table. All of the performance-vested shares condition vesting on the Company's TSR performance compared to the KRX total return index. The performance vesting conditions are the same for all named executive officers. See Restricted Share Awards, above. The Committee also confirmed the satisfaction of vesting conditions of TSR-based awards originally granted in 2012.

Internal Pay Equity

In January 2015, the Compensation Committee considered internal pay equity when it reviewed the total compensation paid to the CEO, as compared to the other named executive officers and the CEO's other direct reports. The Committee considers total direct compensation, but not the Davis SERP, when reviewing internal pay equity because the benefit under the SERP was capped in 2007. Based on its review, the Committee was satisfied that the comparative relationship between the compensation of the CEO and Umpqua's other named executives is appropriate.

Section 4 – Other Compensation Information

Role of Tax and Regulatory Requirements

Under Section 162(m) of the Code, the Company is generally prohibited from deducting for federal income tax purposes employee compensation that would otherwise be deductible to the extent that the compensation exceeds $1 million for any covered employee in any fiscal year. However, compensation that is performance-based, as defined in the Code, is not subject to the deductibility limits. The board's goal is for all compensation paid by the Company to be fully deductible for federal income tax purposes, and the Company's executive compensation is structured in a manner intended to satisfy the "qualified performance-based compensation" exception of Section 162(m) of the Code. However, the Company reserves the right to pay compensation that is not deductible if it determines that the compensation is consistent with the goals of the executive compensation program. In addition, despite the Company's efforts to structure compensation in a manner intended to be exempt from the deduction limits under Section 162(m) of the

Code because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given that compensation will so qualify.

The employment agreements with our named executive officers provide that if the severance and change in control benefits payable to the executive would constitute an “excess parachute payment” as defined in Section 280G of the Code, such benefit payments shall be reduced to the largest amount that will result in no portion of benefit payments being subject to the excise tax imposed by Section 4999 of the Code.

Those agreements also provide that if any benefit thereunder is subject to Section 409A of the Code and the executive is deemed to be a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, commencement of payment of the benefit shall be delayed for six months following the executive’s termination of employment.

The agreements with our named executive officers also provide that Umpqua shall not pay any benefit to the extent that such payment would be prohibited by the provisions of Part 359 of the regulations of the Federal Deposit Insurance Corporation (the “FDIC”), as the same may be amended from time to time.

Review of Risk Associated With Compensation Plans

The Company develops and implements compensation plans that provide strategic direction to the participant and engages them in the Company's success, which contributes to shareholder value. We believe our approach to goal setting, establishing targets with payouts at multiple levels of performance, evaluation of performance results and negative discretion in the payout of incentives help to mitigate excessive risk-taking that could harm company value or reward poor judgment by our executives.

Compensation policies and practices are determined by reviewing compensation analyses including industry/market benchmarking reports to determine competitive pay packages. The Company's variable pay programs are designed to reward outstanding individual and team performance while mitigating risk taking behavior that might affect financial results.

Performance incentive rewards for all plans continue to be focused on results that possibly impact earnings, profitability, credit quality, reasonable loan growth, deposit growth, sound investment advice, superior customer service, sound operations and compliance, sustainable culture, and leadership excellence.

Incentive plans, which are reviewed and revised on an annual basis, have defined terms and conditions which enable the Company to adjust the final scoring and payment of the plan, including adjustments that may only become apparent upon an after the fact review. In addition, some incentive plans may have specific and defined holdbacks and modifiers enabling adjustments at the time of payout.

Generally, there is more oversight of plans that have a higher degree of risk, larger payouts, and those plans that could have the greatest negative impact on the Company's safety and soundness, such as plans for Commercial, Mortgage and Umpqua Investments. The more risk associated with the incentive plan the more review and approval hurdles must be crossed before payment is made.

In January 2015, the Compensation Committee met with executive officers of the Company to review the incentive compensation plans and concluded that, based on the controls described above and elsewhere in this proxy statement, those plans do not present risks that are reasonably likely to have a material adverse effect on the Company.

When evaluating risk, the Compensation Committee noted that OEPS, which are based directly on audited numbers, are the primary financial component of annual incentive compensation. In this environment, credit costs and the net interest margin are the primary drivers of OEPS. The Committee and the board, as a whole, receive regular reports about OEPS and the steps taken by management to address credit costs, deposit prices and loan yields. The importance of OEPS and the degree of oversight devoted to OEPS are strong risk controls.

In addition, the Company has adopted compensation practices, as discussed in this proxy statement, that discourage excessive or unnecessary risk-taking, such as:

- prohibiting the re-pricing of stock options;
- requiring executives to acquire and hold substantial ownership positions in company stock;
- implementing "clawback" provisions in annual incentive plans; and
- adopting a "hold to retirement" policy with respect to 75% of the net gains from equity awards.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K.

Based on the foregoing review and discussions, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company's annual report on Form 10-K for the year ended December 31, 2015.

Submitted by the Compensation Committee:
Luis F. Machuca (Chair)
James S. Greene (Vice Chair)
Luanne Calvert
Robert C. Donegan
Maria M. Pope
Bryan L. Timm

COMPENSATION TABLES

Summary Compensation Table

The following table summarizes the total compensation awarded to, paid to or earned by the named executive officers for the fiscal year ended December 31, 2015.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-qualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
(a)	(b)	(c)	(d)	(e)(1)	(f)(1)	(g)(2)	(h)	(i)(3)	(j)
Davis, Raymond P.	2015	$950,000	$0	$1,502,000	$0	$760,000	$0	$64,372	$3,276,372
President/Chief Executive Officer	2014	$910,625	$0	$1,702,301	$0				