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))
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material under §240.14a-12

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.

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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;